

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	UNAUDITED AS AT 30.9.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
Assets		
Property, plant and equipment	1,050,840	1,113,269
Investment in associates	782,205	807,475
Other non-current assets	161,731	156,726
Total non-current assets	1,994,776	2,077,470
Receivables, deposits and prepayments	331,985	404,607
Contract assets	270,752	244,420
Inventories	334,856	333,473
Current tax assets and other assets	8,301	10,394
Cash and bank balances	588,173	394,188
Total current assets	1,534,067	1,387,082
Total assets	3,528,843	3,464,552
Equity		
Share capital	427,251	426,770
Reserves	865,076	863,761
Total equity attributable to owners of the Company	1,292,327	1,290,531
Non-controlling interests	499,301	516,365
Total equity	1,791,628	1,806,896
Liabilities		
Payables and accruals	33,083	36,839
Loans and borrowings	115,207	103,759
Hire purchase and lease liabilities	16,039	18,853
Deferred tax liabilities	109,195	112,348
Total non-current liabilities	273,524	271,799
Provision, payables and accruals	247,149	459,962
Contract liabilities	418,395	232,183
Bills payables	506,578	317,976
Loans and borrowings	275,117	353,495
Hire purchase and lease liabilities	5,814	9,657
Tax liabilities and other liabilities	10,638	12,584
Total current liabilities	1,463,691	1,385,857
Total liabilities	1,737,215	1,657,656
Total equity and liabilities	3,528,843	3,464,552
Net assets per share attributable to owners of the Company (RM)	1.78	1.77

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 (3RD QUARTER)

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
Revenue (Note 1a)	A9	423,367	287,043	1,382,304	814,761
Cost of sales, other income and operating expenses		(447,559)	(260,662)	(1,353,484)	(776,081)
Results from operating activities		(24,192)	26,381	28,820	38,680
Interest income		4,067	1,669	11,534	4,414
Finance costs		(4,946)	(7,078)	(16,551)	(17,183)
Operating profit/(loss)	B5	(25,071)	20,972	23,803	25,911
Share of profit/(loss) of associates, net of tax		31,575	14,197	61,153	32,382
Profit/(Loss) before tax	B5	6,504	35,169	84,956	58,293
Tax expense	B6	475	(8,191)	(22,387)	(17,367)
Profit/(Loss) after tax for the period		6,979	26,978	62,569	40,926
Other comprehensive income					
Foreign currency translation differences for foreign operations		(91,895)	2,403	(75,024)	49,203
Movement in revaluation of property, plant equipment, net of tax		-	-	(9)	-
Other comprehensive income/(loss) for the period		(91,895)	2,403	(75,033)	49,203
Total comprehensive income/(loss) for the period		(84,916)	29,381	(12,464)	90,129
Profit/(Loss) attributable to:					
Owners of the Company		(4,427)	6,114	31,972	13,288
Non-controlling interests		11,406	20,864	30,597	27,638
Profit/(Loss) for the period		6,979	26,978	62,569	40,926
Total comprehensive income/(expense) attributable to:					
Owners of the Company		(58,650)	8,268	(11,812)	45,737
Non-controlling interests		(26,266)	21,113	(652)	44,392
Total comprehensive income/(expense) for the period		(84,916)	29,381	(12,464)	90,129
Earnings/(Loss) per ordinary share					
Basic (Sen)	B11	(0.61)	0.84	4.40	1.83
Diluted (Sen)	B11	(0.58)	0.81	4.19	1.77
Note (1a) - Proforma Revenue					
Revenue as reported above		423,367	287,043	1,382,304	814,761
Share of revenue of associates		131,115	91,860	314,062	259,120
Total revenue		554,482	378,903	1,696,366	1,073,881
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 2023 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (3RD QUARTER)
(The figures have not been audited)

