

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	UNAUDITED AS AT 30.9.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
Assets		
Property, plant and equipment	1,012,086	1,052,255
Investment in associates	710,095	704,458
Other non-current assets	119,673	118,369
Total non-current assets	1,841,854	1,875,082
Receivables, deposits and prepayments	423,048	532,014
Contract assets	377,692	301,696
Inventories	340,497	328,020
Current tax assets and other assets	14,765	21,378
Cash and bank balances	448,181	628,418
Total current assets	1,604,183	1,811,526
Total assets	3,446,037	3,686,608
Equity		
Share capital	306,602	306,602
Reserves	806,984	780,074
Total equity attributable to owners of the Company	1,113,586	1,086,676
Non-controlling interests	570,229	584,549
Total equity	1,683,815	1,671,225
Liabilities		
Payables and accruals	3,883	3,201
Loans and borrowings	129,626	161,445
Deferred tax liabilities	77,957	77,978
Total non-current liabilities	211,466	242,624
Provision, payables and accruals	470,813	485,967
Contract liabilities	195,008	237,570
Bills payables	481,908	654,742
Loans and borrowings	394,649	379,312
Tax liabilities and other liabilities	8,378	15,168
Total current liabilities	1,550,756	1,772,759
Total liabilities	1,762,222	2,015,383
Total equity and liabilities	3,446,037	3,686,608
Net assets per share attributable to owners of the Company (RM)	2.30	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 PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
Revenue (Note 1a)	A9	193,992	227,803	701,507	832,352
Cost of sales, other income and operating expenses		(184,073)	(234,957)	(654,061)	(835,339)
Results from operating activities		9,919	(7,154)	47,446	(2,987)
Interest income		573	1,617	3,738	5,863
Finance costs		(3,005)	(4,395)	(11,791)	(16,650)
Other expenses		-	(4,000)	-	(15,000)
Operating profit/(loss)	B5	7,487	(13,932)	39,393	(28,774)
Share of (loss)/profit of associates, net of tax		(4,994)	(1,298)	(21,192)	4,681
Profit/(Loss) before tax	B5	2,493	(15,230)	18,201	(24,093)
Tax expense	B6	(4,121)	(9,398)	(9,885)	(16,264)
Profit/(Loss) after tax for the period		(1,628)	(24,628)	8,316	(40,357)
Other comprehensive income/(expenses)					
Foreign currency translation differences for foreign operations		1,959	(22,746)	25,247	17,628
Other comprehensive income/(expense) for the period		1,959	(22,746)	25,247	17,628
Total comprehensive income/(expense) for the period		331	(47,374)	33,563	(22,729)
Profit/(Loss) attributable to:					
Owners of the Company		1,280	(28,174)	7,770	(62,779)
Non-controlling interests		(2,908)	3,546	546	22,422
Profit/(Loss) for the period		(1,628)	(24,628)	8,316	(40,357)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		3,293	(44,114)	25,265	(51,497)
Non-controlling interests		(2,962)	(3,260)	8,298	28,768
Total comprehensive income/(expense) for the period		331	(47,374)	33,563	(22,729)
Earnings per ordinary share					
Basic (Sen)	B11	0.26	(5.83)	1.61	(12.99)
Diluted (Sen)	B11	0.26	(5.83)	1.61	(12.99)
Note (1a) - Proforma Revenue					
Revenue as reported above		193,992	227,803	701,507	832,352
Share of revenue of associates		57,276	38,414	138,061	169,734
Total revenue		251,268	266,217	839,568	1,002,086
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

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)

(The figures have not been audited)

