

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2024
The figures have not been audited

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	QUARTER ENDED		CUMULATIVE 9 MONTHS ENDED	
	30 SEP 2024	30 SEP 2023	30 SEP 2024	30 SEP 2023
	RM '000	RM '000	RM '000	RM '000
Revenue	906,457	638,470	2,790,951	2,191,009
Other operating (expense)/income	<u>(6,146)</u>	<u>(15,870)</u>	<u>26,815</u>	<u>(5,130)</u>
Operating profit/(loss)	20,773	(100,208)	114,314	(478,567)
Finance cost	(4,815)	(3,737)	(13,076)	(10,522)
Profit/(Loss) before taxation	<u>15,958</u>	<u>(103,945)</u>	<u>101,238</u>	<u>(489,089)</u>
Taxation	<u>(698)</u>	<u>(1,141)</u>	<u>(1,585)</u>	<u>(1,143)</u>
Profit/(Loss) after taxation	<u>15,260</u>	<u>(105,086)</u>	<u>99,653</u>	<u>(490,232)</u>
Other comprehensive income/(loss):				
Fair value through other comprehensive income/(loss):				
Changes in fair value of hedging derivatives	<u>40,646</u>	<u>12,978</u>	<u>39,846</u>	<u>(16,646)</u>
Total comprehensive income/(loss) for the period	<u>55,906</u>	<u>(92,108)</u>	<u>139,499</u>	<u>(506,878)</u>
Profit/(Loss) attributable to:				
Equity holders of the Company	15,274	(105,208)	99,614	(490,369)
Non-controlling interests	<u>(14)</u>	<u>122</u>	<u>39</u>	<u>137</u>
	<u>15,260</u>	<u>(105,086)</u>	<u>99,653</u>	<u>(490,232)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	55,920	(92,230)	139,460	(507,015)
Non-controlling interests	<u>(14)</u>	<u>122</u>	<u>39</u>	<u>137</u>
	<u>55,906</u>	<u>(92,108)</u>	<u>139,499</u>	<u>(506,878)</u>
Profit/(Loss) per share attributable to equity holders of the Company:				
(i) Basic (sen)	1.0	(6.6)	6.2	(30.6)
(ii) Dilutive (sen)	1.0	(6.6)	6.2	(30.6)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	30 SEP 2024	31 DEC 2023
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	1,506,567	1,507,698
Right-of-use assets	189,450	195,357
Investment in joint ventures	1,516	1,516
Deferred tax assets	93,293	93,293
	<u>1,790,826</u>	<u>1,797,864</u>
Current assets		
Inventories	2,898	2,815
Trade and other receivables	1,598,611	1,291,022
Derivatives	40,159	-
Tax recoverable	-	48
Cash and bank balances	396,390	557,571
	<u>2,038,058</u>	<u>1,851,456</u>
TOTAL ASSETS	<u>3,828,884</u>	<u>3,649,320</u>
Equity attributable to equity holders of the Company		
Share capital	1,618,263	1,618,263
Cash flow hedge reserve	40,171	325
Accumulated losses	(252,443)	(352,057)
	<u>1,405,991</u>	<u>1,266,531</u>
Non-controlling interests	848	809
Total equity	<u>1,406,839</u>	<u>1,267,340</u>
Non-current liabilities		
Borrowing	231,675	261,251
Lease liabilities	6,662	7,233
	<u>238,337</u>	<u>268,484</u>
Current liabilities		
Trade and other payables	1,968,814	1,980,997
Borrowings	214,137	105,719
Lease liabilities	757	732
Derivatives	-	26,048
	<u>2,183,708</u>	<u>2,113,496</u>
Total liabilities	<u>2,422,045</u>	<u>2,381,980</u>
TOTAL EQUITY AND LIABILITIES	<u>3,828,884</u>	<u>3,649,320</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	30 SEP 2024	30 SEP 2023
	RM '000	RM '000
Profit/(Loss) before taxation	101,238	(489,089)
Adjustments for:		
Property, plant and equipment		
- depreciation	52,297	52,119
- write-offs	-	56
Right-of-use assets		
- amortisation	5,907	6,133
Net (reversal)/allowance of impairment loss on trade receivables	(1,418)	1,093
Interest income	(6,914)	(9,603)
Net unrealised loss/(gain) on foreign exchange	9,175	(7,770)
Changes in fair value of hedging derivatives	(26,361)	23,418
Finance cost	13,076	10,522
Operating profit/(loss) before working capital changes	<u>147,000</u>	<u>(413,121)</u>
Inventories	(83)	463
Trade and other receivables	(302,523)	(406,546)
Trade and other payables	<u>(21,354)</u>	<u>385,201</u>
Cash used in operations	(176,960)	(434,003)
Tax paid	(1,537)	(17)
Tax refund	-	6,834
Net cash used in operating activities	<u>(178,497)</u>	<u>(427,186)</u>
Purchase of property, plant and equipment	(51,166)	(53,408)
Interest received	3,262	1,429
Net cash used in investing activities	<u>(47,904)</u>	<u>(51,979)</u>
Dividends paid to equity holders of the Company	-	(24,000)
Drawdown of revolving credits	244,000	233,000
Repayment of revolving credits	(137,000)	-
Interest paid on revolving credits	(3,377)	(435)
Repayment of principal on long term borrowing	(28,158)	(27,050)
Interest paid on long term borrowing	(9,426)	(9,929)
Payment of principal portion of lease liabilities	(546)	(769)
Interest paid on lease liabilities	(273)	(158)
Net cash generated from financing activities	<u>65,220</u>	<u>170,659</u>
Net change in cash & cash equivalents	(161,181)	(308,506)
Cash & cash equivalents at the beginning of the period	545,389	784,856
Cash & cash equivalents at the end of the period	<u>384,208</u>	<u>476,350</u>
Cash at banks and in hand	70,195	386,067
IFSSC bank balance	206,166	100,483
Deposits with licensed banks	<u>120,029</u>	<u>1,982</u>
	396,390	488,532
Less: Cash pledged with the bank - restricted	<u>(12,182)</u>	<u>(12,182)</u>
	<u>384,208</u>	<u>476,350</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	<-----Attributable to equity----->					Total Equity
	holders of the Company			Total	Non-controlling Interests	
	Share Capital	Distributable Retained Earnings/ (Accumulated Losses)	Fair Value through OCI Reserve			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
9 MONTHS ENDED 30 SEPTEMBER 2024						
At 1 January 2024	1,618,263	(352,057)	325	1,266,531	809	1,267,340
Total comprehensive income	-	99,614	39,846	139,460	39	139,499
At 30 September 2024	<u>1,618,263</u>	<u>(252,443)</u>	<u>40,171</u>	<u>1,405,991</u>	<u>848</u>	<u>1,406,839</u>
9 MONTHS ENDED 30 SEPTEMBER 2023						
At 1 January 2023	1,618,263	156,128	(5,700)	1,768,691	819	1,769,510
Total comprehensive loss	-	(490,369)	(16,646)	(507,015)	137	(506,878)
Dividends paid to equity holders of the Company	-	(24,000)	-	(24,000)	-	(24,000)
At 30 September 2023	<u>1,618,263</u>	<u>(358,241)</u>	<u>(22,346)</u>	<u>1,237,676</u>	<u>956</u>	<u>1,238,632</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL REPORT

