

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	UNAUDITED AS AT 30.9.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
Assets		
Property, plant and equipment	1,127,290	1,133,269
Investment in associates	795,641	719,720
Other non-current assets	141,386	145,431
Total non-current assets	2,064,317	1,998,420
Receivables, deposits and prepayments	406,177	420,758
Contract assets	259,736	284,174
Inventories	344,510	299,851
Current tax assets and other assets	15,617	19,424
Cash and bank balances	279,284	308,419
Total current assets	1,305,324	1,332,626
Total assets	3,369,641	3,331,046
Equity		
Share capital	426,474	426,474
Reserves	892,478	832,857
Total equity attributable to owners of the Company	1,318,952	1,259,331
Non-controlling interests	510,323	500,411
Total equity	1,829,275	1,759,742
Liabilities		
Payables and accruals	42,448	3,169
Loans and borrowings	124,645	103,359
Hire purchase and lease liabilities	12,594	12,775
Deferred tax liabilities	111,859	108,867
Total non-current liabilities	291,546	228,170
Provision, payables and accruals	330,169	421,208
Contract liabilities	303,965	186,384
Bills payables	313,051	418,440
Loans and borrowings	277,611	287,864
Hire purchase and lease liabilities	12,032	20,085
Tax liabilities and other liabilities	11,992	9,153
Total current liabilities	1,248,820	1,343,134
Total liabilities	1,540,366	1,571,304
Total equity and liabilities	3,369,641	3,331,046
Net assets per share attributable to owners of the Company (RM)	1.82	1.73

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023 (3RD QUARTER)

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Revenue (Note 1a)	A9	287,043	253,048	814,761	624,665
Cost of sales, other income and operating expenses		(260,662)	(245,404)	(776,081)	(601,243)
Results from operating activities		26,381	7,644	38,680	23,422
Interest income		1,669	958	4,414	4,375
Finance costs		(7,078)	(4,889)	(17,183)	(12,272)
Operating profit/(loss)	B5	20,972	3,713	25,911	15,525
Share of profit/(loss) of associates, net of tax		14,197	759	32,382	(1,754)
Profit/(Loss) before tax	B5	35,169	4,472	58,293	13,771
Tax expense	B6	(8,191)	(1,771)	(17,367)	(6,299)
Profit/(Loss) after tax for the period		26,978	2,701	40,926	7,472
Other comprehensive income					
Foreign currency translation differences for foreign operations		2,403	22,412	49,203	57,912
Other comprehensive income/(loss) for the period		2,403	22,412	49,203	57,912
Total comprehensive income/(loss) for the period		29,381	25,113	90,129	65,384
Profit/(Loss) attributable to:					
Owners of the Company		6,114	(1,276)	13,288	531
Non-controlling interests		20,864	3,977	27,638	6,941
Profit/(Loss) for the period		26,978	2,701	40,926	7,472
Total comprehensive income/(expense) attributable to:					
Owners of the Company		8,268	10,310	45,737	35,805
Non-controlling interests		21,113	14,803	44,392	29,579
Total comprehensive income/(expense) for the period		29,381	25,113	90,129	65,384
Earnings/(Loss) per ordinary share					
Basic (Sen)	B11	0.84	(0.18)	1.83	0.09
Diluted (Sen)	B11	0.81	(0.18)	1.77	0.09
Note (1a) - Proforma Revenue					
Revenue as reported above		287,043	253,048	814,761	624,665
Share of revenue of associates		91,860	58,753	259,120	156,299
Total revenue		378,903	311,801	1,073,881	780,964

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 2022 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 2023 (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	426,474	(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
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	-	-	-	35,274	-	35,274	22,638	57,912
Profit/(Loss) after tax for the period	-	-	-	-	531	531	6,941	7,472
Total comprehensive income/(expense) for the period	-	-	-	35,274	531	35,805	29,579	65,384
Share-based payments	-	-	(18,179)	-	18,179	-	-	-
Issuance of shares pursuant to right issue	119,872	-	-	-	-	119,872	-	119,872
Accretion of interest in subsidiary	-	-	936	338	6,014	7,288	(25,241)	(17,953)
Issuance of shares to non-controlling interests	-	-	(4,010)	(292)	(752)	(5,054)	30,829	25,775
Dividend to non-controlling interests	-	-	-	-	-	-	(113,478)	(113,478)
Disposal of a subsidiary	-	-	-	-	-	-	(142)	(142)
At 30 September 2022	426,474	(5,561)	316,255	111,045	412,104	1,260,317	482,146	1,742,463

(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 2022 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (3RD QUARTER)**

(The figures have not been audited)

