

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	UNAUDITED AS AT 30.6.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
Assets		
Property, plant and equipment	1,084,531	1,113,269
Investment in associates	858,212	807,475
Other non-current assets	165,439	156,726
Total non-current assets	2,108,182	2,077,470
Receivables, deposits and prepayments	391,083	404,607
Contract assets	304,468	244,420
Inventories	340,638	333,473
Current tax assets and other assets	6,458	10,394
Cash and bank balances	479,104	394,188
Total current assets	1,521,751	1,387,082
Total assets	3,629,933	3,464,552
Equity		
Share capital	427,205	426,770
Reserves	915,453	863,761
Total equity attributable to owners of the Company	1,342,658	1,290,531
Non-controlling interests	531,583	516,365
Total equity	1,874,241	1,806,896
Liabilities		
Payables and accruals	37,878	36,839
Loans and borrowings	127,467	103,759
Hire purchase and lease liabilities	18,573	18,853
Deferred tax liabilities	120,744	112,348
Total non-current liabilities	304,662	271,799
Provision, payables and accruals	390,989	459,962
Contract liabilities	318,324	232,183
Bills payables	449,394	317,976
Loans and borrowings	269,932	353,495
Hire purchase and lease liabilities	6,944	9,657
Tax liabilities and other liabilities	15,447	12,584
Total current liabilities	1,451,030	1,385,857
Total liabilities	1,755,692	1,657,656
Total equity and liabilities	3,629,933	3,464,552
Net assets per share attributable to owners of the Company (RM)	1.85	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 JUNE 2024 (2ND QUARTER)

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Revenue (Note 1a)	A9	631,929	324,000	958,937	527,718
Cost of sales, other income and operating expenses		(599,414)	(317,805)	(905,925)	(515,419)
Results from operating activities		32,515	6,195	53,012	12,299
Interest income		5,476	1,597	7,467	2,745
Finance costs		(6,601)	(5,476)	(11,605)	(10,105)
Operating profit/(loss)	B5	31,390	2,316	48,874	4,939
Share of profit/(loss) of associates, net of tax		16,138	8,034	29,578	18,185
Profit/(Loss) before tax	B5	47,528	10,350	78,452	23,124
Tax expense	B6	(15,564)	(4,908)	(22,862)	(9,176)
Profit/(Loss) after tax for the period		31,964	5,442	55,590	13,948
Other comprehensive income					
Foreign currency translation differences for foreign operations		207	42,568	16,871	46,800
Movement in revaluation of property, plant equipment, net of tax		(9)	-	(9)	-
Other comprehensive income/(loss) for the period		198	42,568	16,862	46,800
Total comprehensive income/(loss) for the period		32,162	48,010	72,452	60,748
Profit/(Loss) attributable to:					
Owners of the Company		22,209	5,130	36,399	7,174
Non-controlling interests		9,755	312	19,191	6,774
Profit/(Loss) for the period		31,964	5,442	55,590	13,948
Total comprehensive income/(expense) attributable to:					
Owners of the Company		22,097	32,394	46,838	37,469
Non-controlling interests		10,074	15,616	25,614	23,279
Total comprehensive income/(expense) for the period		32,171	48,010	72,452	60,748
Earnings/(Loss) per ordinary share					
Basic (Sen)	B11	3.06	0.71	5.01	0.99
Diluted (Sen)	B11	2.91	0.68	4.77	0.96
Note (1a) - Proforma Revenue					
Revenue as reported above		631,929	324,000	958,937	527,718
Share of revenue of associates		96,087	92,757	182,947	167,260
Total revenue		728,016	416,757	1,141,884	694,978
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
Registration No. 197201001137 (12737-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND 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 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	-	-	-	10,448	-	10,448	6,423	16,871	
Movement in revaluation of property, plant and equipment, net of tax	-	-	(9)	-	-	(9)	-	(9)	
Profit/(Loss) after tax for the period	-	-	-	-	36,399	36,399	19,191	55,590	
Total comprehensive income/(expense) for the period	-	-	(9)	10,448	36,399	46,838	25,614	72,452	
Share options exercised	341	-	-	-	-	341	-	341	
Transfer to share capital for share options exercised	94	-	(94)	-	-	-	-	-	
Share-based payments	-	-	852	-	-	852	198	1,050	
Issuance of shares to non-controlling interests	-	-	(222)	(34)	4,352	4,096	(2,811)	1,285	
Dividend to non-controlling interests	-	-	-	-	-	-	(7,783)	(7,783)	
At 30 June 2024	427,205	(5,561)	350,166	131,991	438,857	1,342,658	531,583	1,874,241	
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	-	-	-	30,295	-	30,295	16,505	46,800	
Profit/(Loss) after tax for the period	-	-	-	-	7,174	7,174	6,774	13,948	
Total comprehensive income/(expense) for the period	-	-	-	30,295	7,174	37,469	23,279	60,748	
Share-based payments	-	-	1,841	-	-	1,841	552	2,393	
Accretion of interests in subsidiary	-	-	3,729	330	4,761	8,820	(21,975)	(13,155)	
Dividend to non-controlling interests	-	-	-	-	-	-	(6,868)	(6,868)	
Deconsolidation of a subsidiary	-	-	-	-	-	-	(461)	(461)	
At 30 June 2023	426,474	(5,561)	348,827	127,918	409,803	1,307,461	494,938	1,802,399	

