

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the year ended 31 December 2024  
The figures have not been audited

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024**

	QUARTER ENDED		YEAR ENDED	
	31 DEC 2024	31 DEC 2023	31 DEC 2024	31 DEC 2023
	RM '000	RM '000	RM '000	RM '000
Revenue	817,610	1,118,383	3,608,561	3,309,392
Other operating income	<u>16,685</u>	<u>5,560</u>	<u>43,500</u>	<u>430</u>
Operating profit/(loss)	26,730	10,897	141,044	(467,670)
Finance cost	(4,700)	(4,860)	(17,776)	(15,382)
Profit/(Loss) before taxation	<u>22,030</u>	<u>6,037</u>	<u>123,268</u>	<u>(483,052)</u>
Taxation	<u>(657)</u>	<u>-</u>	<u>(2,242)</u>	<u>(1,143)</u>
Profit/(Loss) after taxation	<u>21,373</u>	<u>6,037</u>	<u>121,026</u>	<u>(484,195)</u>
<b>Other comprehensive income/(loss):</b>				
Fair value through other comprehensive (loss)/income:				
Changes in fair value of hedging derivatives	<u>(47,856)</u>	<u>22,671</u>	<u>(8,010)</u>	<u>6,025</u>
<b>Total comprehensive (loss)/income for the period/year</b>	<u>(26,483)</u>	<u>28,708</u>	<u>113,016</u>	<u>(478,170)</u>
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the Company	21,382	6,184	120,996	(484,185)
Non-controlling interests	<u>(9)</u>	<u>(147)</u>	<u>30</u>	<u>(10)</u>
	<u>21,373</u>	<u>6,037</u>	<u>121,026</u>	<u>(484,195)</u>
<b>Total comprehensive (loss)/income attributable to:</b>				
Equity holders of the Company	(26,474)	28,855	112,986	(478,160)
Non-controlling interests	<u>(9)</u>	<u>(147)</u>	<u>30</u>	<u>(10)</u>
	<u>(26,483)</u>	<u>28,708</u>	<u>113,016</u>	<u>(478,170)</u>
Profit/(Loss) per share attributable to equity holders of the Company:				
(i) Basic (sen)	1.3	0.4	7.6	(30.3)
(ii) Dilutive (sen)	1.3	0.4	7.6	(30.3)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024**