A1. CORPORATE INFORMATION

Malaysia Marine and Heavy Engineering Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Berhad.

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 12 November 2024.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2024 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Berhad. The results for this interim financial statements are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2023.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

The audited consolidated financial statements of the Group for the year ended 31 December 2023 are available upon request from the Group's registered office located at Level 31, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur. The functional currency of the Group is Ringgit Malaysia (RM).

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the financial year ended 31 December 2024 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the financial year ended 31 December 2023.

At the beginning of the current financial year, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs (collectively referred to as "pronouncements") that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 Leases (Lease Liability in a Sale and Leaseback)
Amendments to MFRS 101 Presentation of Financial Statements (Non-current Liabilities with Covenants)
Amendments to MFRS 107 Statement of Cash Flows (Supplier Finance Arrangements)
Amendments to MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)

The adoption of the above pronouncements has no material financial impact to the Group and the Company.

A4. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2023 were not subjected to any audit qualification.

A5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are subject to fluctuations in level of activities in the oil and gas and shipping industries.

A6. EXCEPTIONAL ITEMS

There were no exceptional items during the current period other than as disclosed in the condensed consolidated interim financial statements.

A7. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent audited financial statements of the Group for the year ended 31 December 2023 that may have a material effect in the current period results.

A8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities made by the Group during the period ended 30 September 2024.