(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

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)

(The figures have not been audited)

	For the 6 Months Period ended 30.6.2024 RM'000	For the 6 Months Period ended 30.6.2023 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	78,452	23,124
Adjustments for non-cash items/non-operating items:		
Bad debts written off	4	-
Depreciation and amortisation	36,171	38,807
Finance costs	14,076	17,566
Loss/(Gain) on disposal of assets	(5,417)	(4,813)
Inventories written (back)/off	(289)	-
Net impairment loss on investment in associate	302	302
Net impairment/(reversal) on property, plant and equipment	(940)	-
Net (gain)/loss on fair value adjustments on derivative instruments	(3,614)	3,867
Net (gain)/loss on foreign exchange	(7,474)	(14,775)
Interest income	(7,467)	(2,745)
Property, plant and equipment written off	2	7
Net provision/(reversal) for warranties	3	1,749
Share-based payments	1,050	2,393
Share of (profit)/loss of associates	(29,578)	(18,185)
(Reversal)/Provision for slow moving stocks	646	(1,033)
(Reversal)/Provision for foreseeable losses	(177)	(371)
Net impairment/(recovery) on financial assets and receivables	479	9,854
Operating profit/(loss) before changes in working capital	76,229	55,747
Changes in working capital:		
Receivables, deposits and prepayments	10,663	(41,084)
Inventories	(7,522)	(14,304)
Payables and accruals	(51,539)	(11,243)
Amount due from/(to) contract customers	26,468	94,084
Cash generated from/(used in) operations	54,299	83,200
Net income taxes paid	(8,991)	(10,162)
Net cash generated from/(used in) operating activities	45,308	73,038
Cash flows from investing activities		
Acquisition of additional interest in subsidiary	-	(13,155)
Deconsolidation of a subsidiary	-	(461)
Dividend received from associates	-	2,100
Interest received	7,467	2,745
Investment in associates	-	(2,041)
Proceeds from disposal of assets	14,237	9,450
Purchase of property, plant and equipment	(29,025)	(30,286)
Addition to other non-current assets	(3,573)	(47)
Net cash generated from/(used in) investing activities	(10,894)	(31,695)

MUHIBBAH ENGINEERING (M) BHD

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)

(The figures have not been audited)

	For the 6 Months Period ended 30.6.2024 RM'000	For the 6 Months Period ended 30.6.2023 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(7,783)	(6,868)
Interests paid	(14,114)	(17,520)
Proceeds from exercise of share options	341	-
Proceeds from issuance of shares to non-controlling interests	1,285	-
Net drawdown/(repayment) of loans and borrowings	68,272	(41,629)
Net cash generated from/(used in) financing activities	48,001	(66,017)
Currency translation differences	2,375	2,167
Net increase/(decrease) in cash and cash equivalents	84,790	(22,507)
Cash and cash equivalents at 1 January	394,188	284,709
Cash and cash equivalents at 30 June	478,978	262,202

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

	30.6.2024 RM'000	30.6.2023 RM'000
Cash and bank balances	297,654	167,113
Short-term investments	78,807	43,341
Deposits placed with licensed banks	102,643	67,186
Cash and cash equivalents as per Statement of Financial Position	479,104	277,640
Bank overdrafts	(126)	(15,438)
	478,978	262,202

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

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND 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 890,000 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 30.6.2024	
	Revenue	Profit/(Loss)
	RM'000	before tax RM'000
Infrastructure construction	1,069,752	48,776
Cranes and intelligent automation	387,656	32,901
Share of Concessions profits/(loss) (net of tax)	160,092	28,916
	<hr/>	<hr/>
	1,617,500	110,593
Less: Group eliminations	(475,616)	(32,141)
	<hr/>	<hr/>
	<u>1,141,884</u>	<u>78,452</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 August 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 22 August 2024 is approximately RM27 million.