	<b>31 DEC 2024</b>	<b>31 DEC 2023</b>
	<b>RM '000</b>	<b>RM '000</b>
Non-current assets		
Property, plant and equipment	1,534,988	1,507,698
Right-of-use assets	187,480	195,357
Investment in joint ventures	57	1,516
Deferred tax assets	94,047	93,293
	<u>1,816,572</u>	<u>1,797,864</u>
Current assets		
Inventories	2,637	2,815
Trade and other receivables	1,253,712	1,291,022
Tax recoverable	-	48
Cash and bank balances	457,591	557,571
	<u>1,713,940</u>	<u>1,851,456</u>
<b>TOTAL ASSETS</b>	<b><u>3,530,512</u></b>	<b><u>3,649,320</u></b>
Equity attributable to equity holders of the Company		
Share capital	1,618,263	1,618,263
Cash flow hedge reserve	(7,685)	325
Accumulated losses	(231,061)	(352,057)
	<u>1,379,517</u>	<u>1,266,531</u>
Non-controlling interests	839	809
Total equity	<u>1,380,356</u>	<u>1,267,340</u>
Non-current liabilities		
Borrowing	221,949	261,251
Lease liabilities	6,479	7,233
	<u>228,428</u>	<u>268,484</u>
Current liabilities		
Trade and other payables	1,879,924	1,980,997
Borrowings	39,303	105,719
Lease liabilities	753	732
Derivatives	1,278	26,048
Tax payable	470	-
	<u>1,921,728</u>	<u>2,113,496</u>
Total liabilities	<u>2,150,156</u>	<u>2,381,980</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>3,530,512</u></b>	<b><u>3,649,320</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>31 DEC 2024</b>	<b>31 DEC 2023</b>
	<b>RM '000</b>	<b>RM '000</b>
Profit/(Loss) before taxation	123,268	(483,052)
Adjustments for:		
Property, plant and equipment		
- depreciation	70,317	67,844
- write-offs	14,287	60
Right-of-use assets		
- amortisation	7,877	8,065
Net (reversal)/allowance of impairment loss on trade receivables	(1,302)	852
Interest income	(10,555)	(13,917)
Net unrealised loss/(gain) on foreign exchange	5,521	(6,128)
Changes in fair value of hedging derivatives	(32,780)	25,651
Finance cost	17,776	15,382
Net change in provision for foreseeable losses	(7,600)	472,100
Operating profit before working capital changes	186,809	86,857
Inventories	178	(48)
Trade and other receivables	33,091	(543,897)
Trade and other payables	(94,227)	273,775
Cash generated from/(used in) operations	125,851	(183,313)
Tax paid	(1,724)	-
Tax refunded	-	20,489
Net cash generated from/(used in) operating activities	124,127	(162,824)
Purchase of property, plant and equipment	(111,894)	(82,157)
Interest received	10,555	13,917
Liquidation of a joint venture	1,459	-
Net cash used in investing activities	(99,880)	(68,240)
Dividends paid to equity holders of the Company	-	(24,000)
Drawdown of revolving credits	244,000	233,000
Repayment of revolving credits	(312,000)	(165,000)
Interest paid on revolving credits	(5,283)	(1,950)
Repayment of principal on long term borrowing	(37,718)	(36,217)
Interest paid on long term borrowing	(12,135)	(13,085)
Payment of lease liabilities	(1,091)	(1,151)
Net cash used in financing activities	(124,227)	(8,403)
Net change in cash & cash equivalents	(99,980)	(239,467)
Cash & cash equivalents at the beginning of the year	545,389	784,856
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>445,409</b>	<b>545,389</b>
Cash at banks and in hand	217,412	181,214
IFSSC bank balance	121,236	206,168
Deposits with licensed banks	118,943	170,189
	457,591	557,571
Less: Cash pledged with the bank - restricted	(12,182)	(12,182)
	<b>445,409</b>	<b>545,389</b>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
<b>YEAR ENDED 31 DECEMBER 2024</b>						
At 1 January 2024	1,618,263	(352,057)	325	1,266,531	809	1,267,340
Total comprehensive income/(loss)	-	120,996	(8,010)	112,986	30	113,016
<b>At 31 December 2024</b>	<b>1,618,263</b>	<b>(231,061)</b>	<b>(7,685)</b>	<b>1,379,517</b>	<b>839</b>	<b>1,380,356</b>
<b>YEAR ENDED 31 DECEMBER 2023</b>						
At 1 January 2023	1,618,263	156,128	(5,700)	1,768,691	819	1,769,510
Total comprehensive (loss)/income	-	(484,185)	6,025	(478,160)	(10)	(478,170)
Dividends paid to equity holders of the Company	-	(24,000)	-	(24,000)	-	(24,000)
<b>At 31 December 2023</b>	<b>1,618,263</b>	<b>(352,057)</b>	<b>325</b>	<b>1,266,531</b>	<b>809</b>	<b>1,267,340</b>

## 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 18 February 2025.

### A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the year ended 31 December 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 year 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 year 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 year ended 31 December 2024.

**A9. BORROWINGS**

The tenure of Group borrowings is as follows:

	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>RM '000</b>	<b>RM '000</b>
Non-current		
Secured - Term Loan	221,949	261,251
	<u>221,949</u>	<u>261,251</u>
Current		
Secured - Term Loan	39,303	37,719
Unsecured - Revolving Credits	-	68,000
	<u>39,303</u>	<u>105,719</u>
Total Borrowings	<u><u>261,252</u></u>	<u><u>366,970</u></u>

**A10. SEGMENT REPORT**

Segmental analysis for the current financial year is as follows:

	<b>Heavy Engineering</b>	<b>Marine</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>REVENUE AND RESULTS</b>					
<b>Revenue</b>					
External	<u>3,186,592</u>	<u>421,969</u>	<u>-</u>	<u>-</u>	<u>3,608,561</u>
<b>Results</b>					
Operating profit/(loss)	<u>110,109</u>	<u>40,963</u>	<u>(9,937)</u>	<u>(91) *</u>	<u>141,044</u>
Finance costs					(17,776)
<b>Profit before taxation</b>					<u><u>123,268</u></u>

\* Inter-segment transactions are eliminated on consolidation.