A9. BORROWINGS

The tenure of Group borrowings is as follows:

	30 Sep 2024	31 Dec 2023
	RM '000	RM '000
Non-current		
Secured - Term Loan	231,675	261,251
	<u>231,675</u>	<u>261,251</u>
Current		
Secured - Term Loan	39,137	37,719
Unsecured - Revolving Credits	175,000	68,000
	<u>214,137</u>	<u>105,719</u>
Total Borrowings	<u>445,812</u>	<u>366,970</u>

A10. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	Heavy Engineering	Marine	Others	Eliminations	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE AND RESULTS					
Revenue					
External	<u>2,478,451</u>	<u>312,500</u>	<u>-</u>	<u>-</u>	<u>2,790,951</u>
Results					
Operating profit/(loss)	<u>87,521</u>	<u>33,942</u>	<u>(7,121)</u>	<u>(28) *</u>	<u>114,314</u>
Finance costs					(13,076)
Profit before taxation					<u>101,238</u>

* Inter-segment transactions are eliminated on consolidation.

A11. PROFIT FOR THE PERIOD

	Quarter Ended		Cumulative 9 Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging:				
Property, plant and equipment				
- depreciation	17,427	16,581	52,297	52,119
- write offs	-	56	-	56
Right-of-use assets				
- amortisation	1,969	2,083	5,907	6,133
Net unrealised loss on foreign exchange	14,298	-	9,175	-
Changes in fair value of hedging derivatives	-	25,780	-	23,418
Finance cost	4,815	3,737	13,076	10,522
Net allowance of impairment loss on trade receivables	-	-	-	1,093
Rental expenses				
- Plant and machineries	5,960	7,535	17,083	34,754
- Office equipment	2,061	222	5,835	4,955
- Transportation	1,462	927	5,007	2,867
- Others	141	10	337	155

	Quarter Ended		Cumulative 9 Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after (crediting):				
Net income from scrap disposal	(3,245)	(67)	(4,194)	(1,711)
Interest income	(3,107)	(2,242)	(6,914)	(9,603)
Changes in fair value of hedging derivatives	(2,084)	-	(26,361)	-
Net unrealised gain on foreign exchange	-	(11,894)	-	(7,770)
Net reversal of impairment loss on trade receivables	(2,808)	-	(1,418)	-
Rental income	(484)	(642)	(1,969)	(1,736)

A12. VALUATION OF PROPERTY

The valuations of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements as no revaluation has been carried out since 31 December 2023.

A13. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the period end date.

A14. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group.

A15. DISCONTINUED OPERATIONS

There were no discontinued operations in the Group during the period under review.

A16. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 30 September 2024 comprise the following:

	30 Sep 2024	31 Dec 2023
	RM '000	RM '000
Unsecured		
Bank guarantees extended to: -		
- Related companies	678,428	682,220
- Third parties	531,689	329,860
	<u>1,210,117</u>	<u>1,012,080</u>

A17. CAPITAL COMMITMENTS

	30 Sep 2024	31 Dec 2023
	RM '000	RM '000
Approved and contracted for	71,949	131,397
Approved but not contracted for	84,348	86,613
	<u>156,297</u>	<u>218,010</u>

The outstanding capital commitments relate to the infrastructure upgrading works and other capital expenditure.

A18. FAIR VALUE HIERARCHY

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial asset and liability:

	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
	RM '000	RM '000	RM '000	RM '000
At 30 September 2024				
Financial asset				
Forward currency contracts	-	40,159	-	40,159
	<u>-</u>	<u>40,159</u>	<u>-</u>	<u>40,159</u>
At 31 December 2023				
Financial liability				
Forward currency contracts	-	(26,048)	-	(26,048)
	<u>-</u>	<u>(26,048)</u>	<u>-</u>	<u>(26,048)</u>

A18. FAIR VALUE HIERARCHY (CONT'D)

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial asset and liability:

Fair value of financial instruments not carried at fair value					
	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	Total RM '000	Carrying amount RM '000
At 30 September 2024					
Financial liability					
Term loan					
- fixed rate	-	(259,146)	-	(259,146)	(270,812)
At 31 December 2023					
Financial liability					
Term loan					
- fixed rate	-	(282,742)	-	(282,742)	(298,970)

A19. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties other than those disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2023.

