

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	UNAUDITED AS AT 31.12.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
Assets		
Property, plant and equipment	1,027,768	1,052,255
Investment in associates	691,584	704,458
Other non-current assets	118,915	118,369
Total non-current assets	1,838,267	1,875,082
Receivables, deposits and prepayments	450,204	532,014
Contract assets	315,197	301,696
Inventories	308,452	328,020
Current tax assets and other assets	18,035	21,378
Cash and bank balances	450,492	628,418
Total current assets	1,542,380	1,811,526
Total assets	3,380,647	3,686,608
Equity		
Share capital	306,602	306,602
Reserves	795,650	780,074
Total equity attributable to owners of the Company	1,102,252	1,086,676
Non-controlling interests	559,766	584,549
Total equity	1,662,018	1,671,225
Liabilities		
Payables and accruals	3,007	3,201
Loans and borrowings	130,949	161,445
Deferred tax liabilities	78,334	77,978
Total non-current liabilities	212,290	242,624
Provision, payables and accruals	416,214	485,967
Contract liabilities	194,784	237,570
Bills payables	451,604	654,742
Loans and borrowings	429,892	379,312
Tax liabilities and other liabilities	13,845	15,168
Total current liabilities	1,506,339	1,772,759
Total liabilities	1,718,629	2,015,383
Total equity and liabilities	3,380,647	3,686,608
Net assets per share attributable to owners of the Company (RM)	2.28	2.25

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021 (4TH QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue (Note 1a)	A9	303,349	367,207	1,004,856	1,199,559
Cost of sales, other income and operating expenses		(290,031)	(410,666)	(944,092)	(1,246,005)
Results from operating activities		13,318	(43,459)	60,764	(46,446)
Interest income		4,556	8,145	8,294	14,008
Finance costs		(9,626)	(6,461)	(21,417)	(23,111)
Other expenses		-	1,863	-	(13,137)
Operating profit/(loss)	B5	8,248	(39,912)	47,641	(68,686)
Share of (loss)/profit of associates, net of tax		(9,028)	7,801	(30,220)	12,482
Profit/(Loss) before tax	B5	(780)	(32,111)	17,421	(56,204)
Tax expense	B6	(5,794)	(11,640)	(15,679)	(27,904)
Profit/(Loss) after tax for the year		(6,574)	(43,751)	1,742	(84,108)
Other comprehensive income/(expenses)					
Foreign currency translation differences for foreign operations		(5,194)	(24,791)	20,053	(7,163)
Other comprehensive income/(expense) for the year		(5,194)	90,409	20,053	108,037
Total comprehensive income/(expense) for the year		(11,768)	46,658	21,795	23,929
Profit/(Loss) attributable to:					
Owners of the Company		(11,117)	(60,221)	(3,347)	(123,000)
Non-controlling interests		4,543	16,470	5,089	38,892
Profit/(Loss) for the year		(6,574)	(43,751)	1,742	(84,108)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		(14,563)	34,196	10,702	(17,301)
Non-controlling interests		2,795	12,462	11,093	41,230
Total comprehensive income/(expense) for the year		(11,768)	46,658	21,795	23,929
Earnings per ordinary share					
Basic (Sen)	B11	(2.30)	(12.45)	(0.69)	(25.44)
Diluted (Sen)	B11	(2.30)	(12.45)	(0.69)	(25.44)
Note (1a) - Proforma Revenue					
Revenue as reported above		303,349	367,207	1,004,856	1,199,559
Share of revenue of associates		47,082	91,078	185,143	260,812
Total revenue		350,431	458,285	1,189,999	1,460,371
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 2020 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 2021 (4TH 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
At 1 January 2021	306,602	(5,561)	335,821	61,317	388,497	1,086,676	584,549	1,671,225
Foreign currency translation differences for foreign operations	-	-	-	14,049	-	14,049	6,004	20,053
Profit/(Loss) after tax for the year	-	-	-	-	(3,347)	(3,347)	5,089	1,742
Total comprehensive income/(expense) for the year	-	-	-	14,049	(3,347)	10,702	11,093	21,795
Share-based payments	-	-	1,233	-	-	1,233	243	1,476
Accretion of interests in subsidiary	-	-	350	101	2,296	2,747	(8,854)	(6,107)
Share buy back by a subsidiary	-	-	105	35	754	894	(3,879)	(2,985)
Dividend to non-controlling interests	-	-	-	-	-	-	(23,386)	(23,386)
At 31 December 2021	306,602	(5,561)	337,509	75,502	388,200	1,102,252	559,766	1,662,018
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	-	-	-	(6,937)	-	(6,937)	(226)	(7,163)
Movement in revaluation of property, plant and equipment, net of tax	-	-	112,636	-	-	112,636	2,564	115,200
Profit/(Loss) after tax for the year	-	-	-	-	(123,000)	(123,000)	38,892	(84,108)
Total comprehensive income/(expense) for the year	-	-	112,636	(6,937)	(123,000)	(17,301)	41,230	23,929
Share options exercised	135	-	-	-	-	135	-	135
Transfer to share capital for share options exercised	29	-	(29)	-	-	-	-	-
Share-based payments	-	-	2,958	-	-	2,958	506	3,464
Dividend to owners of the Company	-	-	-	-	(12,086)	(12,086)	-	(12,086)
Dividend to non-controlling interests	-	-	-	-	-	-	(21,065)	(21,065)
Dilution of interest in subsidiary	-	-	-	-	-	-	(60)	(60)
Exercise of employees share options by a public listed subsidiary	-	-	(31)	-	-	(31)	214	183
At 31 December 2020	306,602	(5,561)	335,821	61,317	388,497	1,086,676	584,549	1,671,225