	← Attributable to shareholders of the Company →							
	Non-distributable				Distributable			
	Share capital RM'000	Treasury shares RM'000	Reserves attributable to capital RM'000	Reserve attributable to revenue RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000		
At 1 January 2023	426,770	(5,561)	349,639	121,577	398,106	1,290,531	516,365	1,806,896
Foreign currency translation differences for foreign operations	-	-	-	(43,775)	-	(43,775)	(31,249)	(75,024)
Movement in revaluation of property, plant and equipment, net of tax	-	-	(9)	-	-	(9)	-	(9)
Profit/(Loss) after tax for the period	-	-	-	-	31,972	31,972	30,597	62,569
Total comprehensive income/(expense) for the period	-	-	(9)	(43,775)	31,972	(11,812)	(652)	(12,464)
Share options exercised	376	-	-	-	-	376	-	376
Transfer to share capital for share options exercised	105	-	(105)	-	-	-	-	-
Share-based payments	-	-	1,044	-	-	1,044	169	1,213
Issuance of shares to non-controlling interests	-	-	(555)	(42)	12,785	12,188	(8,968)	3,220
Dividend to non-controlling interests	-	-	-	-	-	-	(7,613)	(7,613)
At 30 September 2024	427,251	(5,561)	350,014	77,760	442,863	1,292,327	499,301	1,791,628
At 1 January 2023	426,474	(5,561)	343,257	97,293	397,868	1,259,331	500,411	1,759,742
Foreign currency translation differences for foreign operations	-	-	-	32,449	-	32,449	16,754	49,203
Profit/(Loss) after tax for the period	-	-	-	-	13,288	13,288	27,638	40,926
Total comprehensive income/(expense) for the period	-	-	-	32,449	13,288	45,737	44,392	90,129
Share-based payments	-	-	2,779	-	-	2,779	810	3,589
Accretion of interests in subsidiary	-	-	4,717	457	5,931	11,105	(27,961)	(16,856)
Dividend to non-controlling interests	-	-	-	-	-	-	(6,868)	(6,868)
Deconsolidation of a subsidiary	-	-	-	-	-	-	(461)	(461)
At 30 September 2023	426,474	(5,561)	350,753	130,199	417,087	1,318,952	510,323	1,829,275

(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 2023 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 30 SEPTEMBER 2024 (3RD QUARTER)**

(The figures have not been audited)

	For the 9 Months Period ended 30.9.2024 RM'000	For the 9 Months Period ended 30.9.2023 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	84,956	58,293
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	54,145	57,658
Finance costs	22,587	24,190
Loss/(Gain) on disposal of assets	(12,416)	(4,701)
Inventories/bad debts written (back)/off	52	-
Net impairment loss on investment in associate	454	2,164
Net fair value (gain)/loss on investment	(1,838)	(3,085)
Net impairment/(reversal) on property, plant and equipment	(705)	-
Net (gain)/loss on fair value adjustments on derivative instruments	(1,591)	4,153
Net (gain)/loss on foreign exchange	22,080	(14,148)
Interest income	(11,534)	(4,414)
Property, plant and equipment written off	1,691	148
Net provision/(reversal) for warranties	(1,223)	1,499
Share-based payments	1,213	3,589
Share of (profit)/loss of associates	(61,153)	(32,382)
(Reversal)/Provision for slow moving stocks	(482)	(1,305)
(Reversal)/Provision for foreseeable losses	(185)	(771)
Net impairment/(recovery) on financial assets and receivables	(7,468)	12,162
Operating profit/(loss) before changes in working capital	88,583	103,050
Changes in working capital:		
Receivables, deposits and prepayments	78,955	4,250
Inventories	(946)	(43,354)
Payables and accruals	(178,536)	(52,937)
Amount due from/(to) contract customers	159,995	142,789
Cash generated from/(used in) operations	148,051	153,798
Net income taxes paid	(22,237)	(16,087)
Net cash generated from/(used in) operating activities	125,814	137,711
Cash flows from investing activities		
Acquisition of additional interest in subsidiary	-	(16,856)
Deconsolidation of a subsidiary	-	(461)
Dividend received from associates	2,100	5,100
Interest received	11,534	4,414
Investment in associates	-	(2,041)
Proceeds from acquisition of marketable securities	(873)	-
Proceeds from disposal of assets	31,566	10,047
Purchase of property, plant and equipment	(38,947)	(36,356)
Addition to other non-current assets	(3,917)	(595)
Net cash generated from/(used in) investing activities	1,463	(36,748)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (3RD QUARTER)
(The figures have not been audited)

