

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	UNAUDITED AS AT 31.3.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
Assets		
Property, plant and equipment	1,015,548	1,027,282
Investment in associates	693,796	692,356
Other non-current assets	128,720	122,531
Total non-current assets	1,838,064	1,842,169
Receivables, deposits and prepayments	399,510	436,225
Contract assets	338,082	318,025
Inventories	311,743	308,529
Current tax assets and other assets	19,659	18,462
Cash and bank balances	511,554	450,815
Total current assets	1,580,548	1,532,056
Total assets	3,418,612	3,374,225
Equity		
Share capital	306,602	306,602
Reserves	801,432	795,804
Total equity attributable to owners of the Company	1,108,034	1,102,406
Non-controlling interests	541,881	560,599
Total equity	1,649,915	1,663,005
Liabilities		
Payables and accruals	3,036	3,007
Loans and borrowings	115,347	117,665
Hire purchase and lease liabilities	23,503	23,799
Deferred tax liabilities	79,476	79,408
Total non-current liabilities	221,362	223,879
Provision, payables and accruals	381,907	394,363
Contract liabilities	212,128	207,312
Bills payables	462,259	451,753
Loans and borrowings	465,245	407,541
Hire purchase and lease liabilities	13,896	14,565
Tax liabilities and other liabilities	11,900	11,807
Total current liabilities	1,547,335	1,487,341
Total liabilities	1,768,697	1,711,220
Total equity and liabilities	3,418,612	3,374,225
Net assets per share attributable to owners of the Company (RM)	2.29	2.27

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		31.3.2022	31.3.2021	31.3.2022	31.3.2021
		RM'000	RM'000	RM'000	RM'000
Revenue (Note 1a)	A9	175,192	218,047	175,192	218,047
Cost of sales, other income and operating expenses		(167,250)	(204,058)	(167,250)	(204,058)
Results from operating activities		7,942	13,989	7,942	13,989
Interest income		557	1,375	557	1,375
Finance costs		(2,576)	(2,189)	(2,576)	(2,189)
Operating profit	B5	5,923	13,175	5,923	13,175
Share of loss of associates, net of tax		(4,578)	(6,603)	(4,578)	(6,603)
Profit before tax	B5	1,345	6,572	1,345	6,572
Tax expense	B6	(1,665)	(1,393)	(1,665)	(1,393)
Profit/(Loss) after tax for the period		(320)	5,179	(320)	5,179
Other comprehensive income					
Foreign currency translation differences for foreign operations		5,100	21,308	5,100	21,308
Other comprehensive income/(expense) for the period		5,100	21,308	5,100	21,308
Total comprehensive income/(expense) for the period		4,780	26,487	4,780	26,487
Profit/(Loss) attributable to:					
Owners of the Company		468	5,321	468	5,321
Non-controlling interests		(788)	(142)	(788)	(142)
Profit/(Loss) for the period		(320)	5,179	(320)	5,179
Total comprehensive income/(expense) attributable to:					
Owners of the Company		2,697	19,141	2,697	19,141
Non-controlling interests		2,083	7,346	2,083	7,346
Total comprehensive income/(expense) for the period		4,780	26,487	4,780	26,487
Earnings per ordinary share					
Basic (Sen)	B11	0.10	1.10	0.10	1.10
Diluted (Sen)	B11	0.10	1.10	0.10	1.10
Note (1a) - Proforma Revenue					
Revenue as reported above		175,192	218,047	175,192	218,047
Share of revenue of associates		43,989	44,698	43,989	44,698
Total revenue		219,181	262,745	219,181	262,745

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 2021 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 CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2022 (1ST 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 2022	306,602	(5,561)	337,508	75,725	388,132	1,102,406	560,599	1,663,005
Foreign currency translation differences for foreign operations	-	-	-	2,229	-	2,229	2,871	5,100
Profit/(Loss) after tax for the period	-	-	-	-	468	468	(788)	(320)
Total comprehensive income/(expense) for the period	-	-	-	2,229	468	2,697	2,083	4,780
Share-based payments	-	-	-	-	-	-	-	-
Accretion of interests in subsidiary	-	-	933	338	6,014	7,285	(25,238)	(17,953)
Issuance of shares to non-controlling interests	-	-	(4,549)	(207)	402	(4,354)	21,166	16,812
Dividend to non-controlling interests	-	-	-	-	-	-	(16,729)	(16,729)
At 31 March 2022	306,602	(5,561)	333,892	78,085	395,016	1,108,034	541,881	1,649,915
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	-	-	-	13,820	-	13,820	7,488	21,308
Profit/(Loss) after tax for the period	-	-	-	-	5,321	5,321	(142)	5,179
Total comprehensive income/(expense) for the period	-	-	-	13,820	5,321	19,141	7,346	26,487
Share-based payments	-	-	308	-	-	308	61	369
At 31 March 2021	306,602	(5,561)	336,129	75,137	393,818	1,106,125	591,956	1,698,081