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

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND 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 RM1,141.9 million with higher profit before tax of RM78.5 million for the financial period ended 30 June 2024 as compared to consolidated revenue (including share of associates' revenue) of RM694.9 million and profit before tax of RM23.1 million respectively for the corresponding period ended 30 June 2023.

This improvement in both Group revenue and Group profit before tax are mainly contributed by Concession division and better performance of Marine Shipyard and Infrastructure Construction divisions.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q2 2024 vs. Q1 2024)

The Group reported higher consolidated revenue (including share of associates' revenue) of RM728.0 million as compared to RM413.9 million in the preceding quarter mainly due to higher revenue from all divisions.

This quarter reported higher profit before tax of RM47.5 million as compared to RM30.9 million in the preceding quarter mainly due to better performance from Infrastructure Construction, Marine Shipyard and Concession divisions.

B3. GROUP'S PROSPECT

a) Secured Order Book

As at 22 August 2024, the Group's total outstanding secured order book in hand for the construction and cranes division is RM1.623 billion.

b) Prospect

The overall global economy is still facing great challenges as a result of geopolitical events like the prolonged Russia-Ukraine war and the ongoing Middle East conflicts coupled with the supply chain disruptions.

The regional infrastructure and oil & gas industry are seeing more capital investments in near future which is a boon for the Group's business moving forward.

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 30.6.2024 RM'000	Cumulative Quarter 30.6.2024 RM'000
Profit/(Loss) before tax is arrived at after (crediting)/charging the following:		
Bad debts written off	4	4
Depreciation and amortisation	18,772	36,171
Finance costs	6,283	14,076
Interest income	(5,476)	(7,467)
Net loss/(gain) on foreign exchange	(2,744)	(7,474)
Net (gain)/loss on derivatives	(2,842)	(3,614)
Loss/(Gain) on disposal of assets	(128)	(5,417)
Net impairment/(recovery) on financial assets and receivables	(1,697)	479
Net impairment loss on investment in associate	302	302
Inventories written (back)/off	(128)	(289)
(Reversal)/Provision for slow moving stocks	(33)	646
Net impairment/(reversal) on property, plant and equipment	(705)	(940)
Property, plant and equipment written off	2	2
(Reversal)/Provision for foreseeable losses	(177)	(177)
	_____	_____

B6. TAXATION

	Current Quarter 30.6.2024 RM'000	Cumulative Quarter 30.6.2024 RM'000
Current tax expense		
Malaysia	13,500	20,550
Overseas	1,407	3,127
	14,907	23,677
Deferred tax income		
Malaysia	728	(1,191)
Overseas	(71)	376
	657	(815)
Total tax expense	15,564	22,862

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 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		30.6.2024 RM'000
	Currency	Amount	
Short term borrowings		'000	
Secured	RM	590	590
	DKK	2,650	1,796
	Sub- total		2,386
Unsecured	RM	265,276	265,276
	AUD	724	2,270
	Sub- total		267,546
Total Short Term Borrowings			269,932
Long term borrowings			
Secured	RM	6,322	6,322
	DKK	215	145
	Sub- total		6,467
Unsecured	RM	121,000	121,000
Total Long Term Borrowings			127,467
Total Gross Borrowings			397,399

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 Syria Court.

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 and MEB is currently resisting the said application.

(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's filed application for judicial review at the Kuala Lumpur High Court for an order to quash the notices of assessment. 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 this matters are to proceed to judicial review proceedings at the High Court instead of SCIT. As such, MEB's submitted appeal to the COA on 17 April 2024.

MEB has also filed notice for motion for stay at the Court of Appeal on 21 May 2024. On 7 August 2024, the Court of Appeal dismissed our motion for stay application on the ground that IRB is able to refund the tax paid should this tax case results be in favour of MEB.

IRB has also filed a Civil Suit on 20 June 2024 to demand tax payment pending the outcome of MEB's Appeal. Meanwhile, MEB's filed a stay of proceedings at High Court accordingly.

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 30.6.2024	Cumulative 30.6.2024	Current 30.6.2024	Cumulative 30.6.2024
Net profit attributable to the owners of the Company (RM'000)	22,209	36,399	22,209	36,399
Weighted average number of ordinary shares in issue ('000) (net of treasury share hold by company)	726,548	726,341	726,548	726,341
Exercise of Share options ('000)	-	-	36,413	36,413
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	726,548	726,341	762,961	762,754
EPS (Sen)	3.06	5.01	2.91	4.77

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 : 29 August 2024