

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	UNAUDITED AS AT 31.12.2020 RM'000	(Restated) AUDITED AS AT 31.12.2019 RM'000
Assets		
Property, plant and equipment	1,048,248	930,983
Investment in associates	702,771	688,446
Other non-current assets	119,003	129,632
Total non-current assets	1,870,022	1,749,061
Receivables, deposits and prepayments	519,889	681,485
Contract assets	305,227	483,956
Inventories	340,457	281,680
Current tax assets and other assets	14,916	10,825
Cash and bank balances	628,498	604,994
Total current assets	1,808,987	2,062,940
Total assets	3,679,009	3,812,001
Equity		
Share capital	306,601	306,438
Reserves	780,007	806,563
Total equity attributable to owners of the Company	1,086,608	1,113,001
Non-controlling interests	585,400	563,724
Total equity	1,672,008	1,676,725
Liabilities		
Payables and accruals	3,133	3,205
Loans and borrowings	160,950	48,230
Deferred tax liabilities	75,914	52,203
Total non-current liabilities	239,997	103,638
Provision, payables and accruals	483,592	582,047
Contract liabilities	232,334	232,456
Bills payables	579,742	695,065
Loans and borrowings	454,820	497,259
Tax liabilities and other liabilities	16,516	24,811
Total current liabilities	1,767,004	2,031,638
Total liabilities	2,007,001	2,135,276
Total equity and liabilities	3,679,009	3,812,001
Net assets per share attributable to owners of the Company (RM)	2.25	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 YEAR ENDED 31 DECEMBER 2020 (4TH QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue (Note 1a)	A9	357,253	478,695	1,189,605	1,537,406
Cost of sales, other income and operating expenses		(398,911)	(518,592)	(1,234,250)	(1,524,692)
Results from operating activities		(41,658)	(39,897)	(44,645)	12,714
Interest income		7,140	3,358	13,003	12,810
Finance costs		(6,444)	(9,625)	(23,094)	(25,437)
Other expenses		1,863	-	(13,137)	-
Operating profit/(loss)	B5	(39,099)	(46,164)	(67,873)	87
Share of profit of associates and joint ventures, net of tax		6,115	29,508	10,796	155,934
Profit/(Loss) before tax	B5	(32,984)	(16,656)	(57,077)	156,021
Tax expense	B6	(10,241)	(19,606)	(26,505)	(39,161)
Profit/(Loss) after tax for the year		(43,225)	(36,262)	(83,582)	116,860
Other comprehensive income/(expenses)					
Foreign currency translation differences for foreign operations		(18,185)	(19,096)	(6,903)	(22,513)
Movement in revaluation of property, plant equipment, net of tax		115,199	-	115,199	-
Other comprehensive income/(expense) for the year		97,014	(19,096)	108,296	(22,513)
Total comprehensive income/(expense) for the year		53,789	(55,358)	24,714	94,347
Profit/(Loss) attributable to:					
Owners of the Company		(60,479)	(58,416)	(123,258)	34,884
Non-controlling interests		17,254	22,154	39,676	81,976
Profit/(Loss) for the year		(43,225)	(36,262)	(83,582)	116,860
Total comprehensive income/(expense) attributable to:					
Owners of the Company		34,130	(72,173)	(17,367)	20,805
Non-controlling interests		19,659	16,815	42,081	73,542
Total comprehensive income/(expense) for the year		53,789	(55,358)	24,714	94,347
Earnings/(loss) per ordinary share					
Basic (Sen)	B11	(12.51)	(12.11)	(25.50)	7.23
Diluted (Sen)	B11	(12.51)	(11.96)	(25.50)	7.15
Note (1a) - Proforma Revenue					
Revenue as reported above		357,253	478,695	1,189,605	1,537,406
Share of revenue of associates		61,412	133,700	231,146	486,918
Total revenue		418,665	612,395	1,420,751	2,024,324
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 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 YEAR ENDED 31 DECEMBER 2020 (4TH QUARTER)