	← Attributable to shareholders of the Company →							
	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Reserves attributable to capital RM'000			Reserve attributable to revenue RM'000	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	-	-	-	17,495	-	17,495	7,752	25,247
Profit/(Loss) after tax for the period	-	-	-	-	7,770	7,770	546	8,316
Total comprehensive income/(expense) for the period	-	-	-	17,495	7,770	25,265	8,298	33,563
Share-based payments	-	-	925	-	-	925	183	1,108
Share buy back by a subsidiary	-	-	83	29	608	720	(3,060)	(2,340)
Dividend to non-controlling interests	-	-	-	-	-	-	(19,741)	(19,741)
At 30 September 2021	306,602	(5,561)	336,829	78,841	396,875	1,113,586	570,229	1,683,815
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	-	-	-	11,282	-	11,282	6,346	17,628
Profit/(Loss) after tax for the period	-	-	-	-	(62,779)	(62,779)	22,422	(40,357)
Total comprehensive income/(expense) for the period	-	-	-	11,282	(62,779)	(51,497)	28,768	(22,729)
Share options exercised	135	-	-	-	-	135	-	135
Transfer to share capital for share options exercised	29	-	(29)	-	-	-	-	-
Share-based payments	-	-	2,186	-	-	2,186	411	2,597
Issuance of shares to non-controlling interests	-	-	-	-	-	-	183	183
Dividend to owners of the Company	-	-	-	-	(12,086)	(12,086)	-	(12,086)
Dividend to non-controlling interests	-	-	-	-	-	-	(19,356)	(19,356)
At 30 September 2020	306,602	(5,561)	222,444	79,536	448,718	1,051,739	573,730	1,625,469

(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

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)**

(The figures have not been audited)

	For the 9 Months Period ended 30.9.2021 RM'000	For the 9 Months Period ended 30.9.2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	18,201	(24,093)
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	57,517	52,887
Other expenses - one off provision for restructuring costs	-	15,000
Finance costs	25,241	17,657
Gain on disposal of property, plant and equipment	(1,167)	(2,803)
Net recovery on financial assets and receivables	(15,281)	(3,749)
Net loss on derivatives	6,766	26
Net gain on foreign exchange	(19,440)	(3,453)
Interest income	(3,738)	(5,863)
Net provision/(reversal) for warranties	4,691	(2,429)
Share-based payments	1,108	2,598
Share of loss/(profit) of associates	21,192	(4,681)
Provision for slow moving stocks	-	5,000
Operating profit before changes in working capital	95,090	46,097
Changes in working capital:		
Receivables, deposits and prepayments	114,754	148,244
Inventories	(12,478)	(40,063)
Payables and accruals	(14,375)	(130,237)
Amount due from/(to) contract customers	(113,327)	99,034
Cash generated from operations	69,664	123,075
Net income taxes paid	(17,127)	(27,026)
Net cash generated from operating activities	52,537	96,049
Cash flows from investing activities		
Additions to development expenditures	(36)	(589)
Dividend received from associates	2,100	3,613
Interest received	3,444	5,846
Investment in associates	(2,770)	-
Proceeds from disposal of property, plant and equipment	2,440	8,008
Purchase of property, plant and equipment	(15,723)	(36,022)
Expenditure on land held for development	(2,246)	(2,246)
Net cash used in investing activities	(12,791)	(21,390)

MUHIBBAH ENGINEERING (M) BHD
Registration No. 197201001137 (12737-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)
(The figures have not been audited)

	For the 9 Months Period ended 30.9.2021 RM'000	For the 9 Months Period ended 30.9.2020 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(19,740)	(5,452)
Interests paid	(25,121)	(17,538)
Proceeds from exercise of share options	-	135
Purchase of treasury shares by a subsidiary	(2,340)	-
Proceeds from issuance of shares to non-controlling interests	-	183
Net repayment of loans and borrowings	(201,947)	(88,271)
Net cash used in financing activities	(249,148)	(110,943)
Currency translation differences	16,570	(2,535)
Net decrease in cash and cash equivalents	(192,832)	(38,819)
Cash and cash equivalents at 1 January	621,425	575,919
Cash and cash equivalents at 30 September	428,593	537,100

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

	30.9.2021 RM'000	30.9.2020 RM'000
Cash and bank balances	213,931	222,926
Deposits placed with licensed banks	234,250	318,400
Cash and cash equivalents as per Statement of Financial Position	448,181	541,326
Bank overdrafts	(19,588)	(4,226)
	428,593	537,100

(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
Registration No. 197201001137 (12737-K)
(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD 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:

	Period ended 30.9.2021	
	Revenue RM'000	Profit/(Loss) before tax RM'000
Infrastructure construction	511,617	25,902
Cranes and automation	417,171	47,033
Share of Concessions profits/(loss) (net of tax)	111,037	(18,775)
	<u>1,039,825</u>	<u>54,160</u>
Less: Group eliminations	(200,257)	(35,959)
	<u><u>839,568</u></u>	<u><u>18,201</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 22 November 2021, 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 22 November 2021 is approximately RM13 million.

