

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2010  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30 SEPT 2010 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPT 2009 RM '000	CURRENT YEAR TO DATE 30 SEPT 2010 RM '000	PRECEDING YEAR TO DATE 30 SEPT 2009 RM '000
Revenue	1,022,875	1,411,901	2,195,773	3,091,656
Other operating income	<u>724</u>	<u>2,295</u>	<u>25,939</u>	<u>4,892</u>
Operating profit	101,010	45,547	196,687	92,779
Finance cost	(21)	(216)	(754)	(410)
Share of profit of jointly controlled entities	556	-	684	-
Profit before taxation	<u>101,545</u>	<u>45,331</u>	<u>196,617</u>	<u>92,369</u>
Taxation	<u>(23,521)</u>	<u>(14,555)</u>	<u>(8,336)</u>	<u>(25,798)</u>
Profit for the period	78,024	30,776	188,281	66,571
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>78,024</u></u>	<u><u>30,776</u></u>	<u><u>188,281</u></u>	<u><u>66,571</u></u>
<b>Profit attributable to:</b>				
Shareholders of the parent	77,712	30,521	187,959	66,063
Minority interests	<u>312</u>	<u>255</u>	<u>322</u>	<u>508</u>
	<u><u>78,024</u></u>	<u><u>30,776</u></u>	<u><u>188,281</u></u>	<u><u>66,571</u></u>
Earnings per share attributable to shareholders of the parent :-				
(i) Basic (sen)	66.5	26.1	281.5	98.9
(ii) Dilutive (sen)	66.5	26.1	281.5	98.9

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010**

	AS AT END OF CURRENT QUARTER 30 SEPT 2010 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31 MARCH 2010 RM '000
<b>Non-Current Assets</b>		
<i>Property, Plant and Equipment</i>	989,022	928,851
<i>Prepaid Land Lease Payments</i>	68,143	69,173
<i>Investment in Jointly Controlled Entities</i>	12,057	179
<i>Other Investment</i>	15	15
<i>Deferred Tax Assets</i>	-	253
	<u>1,069,237</u>	<u>998,471</u>
<b>Current Assets</b>		
<i>Inventories</i>	30,881	38,523
<i>Trade &amp; Other Receivables</i>	2,047,289	2,979,341
<i>Tax Recoverable</i>	1,891	1,893
<i>Cash and Bank balances</i>	1,118,468	765,899
	<u>3,198,529</u>	<u>3,785,656</u>
<b>Current Liabilities</b>		
<i>Trade &amp; Other Payables</i>	3,081,637	3,138,198
<i>Provisions</i>	49,689	50,399
<i>Borrowings</i>	1,400	2,900
<i>Provision for Taxation</i>	14,921	48,816
	<u>3,147,647</u>	<u>3,240,313</u>
<b>Net Current Assets</b>	<u>50,882</u>	<u>545,343</u>
	<u>1,120,119</u>	<u>1,543,814</u>
<b>Equity attributable to Owners of the Parent</b>		
<i>Share Capital</i>	669,000	16,220
<i>Retained Earnings</i>	417,338	1,182,159
	<u>1,086,338</u>	<u>1,198,379</u>
Minority interests	3,896	14,785
<b>Total equity</b>	<u>1,090,234</u>	<u>1,213,164</u>
<b>Non-Current Liabilities</b>		
<i>Deferred Income</i>	1,713	2,326
<i>Borrowings</i>	-	302,631
<i>Deferred Tax Liabilities</i>	28,172	25,693
	<u>1,120,119</u>	<u>1,543,814</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	CUMULATIVE	
	CURRENT	PRECEDING
	YEAR	YEAR
	TO DATE	TO DATE
	30 SEPT 2010	30 SEPT 2009
	RM '000	RM '000
Cash Flow from Operating Activities	714,157	820,143
Cash Flow from Investing Activities	(60,088)	(159,902)
Cash Flow from Financing Activities	(301,500)	(211,400)
Net Change in Cash & Cash Equivalents	<u>352,569</u>	<u>448,841</u>
Cash & Cash Equivalents at the beginning of the year	765,899	234,681
Cash & Cash Equivalent at the end of the period	<u><u>1,118,468</u></u>	<u><u>683,522</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	Equity attributable to equity holder of the Group				
	Share Capital RM '000	Distributable Retained Earnings RM '000	Total RM '000	Minority interest RM '000	Total Equity RM '000
<b>6 MONTHS ENDED 30 SEPTEMBER 2010</b>					
<b>At 1 April 2010</b>	16,220	1,182,159	1,198,379	14,785	1,213,164
Total comprehensive income	-	187,959	187,959	322	188,281
<b>Transaction with owners</b>					
Disposal of interest in a subsidiary	-	-	-	(11,211)	(11,211)
Dividends on ordinary shares	-	(300,000)	(300,000)	-	(300,000)
Issuance of bonus issue	652,780	(652,780)	-	-	-
Total transactions with owners	652,780	(952,780)	(300,000)	(11,211)	(311,211)
<b>At 30 September 2010</b>	<b>669,000</b>	<b>417,338</b>	<b>1,086,338</b>	<b>3,896</b>	<b>1,090,234</b>
<b>6 MONTHS ENDED 30 SEPTEMBER 2009</b>					
<b>At 1 April 2009</b>	16,220	902,956	919,176	9,873	929,049
Total comprehensive income	-	66,063	66,063	508	66,571
<b>At 30 September 2009</b>	<b>16,220</b>	<b>969,019</b>	<b>985,239</b>	<b>10,381</b>	<b>995,620</b>

## NOTES TO THE CONDENSED FINANCIAL REPORT

The figures have not been audited.