(The figures have not been audited)

	← Attributable to shareholders of the Company →							
	Non-distributable			Distributable		Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	
	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 2020	306,438	(5,561)	220,287	68,254	523,583	1,113,001	563,724	1,676,725
Foreign currency translation differences for foreign operations	-	-	-	(6,744)	-	(6,744)	(159)	(6,903)
Movement in revaluation of property, plant and equipment, net of tax	-	-	112,635	-	-	112,635	2,564	115,199
Profit/(Loss) after tax for the year	-	-	-	-	(123,258)	(123,258)	39,676	(83,582)
Total comprehensive income/(expense) for the year	-	-	112,635	(6,744)	(123,258)	(17,367)	42,081	24,714
Share options exercised	135	-	-	-	-	135	-	135
Transfer to share capital for share options exercised	28	-	(28)	-	-	-	-	-
Share-based payments	-	-	2,925	-	-	2,925	483	3,408
Issuance of shares to non-controlling interests	-	-	-	-	-	-	177	177
Dividend to owners of the Company	-	-	-	-	(12,086)	(12,086)	-	(12,086)
Dividend to non-controlling interests	-	-	-	-	-	-	(21,065)	(21,065)
At 31 December 2020	306,601	(5,561)	335,819	61,510	388,239	1,086,608	585,400	1,672,008
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	-	-	-	(14,079)	-	(14,079)	(8,434)	(22,513)
Profit for the year	-	-	-	-	34,884	34,884	81,976	116,860
Total comprehensive income/(expense) for the year	-	-	-	(14,079)	34,884	20,805	73,542	94,347
Share options exercised	3,861	-	-	-	-	3,861	-	3,861
Transfer to share capital for share options exercised	831	-	(831)	-	-	-	-	-
Share-based payments	-	-	5,367	-	-	5,367	964	6,331
Dilution of interest in subsidiary	-	-	(184)	(23)	30	(177)	177	-
Issuance of shares to non-controlling interests	-	-	(1,059)	-	-	(1,059)	6,849	5,790
Dividend to owners of the Company	-	-	-	-	(36,231)	(36,231)	-	(36,231)
Dividend to non-controlling interests	-	-	-	-	-	-	(35,710)	(35,710)
At 31 December 2019	306,438	(5,561)	220,287	68,254	523,583	1,113,001	563,724	1,676,725

(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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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (4TH QUARTER)**

(The figures have not been audited)

	For the 12 Months Year ended 31.12.2020 RM'000	For the 12 Months Year ended 31.12.2019 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(57,077)	156,021
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	80,145	78,352
Finance costs	28,952	36,525
Gain on disposal of property, plant and equipment	(5,952)	(6,835)
Inventories written-off	5,633	5,164
Net (recovery)/impairment on financial assets and receivables	(10,328)	13,806
Provision for impairment on plant and equipment	43,388	-
Net loss on derivatives	241	225
Net (gain)/loss on foreign exchange	(8,822)	10,290
Interest income	(13,003)	(12,810)
Property, plant and equipment written off	-	87
Net provision for warranties	(5,058)	6,105
Net impairment /(reversal of impairment) on development costs	-	(2,136)
Share-based payments	3,464	6,331
Share of profit of associates	(10,796)	(155,934)
Provision for slow moving stocks	-	4,864
Provision for foreseeable losses	-	18,440
Net reversal for liquidated and ascertained damaged	-	(10,046)
Operating profit before changes in working capital	50,787	148,449
Changes in working capital:		
Receivables, deposits and prepayments	177,567	(124,387)
Inventories	(64,410)	(18,827)
Payables and accruals	(86,043)	(111,296)
Amount due from/(to) contract customers	178,608	100,361
Cash generated from/(used in) operations	256,509	(5,700)
Net income taxes paid	(40,306)	(18,991)
Net cash generated from/(used in) operating activities	216,203	(24,691)
Cash flows from investing activities		
Additions to development expenditures	(682)	-
Acquisition of subsidiary, net of cash inflow	-	(15,566)
Dividend received from associates	6,113	49,545
Proceeds from disposal of other non-current assets	-	(2,703)
Interest received	7,842	11,813
Investment in associates	(21,841)	-
Proceeds from disposal of property, plant and equipment	21,811	11,683
Purchase of property, plant and equipment	(93,629)	(89,650)
Expenditure on land held for development	(2,246)	(2,246)
Net cash used in investing activities	(82,632)	(37,124)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (4TH QUARTER)
(The figures have not been audited)