**A11. PROFIT FOR THE PERIOD/YEAR**

	Quarter Ended		Year Ended	
	31 Dec 2024 RM '000	31 Dec 2023 RM '000	31 Dec 2024 RM '000	31 Dec 2023 RM '000
<b>Profit for the period/year is arrived at after charging:</b>				
Property, plant and equipment				
- depreciation	18,020	15,666	70,317	67,844
- write offs	14,287	-	14,287	60
Right-of-use assets				
- amortisation	1,970	1,858	7,877	8,065
Net unrealised loss on foreign exchange	-	1,417	5,521	-
Changes in fair value of hedging derivatives	-	2,233	-	25,651
Finance cost	4,700	4,860	17,776	15,382
Net allowance of impairment loss on trade receivables	116	-	-	852
Rental expenses				
- Plant and machineries	1,979	9,596	19,062	44,494
- Office equipment	906	1,790	6,741	6,745
- Transportation	773	1,608	5,780	3,517
- Others	379	198	716	16

	Quarter Ended		Year Ended	
	31 Dec 2024 RM '000	31 Dec 2023 RM '000	31 Dec 2024 RM '000	31 Dec 2023 RM '000
<b>Profit for the period/year is arrived at after (crediting):</b>				
Net income from scrap disposal	(6,017)	(431)	(10,211)	(2,142)
Interest income	(3,641)	(6,160)	(10,555)	(13,917)
Changes in fair value of hedging derivatives	(6,419)	-	(32,780)	-
Net unrealised gain on foreign exchange	(3,654)	-	-	(6,128)
Net reversal of impairment loss on trade receivables	-	(36)	(1,302)	-
Rental income	(5,101)	(1,434)	(7,070)	(3,170)

**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 year 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 year under review.

**A16. CONTINGENT LIABILITIES**

Contingent liabilities of the Group as at 31 December 2024 comprise the following:

	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Unsecured</b>		
Bank guarantees extended to: -		
- Related companies	556,153	682,220
- Third parties	477,673	329,860
	<u>1,033,826</u>	<u>1,012,080</u>

**A17. CAPITAL COMMITMENTS**

	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>RM '000</b>	<b>RM '000</b>
Approved and contracted for	120,274	131,396
Approved but not contracted for	152,860	86,613
	<u>273,134</u>	<u>218,009</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			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>At 31 December 2024</b>				
<b>Financial liability</b>				
Forward currency contracts	-	(1,278)	-	(1,278)
	<u>-</u>	<u>(1,278)</u>	<u>-</u>	<u>(1,278)</u>
<b>At 31 December 2023</b>				
<b>Financial liability</b>				
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				Carrying amount RM '000
	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	Total RM '000	
<b>At 31 December 2024</b>					
<b>Financial liability</b>					
Term loan					
- fixed rate	-	(244,463)	-	(244,463)	(261,252)
<b>At 31 December 2023</b>					
<b>Financial liability</b>					
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		Year Ended	
	31 Dec 2024 RM '000	31 Dec 2023 RM '000	31 Dec 2024 RM '000	31 Dec 2023 RM '000
<b>Revenue</b>				
Heavy Engineering	708,141	1,020,190	3,186,592	2,985,525
Marine	109,469	98,193	421,969	323,867
	<u>817,610</u>	<u>1,118,383</u>	<u>3,608,561</u>	<u>3,309,392</u>
<b>Results</b>				
Heavy Engineering	22,588	7,366	110,109	(499,111)
Marine	7,021	2,019	40,963	22,466
Others	(2,816)	1,521	(9,937)	9,012
Eliminations/Adjustments *	(63)	(9)	(91)	(37)
<b>Operating profit/(loss)</b>	<u>26,730</u>	<u>10,897</u>	<u>141,044</u>	<u>(467,670)</u>
Finance cost	(4,700)	(4,860)	(17,776)	(15,382)
<b>Profit/(Loss) before taxation</b>	<u>22,030</u>	<u>6,037</u>	<u>123,268</u>	<u>(483,052)</u>

\* Inter-segment transactions are eliminated on consolidation.

**B1. REVIEW OF PERFORMANCE (CONT'D)****Performance of current quarter against the quarter ended 31 December 2023 (corresponding quarter)**

The Group recorded a revenue of RM817.6 million in the current quarter, decrease of RM300.8 million from the RM1,118.4 million in the corresponding quarter due to lower revenue from Heavy Engineering segment.