	For the 9 Months Period ended 30.9.2023 RM'000	For the 9 Months Period ended 30.9.2022 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	58,293	13,771
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	57,658	57,245
Finance costs	24,190	18,846
Loss/(Gain) on disposal of property, plant and equipment	304	(1,082)
Inventories written-off	-	96
(Gain)/Loss on disposal of assets held for sale	(5,005)	-
Net impairment loss on investment in associate	2,164	-
Net impairment/(recovery) on financial assets and receivables	12,162	4,803
Net fair value gain/(loss) on investment	(3,085)	(3,776)
Net (gain)/loss on fair value adjustments on derivative instruments	4,153	928
Net loss/(gain) on foreign exchange	(14,148)	(4,407)
Interest income	(4,414)	(4,376)
Property, plant and equipment written off	148	-
Net provision/(reversal) for warranties	1,499	(6,696)
Share-based payments	3,589	-
Share of (profit)/loss of associates	(32,382)	1,754
(Reversal)/Provision for slow moving stocks	(1,305)	(2,196)
Loss/(Gain) on disposal of a subsidiary	-	193
(Reversal)/Provision for foreseeable losses	(771)	(2,855)
Operating profit/(loss) before changes in working capital	103,050	72,248
Changes in working capital:		
Receivables, deposits and prepayments	4,250	30,688
Inventories	(43,354)	(26,379)
Payables and accruals	(52,937)	(33,991)
Amount due from/(to) contract customers	142,789	19,493
Cash generated from/(used in) operations	153,798	62,059
Net income taxes paid	(16,087)	(14,923)
Net cash generated from/(used in) operating activities	137,711	47,136
Cash flows from investing activities		
Additions to development expenditures	(595)	(567)
Acquisition of additional interests in subsidiary	(16,856)	(17,953)
Disposal of a subsidiary, net of cash disposed	-	(448)
Deconsolidation of a subsidiary	(461)	-
Investment in assets available-for-sale	-	(4,298)
Dividend received from associates	5,100	2,100
Interest received	4,414	4,354
Investment in associates	(2,041)	-
Proceeds from disposal of assets held for sale	8,300	-
Proceeds from disposal of property, plant and equipment	1,747	5,317
Purchase of property, plant and equipment	(36,356)	(12,543)
Addition to other non-current assets	-	(2,513)
Net cash generated from/(used in) investing activities	(36,748)	(26,551)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (3RD QUARTER)**

(The figures have not been audited)

	For the 9 Months Period ended 30.9.2023 RM'000	For the 9 Months Period ended 30.9.2022 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(6,868)	(113,478)
Interests paid	(24,119)	(18,885)
Net proceeds from Rights Issue	-	119,872
Proceeds from issuance of shares to non-controlling interests	-	25,775
Net drawdown/(repayment) of loans and borrowings	(79,604)	(249,127)
Net cash generated from/(used in) financing activities	(110,591)	(235,843)
Currency translation differences	3,957	(8,999)
Net increase/(decrease) in cash and cash equivalents	(5,671)	(224,257)
Cash and cash equivalents at 1 January	284,709	441,594
Cash and cash equivalents at 30 September	279,038	217,337

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

	30.9.2023 RM'000	30.9.2022 RM'000
Cash and bank balances	158,672	160,548
Short-term investments	33,819	-
Deposits placed with licensed banks	86,793	76,554
Cash and cash equivalents as per Statement of Financial Position	279,284	237,102
Bank overdrafts	(246)	(19,765)
	279,038	217,337

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD
Registration No. 197201001137 (12737-K)
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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (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 2022. 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 2022.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2023:

MFRSs and IC Interpretations

(Including the Consequential Amendments)

Effective Date

- | | |
|--|----------------|
| • Amendment to MFRS 17: Initial Application of MFRS 17 and MRFS 9 - Comparative Information | 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 |

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 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: Statement of Cash Flows and Financial Instruments: Disclosure | 1 January 2024 |
| • 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 2022 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 30.9.2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000
Infrastructure construction	608,373	11,786
Cranes and intelligent automation	470,040	53,909
Share of Concessions profits/(loss) (net of tax)	230,822	33,230
	1,309,235	98,925
Less: Group eliminations	(235,354)	(40,632)
	<u>1,073,881</u>	<u>58,293</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 2023, which would likely to substantially affect the results of the Group for year 2023.

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 November 2023 is approximately RM22 million.

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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (3RD QUARTER)**

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

B1. REVIEW OF GROUP PERFORMANCE (YTD 2023 vs. YTD 2022)

The Group reported higher consolidated revenue (including share of associates' revenue) of RM1,073.9 million with higher profit before tax of RM58.3 million for the financial period ended 30 September 2023 as compared to consolidated revenue (including share of associates' revenue) of RM780.9 million and profit before tax of RM13.8 million respectively for the corresponding period ended 30 September 2022.

The improvement in both Group revenue and Group profit before tax is mainly contributed by Concession division with the increase in airport passengers and better performance of Cranes and Intelligent automation division.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q3 2023 vs. Q2 2023)

The Group reported lower consolidated revenue (including share of associates' revenue) of RM378.9 million as compared to RM416.8 million in the preceding quarter mainly due to lower revenue from Cranes division in the current quarter.