B1. REVIEW OF PERFORMANCE

	Quarter Ended		Cumulative 9 Months Ended	
	30 Sep 2024 RM '000	30 Sep 2023 RM '000	30 Sep 2024 RM '000	30 Sep 2023 RM '000
Revenue				
Heavy Engineering	799,911	570,247	2,478,451	1,965,335
Marine	106,546	68,223	312,500	225,674
	<u>906,457</u>	<u>638,470</u>	<u>2,790,951</u>	<u>2,191,009</u>
Results				
Heavy Engineering	19,539	(107,736)	87,521	(506,477)
Marine	11,017	4,370	33,942	20,447
Others	(9,774)	3,167	(7,121)	7,491
Eliminations/Adjustments *	(9)	(9)	(28)	(28)
Operating profit/(loss)	<u>20,773</u>	<u>(100,208)</u>	<u>114,314</u>	<u>(478,567)</u>
Finance cost	(4,815)	(3,737)	(13,076)	(10,522)
Profit/(Loss) before taxation	<u>15,958</u>	<u>(103,945)</u>	<u>101,238</u>	<u>(489,089)</u>

* Inter-segment transactions are eliminated on consolidation.

B1. REVIEW OF PERFORMANCE (CONT'D)**Performance of current quarter against the quarter ended 30 September 2023 (corresponding quarter)**

The Group recorded a revenue of RM906.5 million in the current quarter, an increase of RM268.0 million from the RM638.5 million in the corresponding quarter due to higher revenue from both segments.

At the operating profit level, the Group achieved an operating profit of RM20.8 million, reflecting an improvement of RM121.0 million compared to the operating loss of RM100.2 million in the corresponding quarter, contributed by the improved performance from both Heavy Engineering and Marine segments.

Segmental review of performance against the corresponding quarter is as follows:

Heavy Engineering

Heavy Engineering segment recorded revenue of RM799.9 million, higher by RM229.7 million from RM570.2 million in the corresponding quarter. The increase in revenue was primarily due to higher contribution from ongoing projects.

The segment achieved an operating profit of RM19.5 million in the current quarter, compared to an operating loss of RM107.7 million in the corresponding quarter. The operating profit was mainly due to project close-out and the favourable impact from project hedging. The operating loss suffered in the corresponding quarter was mainly attributed to additional cost provisions from price escalation impact on ongoing projects.

Marine

Revenue of RM106.5 million in the current quarter was RM38.3 million higher compared to RM68.2 million revenue in the corresponding quarter as a result of higher dry-docking and repair services.

In tandem with the higher revenue, the segment posted an operating profit of RM11.0 million in the current quarter, RM6.6 million higher compared to an operating profit of RM4.4 million in the corresponding quarter.

Performance of current period against financial period ended 30 September 2023 (corresponding period)

Group revenue of RM2,791.0 million is RM600.0 million higher than the corresponding period revenue of RM2,191.0 million, driven by significant increase in revenue from both segments.

At the operating profit level, the Group reported an operating profit of RM114.3 million in the current period against an operating loss of RM478.6 million in the corresponding period mainly due to improved in performance of Heavy Engineering segment coupled with higher contributions from Marine segment.

Analysis of segmental performance against the corresponding period is as follows:-

Heavy Engineering

Heavy Engineering segment recorded higher revenue of RM2,478.5 million, compared to RM1,965.3 million revenue in the corresponding period. The increase is mainly due to higher revenue from ongoing projects, as these projects advanced into the construction stage.

At the operating profit level, the segment posted an operating profit of RM87.5 million, mainly due to recognition of cost recovery claims during the period against an operating loss of RM506.5 million in the corresponding period from the additional costs provision resulted from the revised schedules and price escalation impact for ongoing projects.

Marine

Revenue of RM312.5 million in the current period was RM86.8 million higher than the corresponding period revenue of RM225.7 million, mainly due to higher dry-docking activities and repair services.

The segment reported an operating profit of RM33.9 million in the current period, RM13.5 million higher compared to an operating profit of RM20.4 million in the corresponding period mainly contributed by the higher revenue.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Quarter Ended	
	30 Sep 2024	30 Jun 2024
	RM '000	RM '000
Revenue		
Heavy Engineering	799,911	809,454
Marine	106,546	90,571
	<u>906,457</u>	<u>900,025</u>
Results		
Heavy Engineering	19,539	67,699
Marine	11,017	9,131
Others	(9,774)	2,275
Eliminations/Adjustments	(9)	(10)
Operating profit	<u>20,773</u>	<u>79,095</u>
Finance cost	(4,815)	(4,726)
Profit before taxation	<u>15,958</u>	<u>74,369</u>

The Group posted slightly higher revenue of RM906.5 million compared to preceding quarter's revenue of RM900.0 million mainly due to higher revenue from Marine segment.