At the operating profit level, the Group achieved an operating profit of RM26.7 million, RM15.8 million higher compared to the operating profit of RM10.9 million in the corresponding quarter, contributed by the improved financial performance from both Heavy Engineering and Marine segments.

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

***Heavy Engineering***

The Heavy Engineering segment saw a decline in revenue, with a reduction of RM312.1 million, from RM1,020.2 million in the corresponding quarter to RM708.1 million in the current quarter. This decrease was primarily attributed to several ongoing projects nearing completion, leading to reduced activity and revenue generation.

The segment reported an operating profit of RM22.6 million in the current quarter, an improvement from RM7.4 million in the corresponding quarter. This increase in operating profit was primarily due to the recognition of change order claims, which positively impacted the segment's financial performance.

***Marine***

Revenue of RM109.5 million in the current quarter was RM11.3 million higher compared to RM98.2 million revenue in the corresponding quarter as a result of higher conversion activities.

In tandem with the higher revenue, the segment posted an operating profit of RM7.0 million in the current quarter, RM5.0 million higher compared to an operating profit of RM2.0 million in the corresponding quarter.

**Performance of current year against financial year ended 31 December 2023 (corresponding year)**

Group revenue of RM3,608.6 million is RM299.2 million higher than the corresponding year revenue of RM3,309.4 million, driven by increase in revenue from both segments.

At the operating profit level, the Group reported an operating profit of RM141.0 million in the current year against an operating loss of RM467.7 million in the corresponding year mainly due to improved in financial performance of Heavy Engineering segment coupled with higher contributions from Marine segment.

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

***Heavy Engineering***

Heavy Engineering segment recorded higher revenue of RM3,186.6 million compared to RM2,985.5 million revenue in the corresponding year. 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 RM110.1 million, mainly due to recognition of change order claims during the year against an operating loss of RM499.1 million in the corresponding year from the additional costs provision resulted from the revised schedules and price escalation impact for ongoing projects.

***Marine***

Revenue of RM422.0 million in the current year was RM98.1 million higher than the corresponding year's revenue of RM323.9 million, mainly due to higher conversion activities.

The segment reported an operating profit of RM41.0 million in the current year, RM18.5 million higher compared to an operating profit of RM22.5 million in the corresponding year mainly contributed by the higher revenue.

**B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	Quarter Ended	
	31 Dec 2024 RM '000	30 Sep 2024 RM '000
<b>Revenue</b>		
Heavy Engineering	708,141	799,911
Marine	109,469	106,546
	<u>817,610</u>	<u>906,457</u>
<b>Results</b>		
Heavy Engineering	22,588	19,539
Marine	7,021	11,017
Others	(2,816)	(9,774)
Eliminations/Adjustments	(63)	(9)
<b>Operating profit</b>	<u>26,730</u>	<u>20,773</u>
Finance cost	(4,700)	(4,815)
<b>Profit before taxation</b>	<u>22,030</u>	<u>15,958</u>

The Group posted lower revenue of RM817.6 million compared to preceding quarter's revenue of RM906.5 million mainly due to lower revenue from Heavy Engineering segment.

Despite the lower revenue, the Group recorded an operating profit of RM26.7 million in the current quarter, an increase from RM20.8 million in Quarter 3 of FY 2024. This improvement was mainly driven by the recognition of change order claims in the Heavy Engineering segment during the current quarter.

**B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 Dec 2024 RM '000	As at 31 Dec 2023 RM '000	Variance %
Total assets	3,530,512	3,649,320	-3.3%
Total equity attributable to equity holders of the Company	1,379,517	1,266,531	8.9%
Total liabilities	2,150,156	2,381,980	-9.7%

The Group's total assets decreased by RM118.8 million or 3.3%, mainly due to lower cash and bank balances amounting to RM100.0 million coupled with lower trade and other receivables by RM37.3 million.

Total equity attributable to equity holders increased by RM113.0 million or 8.9% due to the comprehensive income recognised during the year.

The Group's total liabilities decreased by RM231.8 million, primarily due to the reduction in trade and other payables of RM101.1 million coupled with a decrease in borrowings by RM105.7 million resulting from full settlement of the Revolving Credit facilities during the year.