(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 2021 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 PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)**

(The figures have not been audited)

	For the 3 Months Period ended 31.3.2022 RM'000	For the 3 Months Period ended 31.3.2021 RM'000
Cash flows from operating activities		
Profit before tax	1,345	6,572
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	15,135	15,512
Finance costs	6,664	9,800
Loss/(Gain) on disposal of property, plant and equipment	450	(995)
Inventories written-off	4	-
Net recovery on financial assets and receivables	(11,918)	(3,057)
Net fair value adjustments on derivative instruments	202	7,935
Net loss/(gain) on foreign exchange	2,347	(14,907)
Interest income	(557)	(1,375)
Net (reversal)/provision for warranties	(249)	859
Share-based payments	-	369
Share of loss of associates	4,578	6,603
Reversal of provision for slow moving stocks	(674)	-
Reversal of provision for foreseeable losses	(2,039)	-
Operating profit before changes in working capital	15,288	27,316
Changes in working capital:		
Receivables, deposits and prepayments	48,721	9,700
Inventories	(2,544)	5,922
Payables and accruals	(13,307)	28,962
Amount due from/(to) contract customers	(13,203)	(11,710)
Cash generated from operations	34,955	60,190
Net income taxes paid	(3,405)	(13,300)
Net cash generated from operating activities	31,550	46,890
Cash flows from investing activities		
Additions to development expenditures	-	(9)
Acquisition of additional interests in subsidiary	(17,953)	-
Investment in assets available-for-sale	(5,500)	-
Interest received	612	1,364
Proceeds from disposal of property, plant and equipment	643	1,237
Purchase of property, plant and equipment	(4,075)	(4,973)
Net cash used in investing activities	(26,273)	(2,381)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)
(The figures have not been audited)

	For the 3 Months Period ended 31.3.2022 RM'000	For the 3 Months Period ended 31.3.2021 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(16,729)	-
Interests paid	(6,770)	(9,761)
Proceeds from issuance of shares to non-controlling interests	16,812	-
Net drawdown of loans and borrowings	65,834	7,124
Net cash generated from/(used in) financing activities	59,147	(2,637)
Currency translation differences	(3,732)	1,648
Net increase in cash and cash equivalents	60,692	43,520
Cash and cash equivalents at 1 January	441,594	621,427
Cash and cash equivalents at 31 March	502,286	664,947

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

	31.3.2022 RM'000	31.3.2021 RM'000
Cash and bank balances	205,814	294,749
Deposits placed with licensed banks	305,740	388,259
Cash and cash equivalents as per Statement of Financial Position	511,554	683,008
Bank overdrafts	(9,268)	(18,061)
	502,286	664,947

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying notes attached to the interim financial statements)

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)

A. NOTES TO INTERIM FINANCIAL STATEMENTS

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements") and Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. 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 2021.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2022:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</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

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>
• 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
• Amendments to MFRS 112: Deferred Tax relates to Assets and Liabilities arising from a Single Transaction	1 January 2023
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 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 2021 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:

	Period ended 31.3.2022	
	Revenue	Profit/(Loss)
	RM'000	before tax RM'000
Infrastructure construction	104,664	2,684
Cranes and automation	95,700	7,728
Share of Concessions profits/(loss) (net of tax)	35,362	(5,096)
	<u>235,726</u>	<u>5,316</u>
Less: Group eliminations	(16,545)	(3,971)
	<u><u>219,181</u></u>	<u><u>1,345</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 24 May 2022, which would likely to substantially affect the results of the Group for year 2022.

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 24 May 2022 is approximately RM13 million.

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)

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

B1. REVIEW OF GROUP PERFORMANCE (YTD Q1 2022 vs. YTD Q1 2021)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM219.2 million and lower profit before tax of RM1.3 million for the financial period ended 31 March 2022 as compared to consolidated revenue (including share of associates' revenue) of RM262.7 million and profit before tax of RM6.6 million for the corresponding period ended 31 March 2021.