--- The rest of this page has been intentionally left blank ---

MUHIBBAH ENGINEERING (M) BHD
Registration No. 197201001137 (12737-K)
(Incorporated in Malaysia)

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)

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

B1. REVIEW OF GROUP PERFORMANCE (YTD Q3 2021 vs. YTD Q3 2020)

The Group reported consolidated revenue (including share of associates' revenue) of RM839.6 million and profit before tax of RM18.2 million for the financial period ended 30 September 2021 as compared to consolidated revenue (including share of associates' revenue) of RM1,002.1 million and loss before tax of RM24.1 million for the corresponding period ended 30 September 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 despite lower revenue mainly due to margin improvement from Construction and Cranes division in the current period. On the other hand, there was a provision for staff restructuring exercise to streamline operational costs in third quarter 2020 of RM15 million.

The Cambodia Airports concession incurred losses due to low passengers arrival resulted from travelling ban and COVID lock down in the period under review. The Airports has since re-opened for international passengers in Q4 2021.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q3 2021 vs. Q2 2021)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM251.3 million and profit before tax of RMM2.5 mil as compared to consolidated revenue (including share of associates' revenue) of RM325.6 million and profit before tax of RM9.1 million in the preceding quarter mainly due to compulsory shut down of operation for Construction and Cranes division during Phase 1 of the National Recovery Plan (NRP).

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 22 November 2021, the Group's total outstanding secured order book in hand for the construction and cranes division is RM886 million.

b) Current Year's Prospect

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 GDP contracted by 4.5% in the third quarter of 2021 as compared with a growth of 16.1% in the second quarter of 2021, mainly resulted from the strict close down of operation particularly under Phase 1 of the NRP implemented in July 2021. However, with the higher national vaccination rate achieved subsequently and most of the states have moved to phase 4 of NRP, we expect the economy is on the path of recovery.

The Cambodia government has recently announced that fully vaccinated foreign travellers are allowed to visit the kingdom without quarantine with effect from 15 November 2021.

In view of the above factors and barring any other unforeseen circumstances, the Group continues taking appropriate measures and actions in tandem with the 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 30.9.2021 RM'000	Cumulative Quarter 30.9.2021 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	19,670	57,517
Finance costs	5,921	25,241
Interest income	(573)	(3,738)
Net (gain)/loss on foreign exchange	(6,762)	(19,440)
Net loss/(gain) on derivatives	67	6,766
Gain on disposal of property, plant and equipment	(117)	(1,167)
(Net recovery) of impairment on financial assets and receivables	(10,711)	(15,281)
	19,670	57,517

B6. TAXATION

	Current Quarter 30.9.2021 RM'000	Cumulative Quarter 30.9.2021 RM'000
Current tax expense		
Malaysia	5,012	6,560
Overseas	(814)	2,013
	4,198	8,573
Deferred tax income		
Malaysia	(77)	1,312
Overseas	-	-
	(77)	1,312
Total tax expense	4,121	9,885

The Group's accumulative effective tax rate (excluding the results of associates which are equity accounted net of tax) for the financial period is approximate at the statutory tax rate.

B7. CORPORATE PROPOSALS

The Group has no outstanding corporate proposals for the quarter under review.

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		30.9.2021 RM'000
	Currency	Amount '000	
Short term borrowings			
Secured	RM	596	596
	AUD	733	2,211
	DKK	55,361	36,125
	Sub- total		38,932
Unsecured	RM	355,340	355,340
	USD	90	377
	Sub- total		355,717
Total Short Term Borrowings			394,649
Long term borrowings			
Secured	RM	7,795	7,795
	DKK	44,469	28,956
	Sub- total		36,751
Unsecured	RM	92,875	92,875
Total Long Term Borrowings			129,626
Total Gross Borrowings			524,275

B9. UPDATES ON MATERIAL LITIGATIONS

As at 22 November 2021, 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 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 30.9.2021	Cumulative 30.9.2021	Current 30.9.2021	Cumulative 30.9.2021
Net profit attributable to the owners of the Company (RM'000)	1,280	7,770	1,280	7,770
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)	0.26	1.61	0.26	1.61

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 : 29 November 2021