**B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year Ended		Variance %
	31 Dec 2024 RM '000	31 Dec 2023 RM '000	
Net cash generated from/(used in) operating activities	124,127	(162,824)	>100%
Net cash used in investing activities	(99,880)	(68,240)	-46.4%
Net cash used in financing activities	(124,227)	(8,403)	>100%
Net change in cash & cash equivalents	(99,980)	(239,467)	58.2%

The Group recorded net cash generated from operating activities of RM124.1 million compared to net cash used in operating activities of RM162.8 million in the prior year mainly due to higher collections upon reaching project milestone billings.

The Group recorded net cash used in investing activities amounting to RM99.9 million compared to RM68.2 million in the corresponding year mainly due to higher purchases of property, plant and equipment during the current year.

The Group recorded higher net cash used in financing activities amounting to RM124.2 million against RM8.4 million in the corresponding year mainly due to net repayment of revolving credit facilities during the current year.

**B5. CURRENT YEAR PROSPECTS**

For the Heavy Engineering segment, upstream capital spending in oil and gas is projected to grow steadily, while investment in renewable energy continues to rise. This growth positions the segment to leverage on opportunities across both conventional and emerging energy sectors to ensure a well-balanced portfolio.

Additionally, the increased investment in upstream activities is expected to create avenues for the Marine segment to capitalise on conversion projects. Despite ongoing challenges such as intense competition, the segment will continue its efforts to secure key conversion and repair contracts and broaden its customer base to sustain business momentum and ensure stable income.

Given the unpredictable operating landscape and challenging market conditions, the Group remains focused on pursuing contracts that are aligned with its strategic objectives while refining its contracting risk strategies to support sustainable performance and long-term growth.

**B6. PROFIT FORECAST AND PROFIT GUARANTEE**

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

**B7. TAXATION**

	31 Dec 2024 RM '000	31 Dec 2023 RM '000
Taxation for the year comprises the following:		
Income tax		
- current year	2,948	1,143
- prior period	48	-
Deferred taxation	(754)	-
	<u>2,242</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 year. 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 11th 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. The Hearing was heard on 9 December 2024, at the Court of Appeal. The Appeals are now fixed for Decision on Friday, 24 January 2025.

On 24 January 2025, the Court of Appeal dismissed the Appeals with a total cost of RM65,000.00 to be paid by KPOC to MMHE.

**B9. DERIVATIVES**

Details of the Group's derivative financial instruments outstanding as at 31 December 2024 are as follows:

	<b>Contract/ Notional Amount as at 31 Dec 2024 (in RM '000)</b>	<b>Fair Value loss (in RM '000)</b>
Forward foreign currency contracts	410,500	(1,278)

During the year, the Group recognised a net unrealised derivatives loss of RM8,010,000 in its equity and derivatives gain of RM32,780,000 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		Year Ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Basic profit/(loss) per share is computed as follows:				
Profit/(Loss) for the period/year attributable to equity holders of the Company (RM '000)	21,382	6,184	120,996	(484,185)
Weighted average number of ordinary shares in issue (thousand)	1,600,000	1,600,000	1,600,000	1,600,000
<b>Basic profit/(loss) per share (sen)</b>	<b><u>1.3</u></b>	<b><u>0.4</u></b>	<b><u>7.6</u></b>	<b><u>(30.3)</u></b>

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 year ended 31 December 2024.

**B12. TRADE AND OTHER RECEIVABLES**

	31 Dec 2024 RM '000	31 Dec 2023 RM '000
Trade receivables		
Third parties	151,032	113,799
Related companies	146,198	2,812
Amount due from customers on contracts	<u>970,629</u>	<u>1,179,994</u>
	1,267,859	1,296,605
Other receivables	20,335	30,201
Less: Allowance for impairment losses	<u>(34,482)</u>	<u>(35,784)</u>
	<u>1,253,712</u>	<u>1,291,022</u>
<b>Trade and other receivables</b>	<b><u>1,253,712</u></b>	<b><u>1,291,022</u></b>

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:

	31 Dec 2024 RM '000	31 Dec 2023 RM '000
Neither past due nor impaired	234,361	79,166
1 to 30 days past due not impaired	23,254	5,468
31 to 60 days past due not impaired	9,024	549
61 to 90 days past due not impaired	496	533
More than 90 days past due not impaired	<u>1,959</u>	<u>-</u>
	269,094	85,716
Impaired	<u>28,136</u>	<u>30,895</u>
<b>Trade receivables</b>	<b><u>297,230</u></b>	<b><u>116,611</u></b>