This quarter however, reported higher profit before tax of RM35.2 million as compared to RM10.4 million in the preceding quarter mainly contributed by Concession division and better performance from Infrastructure Construction division.

B3. GROUP'S PROSPECT

a) Secured Order Book

The construction division secured 2 new projects with total project value of RM479 million, consist of a) Lumut Maritime Terminal Sdn Bhd of RM161 million, b) Petronas Carigali Sdn Bhd of RM318 million during the current quarter.

As at 21 November 2023, the Group's total outstanding secured order book in hand for the construction and cranes division is RM2.41 billion.

b) Prospect

The group had secured several oil & gas, infrastructure and building construction projects of total RM1.26 billion over the last 12 months period.

Global oil & gas prices has recovered over last few years and hence the oil and gas investment is expected to move in an upward trend, including investments that reduce the greenhouse gas intensity of natural gas and its related infrastructure.

As such, there will be higher demand for offshore platform structures, offshore cranes, automation of offshore platforms systems and offshore support vessels from global market, which are the core businesses of Muhibbah Group's Construction, Cranes, Intelligent Automation and Shipyard Divisions respectively.

SCA's has handover the Siem Reap airport operation to the New Siem Reap airport in October 2023. Cash compensation of approximately USD63 million has been received in accordance to concession agreement during the current quarter.

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 30.9.2023 RM'000	Cumulative Quarter 30.9.2023 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	18,850	57,658
Finance costs	6,624	24,190
Interest income	(1,669)	(4,414)
Net loss/(gain) on foreign exchange	627	(14,148)
Net (gain)/loss on derivatives	(366)	4,153
Net fair value gain/(loss) on investment	(2,433)	(3,085)
Loss/(Gain) on disposal of property, plant and equipment	112	304
(Gain)/Loss on disposal of assets held for sale	-	(5,005)
Net provision for impairment on financial assets and receivables	2,308	12,162
Net impairment loss on investment in associate	1,862	2,164
(Reversal)/Provision for slow moving stocks	(272)	(1,305)
Property, plant and equipment written off	141	148
(Reversal)/Provision for foreseeable losses	(400)	(771)

B6. TAXATION

	Current Quarter 30.9.2023 RM'000	Cumulative Quarter 30.9.2023 RM'000
Current tax expense		
Malaysia	4,354	9,480
Overseas	3,227	5,805
	7,581	15,285
Deferred tax income		
Malaysia	610	2,082
Overseas	-	-
	610	2,082
Total tax expense	8,191	17,367

The Group's effective tax rate (excluding the results of associates which are equity accounted net of tax) for the financial year 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

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		30.9.2023
	Currency	Amount	RM'000
Short term borrowings		'000	
Secured	RM	570	570
	DKK	2,679	1,785
	Sub- total		2,355
Unsecured	RM	268,647	268,647
	AUD	2,173	6,609
	Sub- total		275,256
Total Short Term Borrowings			277,611
Long term borrowings			
Secured	RM	6,661	6,661
	DKK	2,227	1,484
	Sub- total		8,145
Unsecured	RM	116,500	116,500
Total Long Term Borrowings			124,645
Total Gross Borrowings			402,256

B9. UPDATES ON MATERIAL LITIGATIONS

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

(i) With regards to the claim of approximately EURO 33 million (RM156 million) submitted by the Syrian Civil Aviation Authority ("SCAA") against MEB, the Council of State of Syria ("COS") has awarded SCAA EURO 3.17 million (approximately RM15 million). MEB has filed an application to review and nullify the award based on the grounds inter alia that (i) the court appointed arbitration tribunal has no jurisdiction as the contract between the parties provided for an arbitration at the Dubai International Arbitration Centre ("DIAC"), (ii) impartiality of the arbitrator nominated by SCAA, and (iii) denial of MEB's right to defend its claim.

Meanwhile, MEB's claim against SCAA in arbitration at DIAC for a total claim of approximately EURO 36 million (approximately RM170 million) remains ongoing.

(ii) In respect of the claim against TTCL Malaysia Sdn Bhd (formerly known as Toyo Thai Malaysia Sdn Bhd), the arbitration is ongoing.

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

On 1 December 2022, the Federal Court has affirmed the Court of Appeal's decision in respect of granting leave and to proceed with the substantive judicial review hearing at the High Court with a stay order in favour of the Company.

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 30.9.2023	Cumulative 30.9.2023	Current 30.9.2023	Cumulative 30.9.2023
Net profit attributable to the owners of the Company (RM'000)	6,114	13,288	6,114	13,288
Impact on statement of profit or loss upon conversion of share options	-	-	85	254
Adjusted net profit for the period	6,114	13,288	6,199	13,542
Weighted average number of ordinary shares in issue ('000) (net of treasury share hold by company)	725,168	725,168	725,168	725,168
Exercise of Share options ('000)	-	-	38,533	38,533
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	725,168	725,168	763,701	763,701
EPS (Sen)	0.84	1.83	0.81	1.77

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 2023