	For the 12 Months Year ended 31.12.2020 RM'000	For the 12 Months Year ended 31.12.2019 RM'000
Cash flows from financing activities		
Dividend paid to owners of the Company	(12,086)	(36,231)
Dividend paid to non-controlling interests	(21,065)	(35,710)
Interests paid	(28,074)	(34,041)
Proceeds from exercise of share options	135	3,861
Proceeds from issuance of shares to non-controlling interests	123	5,790
Net (repayment)/drawdown of loans and borrowings	(23,163)	193,011
Net cash (used in)/generated from financing activities	(84,130)	96,680
Currency translation differences	(3,855)	(25,777)
Net increase in cash and cash equivalents	45,586	9,088
Cash and cash equivalents at 1 January	575,919	566,831
Cash and cash equivalents at 31 December	621,505	575,919

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

	31.12.2020 RM'000	31.12.2019 RM'000
Cash and bank balances	235,786	210,694
Deposits placed with licensed banks	392,712	394,300
Cash and cash equivalents as per Statement of Financial Position	628,498	604,994
Bank overdrafts	(6,993)	(29,075)
	621,505	575,919

(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)

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2020 (4TH 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 |

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

- | | |
|---|----------------|
| • Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions | 1 June 2020 |
| • Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| • Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| • Amendments to MFRS 137: Onerous Contract - Cost of Fulfilling a Contract | 1 January 2022 |
| • Annual Improvements to MFRS Standards 2018-2020 | 1 January 2022 |
| • Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2022 |
| • MFRS 17 Insurance Contracts and Amendments | 1 January 2023 |
| • 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 except for the one off restructuring costs as disclosed in Note B5.

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

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

A8. DIVIDEND PAID

During the quarter under review, the following dividend was paid on 24 November 2020:

	RM'000
A first and final tax exempt dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2019	<u>12,086</u>

A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Year ended 31.12.2020	
	Revenue	Profit/(Loss)
	RM'000	before tax
	RM'000	RM'000
Infrastructure construction	1,123,073	(39,022)
Cranes and automation	563,974	65,118
Share of Concessions profits (net of tax)	<u>185,983</u>	<u>17,483</u>
	1,873,030	43,579
Less: Group eliminations	<u>(452,279)</u>	<u>(100,656)</u>
	<u>1,420,751</u>	<u>(57,077)</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There is revaluation of land in accordance to the Group's accounting policy for the financial year ended 31 December 2020 and resulted in net revaluation surplus of RM112.6 million.

A11. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the current quarter to 25 March 2021, 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 December 2020 is approximately RM14 million.

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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2020 (4TH QUARTER)**

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

B1. REVIEW OF GROUP PERFORMANCE (YTD Q4 2020 vs. YTD Q4 2019)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM1,420.8 million with loss before tax of RM57.1 million for the financial year ended 31 December 2020 as compared to consolidated revenue (including share of associates' revenue) of RM2,024.3 million and profit before tax of RM156.0 million for the corresponding year ended 31 December 2019.