	For the 9 Months Period ended 30.9.2024 RM'000	For the 9 Months Period ended 30.9.2023 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(7,613)	(6,868)
Interests paid	(22,722)	(24,119)
Proceeds from exercise of share options	376	-
Proceeds from issuance of shares to non-controlling interests	3,220	-
Net drawdown/(repayment) of loans and borrowings	116,602	(79,604)
Net cash generated from/(used in) financing activities	89,863	(110,591)
Currency translation differences	(23,155)	3,957
Net increase/(decrease) in cash and cash equivalents	193,985	(5,671)
Cash and cash equivalents at 1 January	394,188	284,709
Cash and cash equivalents at 30 September	588,173	279,038

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

	30.9.2024 RM'000	30.9.2023 RM'000
Cash and bank balances	392,630	158,672
Short-term investments	85,182	33,819
Deposits placed with licensed banks	110,361	86,793
Cash and cash equivalents as per Statement of Financial Position	588,173	279,284
Bank overdrafts	-	(246)
	588,173	279,038

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 PERIOD ENDED 30 SEPTEMBER 2024 (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 2023. 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 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2024:

MFRSs and IC Interpretations

(Including the Consequential Amendments)

Effective Date

- | | |
|---|----------------|
| • Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| • Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| • Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| • Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements | 1 January 2024 |

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

- | | |
|---|----------------|
| • Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |
| • 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 2023 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

During the financial period under review, a total of 974,000 new ordinary shares was issued pursuant to the exercise of Employees' Share Issuance Scheme ("SIS"). Other than as mentioned, 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 30.9.2024	
	Revenue	Profit/(Loss)
	RM'000	before tax RM'000
Infrastructure construction	1,527,418	15,447
Cranes and intelligent automation	584,137	35,575
Share of Concessions profits/(loss) (net of tax)	280,942	61,902
	<hr/>	<hr/>
	2,392,497	112,924
Less: Group eliminations	(696,131)	(27,968)
	<hr/>	<hr/>
	<u>1,696,366</u>	<u>84,956</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 November 2024, which would likely to substantially affect the results of the Group for year 2024.

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 contracted unconditionally as at 21 November 2024 is approximately RM50 million.

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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (3RD QUARTER)**

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

B1. REVIEW OF GROUP PERFORMANCE (YTD 2024 vs. YTD 2023)

The Group reported higher consolidated revenue (including share of associates' revenue) of RM1,696.4 million with higher profit before tax of RM84.9 million for the financial period ended 30 September 2024 as compared to consolidated revenue (including share of associates' revenue) of RM1,073.9 million and profit before tax of RM58.3 million respectively for the corresponding period ended 30 September 2023.

The group reported improvement in both Group revenue and Group profit before tax. The improvement in Group revenue was mainly contributed by all divisions whereas the improvement in profit before tax was mainly contributed by Concession divisions.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q3 2024 vs. Q2 2024)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM554.5 million as compared to RM728.0 million in the preceding quarter mainly due to lower revenue from Infrastructure Construction and Cranes divisions.

This quarter reported lower profit before tax of RM6.5 million as compared to RM47.5 million in the preceding quarter mainly due to better performance from Concession division offset with lower performance from Infrastructure Construction and Cranes divisions mainly due to unrealised foreign exchange losses of RM29.5 million in current quarter caused by sharp appreciation of MYR during September 2024, with the exchange rate moving from 4.72 to 4.122. However, the forex rose back to 4.482 as of 18 November 2024.

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 21 November 2024, the Group's total outstanding secured order book in hand for the construction and cranes division is RM1.381 billion.

b) Prospect

The overall global economy is still facing various challenges such as prolonged Russia-Ukraine war and ongoing Middle East conflicts coupled with the global supply chain disruptions.

The infrastructure and oil & gas industry outlook is therefore remain volatile and subject to the development of these geopolitical situation.