### A1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010. The 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 March 2010.

### A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the quarterly condensed consolidated financial statements are consistent with those of the audited financial statements for the year ended 31 March 2010 except for the adoption of the new standards and interpretations which are mandatory for annual financial periods beginning on or after 1 July 2009 and 1 January 2010, noted below:

FRS 8: Operating Segments

FRS 101: Presentation of Financial Statements (Revised)

Amendment to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 7: Financial Instruments - Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs ' Improvements to FRSs (2009)

IC Interpretation 11: FRS 2: Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual financial period beginning on or after January 2010. These FRSs are, however, not applicable to the Group.

The new and revised FRSs and Interpretations above are expected to have no significant financial impact on the financial statements of the Group upon initial application except for the following:

#### **FRS 8: Operating Segments**

FRS 8, which replaces FRS 114<sub>2004</sub>: Segment Reporting, specifies how entity should report its operating segments, based on the information about the components of the entity available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS114<sub>2004</sub>.

#### **FRS 101: Presentation of Financial Statements (Revised)**

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. In addition, the revised standard introduces the statement of comprehensive income that presents all items of income and expense recognised in income statement, together with all other items of recognised income and expense, that is recognised directly in equity, either in one single statement, or in two linked statements.

The Group has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group and the Group has adopted the standard retrospectively.

**FRS 117: Leases**

FRS 117: Leases clarifies on the classification of leases of land and buildings. For those land element held under operating leases that are required to be reclassified as finance leases, the group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings.

The Group has assessed and did not have any impact from adoption of this standard.

**A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 March 2010.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group are mainly subjected to fluctuation in oil and gas and shipping industries .

**A5. EXCEPTIONAL ITEMS**

There were no exceptional items during the quarter ended 30 September 2010.

**A6. CHANGES IN ESTIMATES**

There were no material changes in estimates reported in the current period or prior financial period.

**A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

On 23 September 2010, the Company had implemented a corporate exercise which involved the following transactions as part of the Initial Public Offering;

- a) Increased in the authorised share capital from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM2,500,000,000 comprising 5,000,000,000 ordinary shares of RM0.50 each
- b) Share split which involves the subdivision of every one (1) ordinary share of RM1.00 each to two (2) ordinary shares of RM0.50 each
- c) Bonus issue of 1,305,560,000 ordinary shares ("Bonus Issue") on the basis of about 40.245 Bonus Shares for every one (1) ordinary share by way of capitalising RM652,780,000 of the Company's retained earnings.

**A8. DIVIDENDS PAID**

On 23 September 2010, the Group paid an interim dividend in respect of the 2010/11 financial year, amounting to RM300.0 million (2009/2010: nil) in total, comprises of:

- a) 18 sen per share less 25% taxation on 16,220,000 ordinary shares, amounting to RM2,233,000 by utilising Section 108, and
- b) RM18.35 per share tax exempt (single-tier) on 16,220,000 ordinary shares, amounting to RM297,767,000.

**A9. SEGMENT REPORT**

Segmental analysis for the current financial period to date is as follows:

	Engineering and Construction RM '000	Marine Repair and Conversion RM '000	Others RM '000	Eliminations and adjustments RM '000	Total RM '000
<b>REVENUE AND RESULT</b>					
<b>Revenue</b>					
Total Revenue - External	2,002,811	192,734	228	-	2,195,773
Inter-Segment	-	47,943	753	(48,696) *	-
	<u>2,002,811</u>	<u>240,677</u>	<u>981</u>	<u>(48,696)</u>	<u>2,195,773</u>
<b>Result</b>					
Operating profit	<u>112,979</u>	<u>60,347</u>	<u>1,057,117</u>	<u>(1,033,756) **</u>	<u>196,687</u>

\* Inter-segment revenue and transactions are eliminated on consolidation.

\*\*

Comprise of net foreign exchange gains, interest income, eliminations and adjustments.

#### A10. 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 March 2010.

#### A11. SUBSEQUENT MATERIAL EVENT

On 29 October 2010, the Company was successfully listed on the Main Board of Bursa Malaysia.