The Group recorded lower revenue and lower profit before tax in Q1 2022 mainly because the production of cranes were affected by the quarantine of some of the operational staff and workers due to COVID cases during the period.

Following re-opening of borders of Cambodia in November 2021, the Cambodia airports saw some improvement in international passengers arrival during Q1 2022. However, the division still reported loss due to depreciation and amortisation costs of the airports.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q1 2022 vs. Q4 2021)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM219.2 million as compared to consolidated revenue (including share of associates' revenue) of RM350.3 million in the preceding quarter are mainly because the production of cranes were affected by the quarantine of some of the operational staff and workers due to COVID cases during the period.

The Group reported profit before tax of RM1.3 mil for this quarter as compared to loss before tax of RM2.3 million in the preceding quarter mainly due to provision made for impairment on vessels in the preceding quarter and partially offset by lower profit contribution from cranes division in the current quarter.

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 24 May 2022, the Group's total outstanding secured order book in hand for the construction and cranes division is RM822 million.

b) Prospect

In 2022, the overall global economy is still facing great challenges as a result of the COVID-19 pandemic coupled with the volatility in crude oil prices and supplies due to the Ukraine War. Bank Negara Malaysia ("BNM") has reported that Malaysia's positive Y-o-Y GDP growth of 5.0% in the first quarter of 2022 as compared with 3.6% in the fourth quarter of 2021 due to the re-openings of the economic sectors in the last quarter.

The Group anticipates the recovery of our Airports concession and our subsidiaries in the Cranes and Automation activities. Orders for waste heat recovery system is also encouraging.

With the border re-opening in Cambodia for fully vaccinated travellers, the Group sees a positive recovery from the Airports concession in 2022 onwards.

Barring any other unforeseen circumstances in global economic, the Group continues taking appropriate measures and actions in tandem with the scenarios.

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 31.3.2022 RM'000	Cumulative Quarter 31.3.2022 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	15,135	15,135
Finance costs	6,664	6,664
Interest income	(557)	(557)
Net loss on foreign exchange	2,347	2,347
Net loss on derivatives	202	202
Loss on disposal of property, plant and equipment	450	450
Net recovery for impairment on financial assets and receivables	(11,918)	(11,918)
Inventories written-off	4	4
Reversal of provision for slow moving stocks	(674)	(674)
Reversal of provision for foreseeable losses	(2,039)	(2,039)

B6. TAXATION

	Current Quarter 31.3.2022 RM'000	Cumulative Quarter 31.3.2022 RM'000
Current tax expense		
Malaysia	932	932
Overseas	1,162	1,162
	2,094	2,094
Deferred tax income		
Malaysia	(429)	(429)
Overseas	-	-
	(429)	(429)
Total tax expense	1,665	1,665

The Group's effective tax rate (excluding the results of associates which are equity accounted net of tax) for the financial period under review 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 proposed 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. The proposed rights issue was approved by the shareholders at the Extraordinary General Meeting held on 7 March 2022.

On 26 April 2022, the Proposed Rights Issues was over subscribed and has been successfully completed with RM120.9 mil Rights proceeds raised.

The status of utilisation as at 24 May 2022 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation		Explanation (if the deviation is 5% or more)
				RM'000	%	
i. Partial repayment of interest-bearing borrowings	96,689	-	Within 6 months	-	-	N/A
ii. General working capital requirements	23,272	-	Within 6 months	-	-	N/A
iii. Estimated expenses in relation to the Rights Issue of Shares	900	488	Immediate	-	-	N/A
Total	120,861	488		-	-	

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		31.3.2022
	Currency	Amount	RM'000
Short term borrowings		'000	
Secured	RM	533	533
	AUD	1,954	6,145
	DKK	24,383	15,319
	Sub- total		21,997
Unsecured	RM	443,248	443,248
	Sub- total		443,248
Total Short Term Borrowings			465,245
Long term borrowings			
Secured	RM	7,459	7,459
	DKK	10,367	6,513
	Sub- total		13,972
Unsecured	RM	101,375	101,375
Total Long Term Borrowings			115,347
Total Gross Borrowings			580,592

B9. UPDATES ON MATERIAL LITIGATIONS

As at 24 May 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 31.3.2022	Cumulative 31.3.2022	Current 31.3.2022	Cumulative 31.3.2022
Net profit attributable to the owners of the Company (RM'000)	468	468	468	468
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)	0.10	0.10	0.10	0.10

B12. 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 2022