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 30.9.2024 RM'000	Cumulative Quarter 30.9.2024 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	17,974	54,145
Finance costs	8,511	22,587
Interest income	(4,067)	(11,534)
Net loss/(gain) on foreign exchange	29,554	22,080
Net (gain)/loss on derivatives	(2,539)	(1,591)
Net fair value (gain)/loss on investment	2,724	(1,838)
Loss/(Gain) on disposal of assets	(6,999)	(12,416)
Net impairment/(recovery) on financial assets and receivables	(7,947)	(7,468)
Net impairment loss on investment in associate	151	454
Inventories/bad debts written (back)/off	338	52
(Reversal)/Provision for slow moving stocks	(1,128)	(482)
Net impairment/(reversal) on property, plant and equipment	235	(705)
Property, plant and equipment written off	1,689	1,691
(Reversal)/Provision for foreseeable losses	(8)	(185)
	(8)	(185)

B6. TAXATION

	Current Quarter 30.9.2024 RM'000	Cumulative Quarter 30.9.2024 RM'000
Current tax expense		
Malaysia	(2,644)	17,906
Overseas	2,943	6,070
	299	23,976
Deferred tax income		
Malaysia	(725)	(1,916)
Overseas	(49)	327
	(774)	(1,589)
Total tax expense	(475)	22,387

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, balancing charge on disposal of fixed assets and there is no group tax relief applicable for different listed companies and foreign jurisdiction.

B7. CORPORATE PROPOSALS

There was no other corporate proposals announced but not yet completed as at the date of this report.

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		30.9.2024 RM'000
	Currency	Amount	
Short term borrowings		'000	
Secured	RM	596	596
	DKK	2,165	1,335
	Sub- total		1,931
Unsecured	RM	272,150	272,150
	AUD	363	1,036
	Sub- total		273,186
Total Short Term Borrowings			275,117
Long term borrowings			
Secured	RM	6,207	6,207
	Sub- total		6,207
Unsecured	RM	109,000	109,000
Total Long Term Borrowings			115,207
Total Gross Borrowings			390,324

B9. UPDATES ON MATERIAL LITIGATIONS

The latest updates for ongoing material arbitration/litigation cases for the Group are as follows:

(i) In October 2022, with regards to the claim by the Syrian Civil Aviation Authority ("SCAA") against MEB, the Council of State of Syria ("COS") has awarded SCAA EURO 3.17 million (approximately RM16 million). MEB has filed an application to nullify this award on the ground that this arbitration must be carried out in Dubai instead of Syria in accordance to the contract agreement signed by both parties. However, MEB's application was dismissed on 28 February 2024 by the Supreme Administrative Court in Syria.

Meanwhile, on 20 February 2024, the tribunal at Dubai International Arbitration Centre ("DIAC") issued an award in favour of MEB for the sum of EURO8.8 million (approximately RM45.6 million) plus legal costs and interest costs until full payment by SCAA. SCAA has filed to nullify the award in Dubai Court. SCAA's application to nullify the award was dismissed by the Court of Cassation in Dubai on 25 September 2024.

(ii) The arbitration for claim against TTCL Malaysia Sdn Bhd (formerly known as Toyo Thai Malaysia Sdn Bhd), remains ongoing.

(iii) Tax assessment from the Inland Revenue Board of Malaysia ("IRB")

MEB Group filed applications for judicial review at the Kuala Lumpur High Court ("the High Court") for an order to quash the notices of assessment of approximately RM23.0 million. On 1 April 2024, the High Court held that the matters should be heard at the Special Commissioners of Income Tax ("SCIT").

This is not in line with the earlier decisions made by the Court of Appeal ("COA") and Federal Court that these matters are to be heard in judicial review proceedings at the High Court instead of SCIT. MEB Group appealed against this decision to the COA. The hearing in the COA is yet to be fixed while the SCIT hearing is fixed in May 2025.

IRB has also filed civil suits to demand payments for the tax assessments as above. These matters are currently pending before the court.

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 30.9.2024	Cumulative 30.9.2024	Current 30.9.2024	Cumulative 30.9.2024
Net profit attributable to the owners of the Company (RM'000)	(4,427)	31,972	(4,427)	31,972
Weighted average number of ordinary shares in issue ('000) (net of treasury share hold by company)	726,737	726,474	726,737	726,474
Exercise of Share options ('000)	-	-	36,318	36,318
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	726,737	726,474	763,055	762,792
EPS (Sen)	(0.61)	4.40	(0.58)	4.19

The share options granted to employee in 2022 expired on 26 July 2027.

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 : 28 November 2024