Despite higher revenue, the Group reported an operating profit of RM20.8 million, lower than RM79.1 million in Quarter 2 of FY 2024, mainly due to the recognition of cost recovery claims in Heavy Engineering segment in the preceding quarter.

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at	Variance
	30 Sep 2024	31 Dec 2023	
	RM '000	RM '000	%
Total assets	3,828,884	3,649,320	4.9%
Total equity attributable to equity holders of the Company	1,405,991	1,266,531	11.0%
Total liabilities	2,422,045	2,381,980	1.7%

The Group's total assets increased by RM179.6 million or 4.9%, mainly due to higher trade and other receivables by RM307.6 million. The amount was partially offset by a decrease in cash and bank balances amounting to RM161.2 million.

Total equity attributable to equity holders increased by RM139.5 million or 11.0% due to comprehensive income recognised during the period.

The Group's total liabilities were higher by RM40.1 million mainly contributed by the increase in borrowings amounting to RM78.8 million.

B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative 9 Months Ended		Variance %
	30 Sep 2024 RM '000	30 Sep 2023 RM '000	
Net cash used in operating activities	(178,497)	(427,186)	-58.2%
Net cash used in investing activities	(47,904)	(51,979)	-7.8%
Net cash generated from financing activities	65,220	170,659	-61.8%
Net change in cash & cash equivalents	(161,181)	(308,506)	-47.8%

The Group recorded lower net cash used in operating activities of RM178.5 million against RM427.2 million in the prior period mainly due to better collections upon reaching project milestone billings.

The Group recorded net cash used in investing activities amounting to RM47.9 million compared to RM52.0 million in the corresponding period mainly due to lower purchases of property, plant and equipment during the current period.

The Group recorded lower net cash generated from financing activities amounting to RM65.2 million against RM170.7 million in the corresponding period mainly due to repayment of revolving credit facilities.

B5. CURRENT YEAR PROSPECTS

For Heavy Engineering segment, upstream capital expenditure spending is expected to remain stable amidst ongoing energy security concern and geopolitical conflicts which will create opportunity for the Group. While demand for oil and gas remains strong in the era of energy transition, the Group aims to advance its growth by capitalising on the opportunities in both conventional and new energy sectors.

Meanwhile, the Marine segment aims to expand its conversion portfolio given the uptick in upstream activities. The rapid expansion of LNG fleet would also benefit the Group in repair and maintenance services, though this may be offset by the expected deferment of LNGC dry-docking to meet robust demand in the upcoming winter. Nevertheless, the Group foresees stiff competition to persist in the Marine business with the Chinese and neighbouring yards.

Current geopolitical conflicts are likely to continue affecting supply chain, leading to price escalations and volatile operating landscapes. The Group remains focused on improving its contracting strategies through a risk sharing arrangement such as alliance concept, reimbursable or cost-plus basis, in response to these challenging market conditions.

B6. PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not provide any profit forecast or profit guarantee in any public document.

B7. TAXATION

	30 Sep 2024 RM '000	30 Sep 2023 RM '000
Taxation for the year comprises the following:		
Income tax		
- current period	1,585	1,143
	<u>1,585</u>	<u>1,143</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B8. CHANGES IN MATERIAL LITIGATION**Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) and Kebabangan Petroleum Operating Company Sdn Bhd (KPOC)**

On 13 March 2019, MMHE received a notice of arbitration from KPOC in relation to claims arising from the Kebabangan ("KBB") field project. KPOC claimed that MMHE was in breach of contract in respect of matters relating to supply of certain valves. The valves procured by MMHE were claimed to be defective and that KPOC suffered substantial loss and damage.

Pursuant to the Statement of Claim by KPOC dated 13 October 2019, total claims of approximately RM93.1 million were made in relation to loss and damage in respect of the valves procured by MMHE. KPOC, subsequently, as part of its Closing Submissions dated 9 March 2021, identified its claim amount as RM58.9 million.

By way of Final Award dated 23 July 2021 that was made available to MMHE on 3 August 2021 ("Final Award"), the Arbitral Tribunal has ordered that MMHE shall pay KPOC the following:-

- a) The sum of RM17,241,178 as damages for the expenses incurred by KPOC for assessment, procurement and replacement of valves in the period of 2016 to 2019, together with interest at the rate of 5% per annum from 11 October 2019 to the date of payment;
- b) The sum of RM9,820,770 as damages suffered by KPOC in having to procure 1,365 valves and install 1,454 valves in the future, together with interest at the rate of 5% per annum from 11 October 2019 till the date of payment; and
- c) The sum of RM1,029,167 for its legal fees and expenses.