(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (4TH QUARTER)**

(The figures have not been audited)

	For the 12 Months Year ended 31.12.2021 RM'000	For the 12 Months Year ended 31.12.2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	17,421	(56,204)
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	76,008	79,167
Finance costs	35,197	38,781
Gain on disposal of property, plant and equipment	(683)	(5,716)
Inventories written-off	2,315	4,650
Net recovery on financial assets and receivables	(14,890)	34,985
(Reversal)/Provision for impairment loss on plant and equipment	(9,807)	43,388
Net fair value adjustments on derivative instruments	6,719	(6,461)
Net (gain) on foreign exchange	(9,670)	(6,225)
Interest income	(8,293)	(14,008)
Property, plant and equipment written off	-	51
Net provision/(reversal) for warranties	9,063	(4,716)
Share-based payments	1,476	3,464
Share of loss/(profit) of associates	30,220	(12,482)
Provision for slow moving stocks	10,890	2,129
Loss on accretion of interests in subsidiaries	-	5,454
Provision for foreseeable losses	-	(16,390)
Operating profit before changes in working capital	145,966	89,867
Changes in working capital:		
Receivables, deposits and prepayments	90,172	124,385
Inventories	6,363	(53,119)
Payables and accruals	(59,003)	(104,916)
Amount due from/(to) contract customers	(50,489)	197,065
Cash generated from operations	133,009	253,282
Net income taxes paid	(20,320)	(37,916)
Net cash generated from operating activities	112,689	215,366
Cash flows from investing activities		
Additions to development expenditures	(504)	(688)
Acquisition of additional interests in subsidiary	(6,107)	-
Acquisition of non-controlling interests	-	(59)
Deferred consideration payment by a subsidiary	(22,971)	-
Dividend received from associates	8,200	6,113
Interest received	4,579	8,847
Investment in associates	(2,770)	(21,842)
Proceeds from disposal of property, plant and equipment	2,948	21,695
Purchase of property, plant and equipment	(38,301)	(67,136)
Expenditure on land held for development	(2,246)	(2,246)
Net cash used in investing activities	(57,172)	(55,316)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (4TH QUARTER)

(The figures have not been audited)