The decrease in revenue and reported loss before tax for the financial year was mainly due to the adverse impact from the global COVID-19 pandemic to the Group's Infrastructure, Cranes and Airport Concessions division. There is also provision for impairment for the Group's plant and equipment of RM43.4 million and costs incurred for staff restructuring exercise to streamline operational costs of RM13.1 million during the year.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q4 2020 vs. Q3 2020)

The Group reported higher consolidated revenue (including share of associates' revenue) of RM418.7 million as compared to consolidated revenue (including share of associates' revenue) of RM266.2 million in the preceding quarter mainly due to higher work performed from Infrastructure and higher contribution from Associates under Concession segment.

The Group reported loss before tax of RM33.0 million for the current quarter as compared to loss before tax of RM15.2 million for the preceding quarter mainly due to provision for impairment for the Group's plant and equipment of RM43.4 million in the current quarter in view of the adverse economic conditions.

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 25 March 2021, the Group's total outstanding secured order book in hand for the construction and cranes division is RM967 million.

b) Prospect

The overall global economy is facing great challenges as a result of the COVID-19 pandemic coupled with the decline and volatility in crude oil prices. Bank Negara Malaysia ("BNM") has reported that Malaysia's GDP shrank by 3.4% in the fourth quarter of 2020 as compared with a contraction of 2.6% in the third quarter of 2020. For 2020 as a whole, the economy contracted by 5.6%. The construction sector recorded a decline of 13.9% as compared to 12.4% in third quarter 2020.

In view of the above adverse factors and barring any other unforeseen circumstances, the Group continues taking appropriate measures and actions to cater for the business needs 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/(LOSS) BEFORE TAX

	Current Quarter 31.12.2020 RM'000	Cumulative Quarter 31.12.2020 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	27,258	80,145
Finance costs	11,295	28,952
Interest income	(7,140)	(13,003)
Net gain on foreign exchange	(5,369)	(8,822)
Net loss on derivatives	215	241
Gain on disposal of property, plant and equipment	(3,149)	(5,952)
Net recovery of impairment on financial assets and receivables	(6,579)	(10,328)
Inventories written-off	5,633	5,633
Provision for impairment loss on plant and equipment	43,388	43,388
Other expenses - one off restructuring costs	(1,863)	13,137

B6. TAXATION

	Current Quarter 31.12.2020 RM'000	Cumulative Quarter 31.12.2020 RM'000
Current tax expense		
Malaysia	(3,783)	9,671
Overseas	16,461	16,298
	12,678	25,969
Deferred tax income		
Malaysia	(2,437)	536
Overseas	-	-
	(2,437)	536
Total tax expense	10,241	26,505

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 yet 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

	Foreign Currency		31.12.2020 RM'000
	Currency	Amount '000	
Short term borrowings			
Secured	RM	578	578
	AUD	1,293	4,004
	DKK	42,986	28,547
	Sub- total		33,129
Unsecured	RM	417,161	417,161
	AUD	1,293	4,004
	USD	131	526
	Sub- total		421,691
Total Short Term Borrowings			454,820
Long term borrowings			
Secured	RM	8,165	8,165
	DKK	60,473	40,160
	Sub- total		48,325
Unsecured	RM	112,625	112,625
Total Long Term Borrowings			160,950
Total Gross Borrowings			615,770

B9. UPDATES ON MATERIAL LITIGATIONS

There is no pending material litigation other than those announced to Bursa Malaysia.

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 31.12.2020	Cumulative 31.12.2020	Current 31.12.2020	Cumulative 31.12.2020
Net profit attributable to the owners of the Company (RM'000)	(60,479)	(123,258)	(60,479)	(123,258)
Weighted average number of ordinary shares in issue ('000)	483,435	483,423	483,435	483,423
Effect of dilution: Share options ('000) *	-	-	N/A	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	483,435	483,423	483,435	483,423
EPS (Sen)	(12.51)	(25.50)	(12.51)	(25.50)

B12. COMPARATIVE FIGURES

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

By order of the Board of Directors

Company Secretary

Date : 30 March 2021