In the Final Award, the Arbitral Tribunal dismissed all of KPOC's claim for loss of revenue in the sum of RM28,030,906.

On 30 September 2021, MMHE filed an application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, whereby MMHE seeks for the Final Award to be set aside on grounds, amongst others, that there was a breach of the rules of natural justice in connection with the making of the Final Award. KPOC, in this regard, has filed an application to seek leave from the High Court to register and enforce the Final Award as a Judgment of the High Court (collectively, "Applications").

The Applications were heard by the High Court on 15 April 2022 and 20 May 2022. After the completion of the Hearing, the matter proceeded for Clarification on 21 July 2022.

On 30 August 2022, the High Court allowed MMHE's application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, amongst others, on grounds that there was a breach of the rules of natural justice in connection with the making of the Final Award with costs in favour of MMHE for the sum of RM30,000 and further dismissed KPOC's application for leave to register and enforce the Final Award as a Judgment of the High Court with the costs to MMHE of RM10,000.

On 27 September 2022, KPOC lodged Notices of Appeal at the Court of Appeal against the Orders of the High Court dated 30 August 2022. KPOC was instructed to obtain the Grounds of Judgment from the High Court, which was made available on 5 September 2023. In light of the above, at the last case management on 16 October 2023, the Court of Appeal fixed KPOC's Appeals for Hearing on 11 July 2024.

On 11 July 2024, the Hearing of the Appeals were adjourned by the Court of Appeal and the Appeals were instead scheduled for a case management on 12 July 2024, to fix a new Hearing date. On 12 July 2024, the Court of Appeal fixed KPOC's Appeals for Hearing on 9 December 2024.

B9. DERIVATIVES

Details of the Group's derivative financial instruments outstanding as at 30 September 2024 are as follows:

	Contract/ Notional Amount as at 30 Sep 2024 (in RM '000)	Fair Value gain (in RM '000)
Forward foreign currency contracts	460,295	40,159

During the period, the Group recognised a net unrealised derivatives gain of RM39,846,000 in its equity and derivatives gain of RM26,361,000 in profit or loss for the effective and ineffective portion respectively, in relation to the fair value of the cash flow hedges.

B10. PROFIT/(LOSS) PER SHARE

	Quarter Ended		Cumulative 9 Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
Basic profit/(loss) per share is computed as follows:				
Profit/(Loss) for the period attributable to equity holders of the Company (RM '000)	15,274	(105,208)	99,614	(490,369)
Weighted average number of ordinary shares in issue (thousand)	1,600,000	1,600,000	1,600,000	1,600,000
Basic profit/(loss) per share (sen)	<u>1.0</u>	<u>(6.6)</u>	<u>6.2</u>	<u>(30.6)</u>

The Group does not have any financial instrument which may dilute its basic earnings per share.

B11. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no outstanding corporate proposals submitted by the Group for the quarter ended 30 September 2024.

B12. TRADE AND OTHER RECEIVABLES

	30 Sep 2024	31 Dec 2023
	RM '000	RM '000
Trade receivables		
Third parties	150,404	113,799
Related companies	160,195	2,812
Amount due from customers on contracts	<u>1,234,490</u>	<u>1,179,994</u>
	1,545,089	1,296,605
Other receivables	87,888	30,201
Less: Allowance for impairment losses	<u>(34,366)</u>	<u>(35,784)</u>
	<u>1,598,611</u>	<u>1,291,022</u>
Trade and other receivables	<u>1,598,611</u>	<u>1,291,022</u>

Credit terms of trade and other receivables for the Group, including trade receivables from related companies and amounts due from joint venture range from 30 days to 60 days.

The ageing of trade receivables (excluding amount due from customers on contracts) as at reporting date are as follows:

	30 Sep 2024	31 Dec 2023
	RM '000	RM '000
Neither past due nor impaired	250,164	79,167
1 to 30 days past due not impaired	32,194	5,468
31 to 60 days past due not impaired	-	549
61 to 90 days past due not impaired	-	533
	<u>282,358</u>	<u>85,717</u>
Impaired	<u>28,241</u>	<u>30,894</u>
Trade receivables	<u>310,599</u>	<u>116,611</u>