	For the 12 Months Year ended 31.12.2021 RM'000	For the 12 Months Year ended 31.12.2020 RM'000
Cash flows from financing activities		
Dividend paid to owners of the Company	-	(12,086)
Dividend paid to non-controlling interests	(23,385)	(21,065)
Interests paid	(32,763)	(32,045)
Proceeds from exercise of share options	-	135
Purchase of treasury shares by a subsidiary	(2,985)	-
Proceeds from issuance of shares to non-controlling interests	-	183
Net repayment of loans and borrowings	(185,318)	(52,907)
Net cash used in financing activities	(244,451)	(117,785)
Currency translation differences	8,780	3,243
Net decrease in cash and cash equivalents	(180,154)	45,508
Cash and cash equivalents at 1 January	621,425	575,919
Cash and cash equivalents at 31 December	441,271	621,427

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

	31.12.2021 RM'000	31.12.2020 RM'000
Cash and bank balances	212,347	235,736
Deposits placed with licensed banks	238,145	392,682
Cash and cash equivalents as per Statement of Financial Position	450,492	628,418
Bank overdrafts	(9,221)	(6,991)
	441,271	621,427

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 YEAR ENDED 31 DECEMBER 2021 (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 2020. 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 2020.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2021:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective Date</u>
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
• Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions	1 June 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:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments, if any)</u>	<u>Effective Date</u>
• Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• 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 MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
• MFRS 17 Insurance Contracts and Amendments	1 January 2023
• Amendments to MFRS 107 Insurance Contracts	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 2020 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

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

A8. DIVIDEND PAID

There is no dividend paid during the quarter and financial period under review.

A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Year ended 31.12.2021	
	Revenue	Profit/(Loss)
	RM'000	before tax RM'000
Infrastructure construction	688,796	11,465
Cranes and automation	616,254	67,476
Share of Concessions profits/(loss) (net of tax)	149,427	(26,925)
	<u>1,454,477</u>	<u>52,016</u>
Less: Group eliminations	(264,478)	(34,595)
	<u><u>1,189,999</u></u>	<u><u>17,421</u></u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A11. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the current quarter to 21 February 2022, which would likely to substantially affect the results of the Group for year 2021.

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 21 February 2022 is approximately RM13 million.

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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2021 (4TH QUARTER)**

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

B1. REVIEW OF GROUP PERFORMANCE (YTD Q4 2021 vs. YTD Q4 2020)

The Group reported consolidated revenue (including share of associates' revenue) of RM1,190.0 million and profit before tax of RM17.4 million for the financial year ended 31 December 2021 as compared to consolidated revenue (including share of associates' revenue) of RM1,460.4 million and loss before tax of RM56.2 million for the corresponding year ended 31 December 2020.

The Group recorded lower revenue in 2021 mainly due to adverse impact affected by the COVID-19 to the construction and airport concession business. The lower revenue was partially mitigated by higher revenue from Cranes division arising from higher book order.

The Group recorded higher profit before tax in 2021 of RM17.4 million as compared to loss RM56.2 million as there was a provision for impairment loss on the Group's property, plant and machinery of RM43.4 million and a provision for staff restructuring exercise to streamline operational costs of RM13.2 million in the year 2020. In addition, there is profit margin improvement from Construction and Cranes division in the current year 2021.

The Cambodia Airports concession incurred losses due to low passengers arrival resulted from travelling ban and COVID lock down in year 2021. The Airports has since re-opened for international passengers in Q4 2021 and seeing increasing of passenger arrival.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q4 2021 vs. Q3 2021)

The Group reported higher consolidated revenue (including share of associates' revenue) of RM350.4 million as compared to consolidated revenue (including share of associates' revenue) of RM251.3 million in the preceding quarter are mainly due to resumption of operation for Construction and Cranes divisions after lock down during Phase 1 of the National Recovery Plan (NRP) in the preceding quarter.

The Group reported marginal loss before tax of RMM0.8 mil for this quarter as compared to profit before tax of RM2.5 million in the preceding quarter is mainly due to provision for impairment on vessels, partially mitigated by higher profit from Cranes division in this quarter.