#### A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

#### A13. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM '000
<b>Unsecured</b>	
Bank guarantees extended to third parties	15,660

#### A14. CAPITAL COMMITMENTS

	30 Sept 2010 RM '000	31 Mar 2010 RM '000
Approved and contracted for	89,428	162,484
Approved but not contracted for	<u>301,765</u>	<u>447,820</u>
	<u>391,193</u>	<u>610,304</u>

The outstanding capital commitments relate to the infrastructure upgrading works under the Yard Optimisation Programme and other investment projects.

#### B1. REVIEW OF PERFORMANCE

The Group profit before taxation of RM101.5 million was 124.1% higher than the corresponding quarter's profit of RM45.3 million. The increase was mainly from improved performance in Engineering and Construction business which has seen higher margin from increased fabrication and installation activities.

In addition, close out of prior year contracts in the current quarter also contributed to the increase in the Group profit.

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

The Group profit before taxation of RM101.5 million was 6.7% higher than the RM95.1 million recorded in the preceding quarter. The higher profit achieved in this quarter arose mainly from improved performance in Marine Repair and Conversion business.

#### B3. CURRENT YEAR PROSPECTS

Continued active upstream exploration and production activities by the oil and gas companies are expected to remain of which, MHB would benefit from such activities.

The Engineering and Construction segment will continue to benefit from the existing level of activities from major projects such as the Gumusut-Kakap FPS and the Turkmenistan Block 1 Phase 1. The Marine Repair and Conversion segment is anticipated to perform satisfactorily.

#### B4. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED AND SHORTFALL IN PROFIT GUARANTEE

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

## B5. TAXATION

	Jul 10-Sept 10 RM '000	Apr 10-Sept 10 RM '000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	24,161	41,473
- prior year	-	(35,616)
Deferred taxation	(640)	2,479
	<u>23,521</u>	<u>8,336</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. As disclosed in the listing Prospectus dated 6 October 2010, a subsidiary of MHB was granted Investment Tax Allowance ("ITA") incentive from the Malaysian Investment Development Authority for the qualifying capital expenditure incurred on the Yard Optimisation Program for a period of 10 years from the year 2006.

## B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no material sales of investments and/or properties for the current financial year to date.

## B7. PURCHASES AND SALES OF QUOTED SECURITIES

There were no purchases and sales of quoted securities for the current financial year to date.

## B8. STATUS OF CORPORATE PROPOSALS

- a) The status of utilisation of proceeds raised from corporate proposals as at 15 November 2010 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

Purpose	Proposed Utilisation RM '000	Actual Utilisation To Date RM '000	Intended Timeframe for Utilisation	Deviation Amount RM '000	%
Yard Optimisation Programme	833,780	-	Within 24 months upon listing	-	-
Capital expenditure in Turkmenistan	110,000	-	Within 18 months upon listing	-	-
Listing expenses	37,000	20,651	Within 3 months upon listing	-	-
<b>Total</b>	<u>980,780</u>	<u>20,651</u>		<u>-</u>	<u>-</u>

- b) As disclosed in the listing Prospectus dated 6 October 2010, MHB is to obtain the Certificate of Completion and Compliance ("CCC") for structures with temporary permits within 12 months from the date of Securities Commission's approval on 30 August 2010. MHB has appointed a consultant that is currently reviewing the relevant drawings and documents for the affected buildings with temporary permit to ensure compliance with the Uniformity Building By Law 1984, prior to submission to the local council for approval.
- c) As disclosed in the listing Prospectus dated 6 October 2010, MHB is to appoint an additional independent director who is not connected to Petrolim Nasional Berhad, its subsidiaries and/or affiliates, in terms of current and past directorships and employments. MHB wishes to inform that SC, vide its letter dated 28 October 2010, has allowed MHB to comply with the condition within three (3) months after the MHB listing in the Main Market of Bursa Malaysia Securities Berhad.

## B9. GROUP BORROWINGS

The tenure of Group borrowings as at 30 September 2010 classified as short and long term as well as secured and unsecured categories are as follows :-

	RM '000
<b>Short Term Borrowings</b>	
Secured	1,400



**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments for the quarter ended 30 September 2010.

**B11. CHANGES IN MATERIAL LITIGATION**

There were no changes in material litigation against the Group as at 30 September 2010.

**B12. DIVIDENDS PROPOSED**

No dividend has been proposed for the quarter ended 30 September 2010.

**B13. DERIVATIVES**

There were no derivatives in the current financial period to date.

**B14. EARNINGS PER SHARE**

In respect of earnings per share :-

- i) The amount used as numerator for the calculation of basic earnings per share is RM77.7 million for the second quarter ended 30 September 2010 and RM188.0 million for the current financial year to 30 September 2010 which are the same as the profit attributable to the shareholders of the parent as shown in the condensed consolidated statement of comprehensive income.
- ii) The weighted average number of ordinary shares used as the denominator in calculating the basic earnings per share and dilutive earnings per share for the quarter ended 30 September 2010 is 116.8 million and 66.8 million for the current financial year to 30 September 2010.

The Group does not have any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.