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 21 February 2022, the Group's total outstanding secured order book in hand for the construction and cranes division is RM826 million.

b) Prospect

In 2021, the overall global economy is facing great challenges as a result of the COVID-19 pandemic coupled with the volatility in crude oil prices. Bank Negara Malaysia ("BNM") has reported that Malaysia's positive GDP growth of 3.6% in the fourth quarter of 2021 as compared with a contraction of 4.5% in the third quarter of 2021 as supported by the re-openings of the economic sectors in the beginning of the quarter. The full year GDP registered a growth of 3.1%.

In the coming 2022, the Group anticipates Cranes and Exact Automation division remains as the major contributor to the Group's overall business, and hoping to see more orders secured by our waste heat recovery system manufacturing subsidiary.

With the border re-opening by The Cambodia government to fully vaccinated foreign travellers with effective from Nov 2021, the Airports concession expects business recovery in 2022.

In view of the above factors and barring any other unforeseen circumstances, the Group continues taking appropriate measures and actions in tandem with the global economy development.

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 31.12.2021 RM'000	Cumulative Quarter 31.12.2021 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	18,491	76,008
Finance costs	9,956	35,197
Interest income	(4,555)	(8,293)
Net (gain)/loss on foreign exchange	9,770	(9,670)
Net (gain)/loss on derivatives	(47)	6,719
Loss/(gain) on disposal of property, plant and equipment	484	(683)
(Net recovery)/provision for impairment on financial assets and receivables	391	(14,890)
Inventories written-off	2,315	2,315
Provision for slow moving stocks	10,890	10,890
Reversal of impairment loss on plant and equipment	(9,807)	(9,807)

B6. TAXATION

	Current Quarter 31.12.2021 RM'000	Cumulative Quarter 31.12.2021 RM'000
Current tax expense		
Malaysia	(1,495)	5,065
Overseas	5,371	7,384
	3,876	12,449
Deferred tax income		
Malaysia	1,918	3,230
Overseas	-	-
	1,918	3,230
Total tax expense	5,794	15,679

The Group's accumulative 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, and there is no group tax relief applicable for different listed companies and foreign jurisdictions.

B7. CORPORATE PROPOSALS

Save as disclosed below, there was no other corporate proposals announced but not yet completed as at the date of this report.

On 10 January 2022, the Company has announced that the Company proposes to undertake a renounceable rights issues of up to 256,914,625 Rights Shares in the Company on the basis of 1 Rights Share for every 2 existing shares held on an entitlement date to be determined and announced later.

The Notice of the Extraordinary General Meeting to be held on 7 March 2022, has been issued on 17 February 2022.

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		31.12.2021 RM'000
	Currency	Amount	
Short term borrowings		'000	
Secured	RM	547	547
	AUD	2,363	7,152
	DKK	42,783	27,217
	Sub- total		34,916
Unsecured	RM	394,976	394,976
	Sub- total		394,976
Total Short Term Borrowings			429,892
Long term borrowings			
Secured	RM	7,681	7,681
	DKK	47,776	30,393
	Sub- total		38,074
Unsecured	RM	92,875	92,875
Total Long Term Borrowings			130,949
Total Gross Borrowings			560,841

B9. UPDATES ON MATERIAL LITIGATIONS

As at 22 January 2022, the material arbitration cases for the Group namely (i) The Government Of Syrian Arab Republic, (ii) TTCL Malaysia Sdn Bhd (formerly known as Toyo Thai Malaysia Sdn Bhd) and (iii) Additional tax assessment from the Inland Revenue Board of Malaysia ("IRB") remain ongoing.

B10. PROPOSED DIVIDEND

The Directors did not recommend any dividend for the financial period under review.

B11. EARNINGS PER SHARE ("EPS")**Basic/Diluted EPS**

	Basic EPS		Diluted EPS	
	Current 31.12.2021	Cumulative 31.12.2021	Current 31.12.2021	Cumulative 31.12.2021
Net profit attributable to the owners of the Company (RM'000)	(11,117)	(3,347)	(11,117)	(3,347)
Weighted average number of ordinary shares in issue ('000)	483,445	483,445	483,445	483,445
Effect of dilution: Share options ('000) *	-	-	N/A	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	483,445	483,445	483,445	483,445
EPS (Sen)	(2.30)	(0.69)	(2.30)	(0.69)

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 : 28 February 2022