

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2011
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30 SEPT 2011 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPT 2010 RM '000	CURRENT YEAR TO DATE 30 SEPT 2011 RM '000	PRECEDING YEAR TO DATE 30 SEPT 2010 RM '000
Revenue	463,088	1,022,875	1,420,886	2,195,773
Other operating income	<u>19,859</u>	<u>724</u>	<u>27,216</u>	<u>25,939</u>
Operating profit	84,941	101,010	151,162	196,687
Finance cost	-	(21)	-	(754)
Share of profit of jointly controlled entities	15,425	556	45,605	684
Profit before taxation	<u>100,366</u>	<u>101,545</u>	<u>196,767</u>	<u>196,617</u>
Taxation	<u>(20,144)</u>	<u>(23,521)</u>	<u>(37,256)</u>	<u>(8,336)</u>
Profit after taxation	<u>80,222</u>	<u>78,024</u>	<u>159,511</u>	<u>188,281</u>
Other comprehensive income:				
Fair value gain / (loss) on cash flow hedges	<u>6</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
Total comprehensive income for the year	<u>80,228</u>	<u>78,024</u>	<u>159,492</u>	<u>188,281</u>
Profit attributable to:				
Equity holders of the Company	80,225	77,712	159,246	187,959
Minority interests	<u>(3)</u>	<u>312</u>	<u>265</u>	<u>322</u>
	<u>80,222</u>	<u>78,024</u>	<u>159,511</u>	<u>188,281</u>
Total comprehensive income attributable to:				
Equity holders of the Company	80,231	77,712	159,227	187,959
Minority interests	<u>(3)</u>	<u>312</u>	<u>265</u>	<u>322</u>
	<u>80,228</u>	<u>78,024</u>	<u>159,492</u>	<u>188,281</u>
Earnings per share attributable to equity holders of the Company:				
(i) Basic (sen)	5.0	5.8	10.0	14.0
(ii) Dilutive (sen)	5.0	5.8	10.0	14.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	AS AT END OF CURRENT QUARTER 30 SEPT 2011 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31 MARCH 2011 RM '000
Non-Current Assets		
<i>Property, Plant and Equipment</i>	1,045,950	1,030,256
<i>Prepaid Land Lease Payments</i>	66,083	67,114
<i>Investment in Jointly Controlled Entities</i>	80,624	35,019
<i>Other Investment</i>	15	15
<i>Deferred Tax Assets</i>	-	9,686
	<u>1,192,672</u>	<u>1,142,090</u>
Current Assets		
<i>Inventories</i>	22,298	30,632
<i>Trade & Other Receivables</i>	961,893	2,303,957
<i>Tax Recoverable</i>	-	2,453
<i>Cash and Bank Balances</i>	2,309,728	1,448,122
	<u>3,293,919</u>	<u>3,785,164</u>
Current Liabilities		
<i>Trade & Other Payables</i>	1,997,829	2,534,942
<i>Provisions</i>	64,546	61,327
<i>Provision for Taxation</i>	19,870	28,302
	<u>2,082,245</u>	<u>2,624,571</u>
Net Current Assets	<u>1,211,674</u>	<u>1,160,593</u>
	<u>2,404,346</u>	<u>2,302,683</u>
Equity attributable to equity holders of the Company		
<i>Share Capital</i>	800,000	800,000
<i>Share Premium</i>	818,263	818,263
<i>Retained Earnings</i>	759,354	680,127
	<u>2,377,617</u>	<u>2,298,390</u>
Minority interests	<u>3,567</u>	<u>3,302</u>
Total equity	<u>2,381,184</u>	<u>2,301,692</u>
Non-Current Liabilities		
<i>Deferred Income</i>	96	991
<i>Deferred Tax Liabilities</i>	23,066	-
	<u>2,404,346</u>	<u>2,302,683</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	CUMULATIVE	
	CURRENT YEAR TO DATE 30 SEPT 2011 RM '000	PRECEDING YEAR TO DATE 30 SEPT 2010 RM '000
Cash Flow from Operating Activities	868,633	714,157
Cash Flow from Investing Activities	(7,027)	(60,088)
Cash Flow from Financing Activities	-	(301,500)
Net Change in Cash & Cash Equivalents	<u>861,606</u>	<u>352,569</u>
Cash & Cash Equivalents at the beginning of the year	1,448,122	765,899
Cash & Cash Equivalents at the end of the period	<u><u>2,309,728</u></u>	<u><u>1,118,468</u></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	<-----Equity attributable to equity holders of the Company----->					
	Share Capital RM '000	Share Premium RM '000	Distributable Retained Earnings RM '000	Total RM '000	Minority interest RM '000	Total Equity RM '000
6 MONTHS ENDED 30 SEPTEMBER 2011						
At 1 April 2011	800,000	818,263	680,127	2,298,390	3,302	2,301,692
Total comprehensive income	-	-	159,227	159,227	265	159,492
Transaction with equity holders of the Company						
Dividends on ordinary shares	-	-	(80,000)	(80,000)	-	(80,000)
Total transactions with equity holders of the Company	-	-	(80,000)	(80,000)	-	(80,000)
At 30 September 2011	800,000	818,263	759,354	2,377,617	3,567	2,381,184
6 MONTHS ENDED 30 SEPTEMBER 2010						
At 1 April 2010	16,220	-	1,182,159	1,198,379	14,785	1,213,164
Total comprehensive income	-	-	187,959	187,959	322	188,281
Transaction with equity holders of the Company						
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 equity holders of the Company	652,780	-	(952,780)	(300,000)	(11,211)	(311,211)
At 30 September 2010	669,000	-	417,338	1,086,338	3,896	1,090,234

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011)

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 2011. 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 2011.

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 2011 except for the adoption of the new standards and interpretations which are mandatory for annual financial periods beginning on or after 1 July 2010 and 1 January 2011, noted below:

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First Time Adopters (Amendment to FRS 1)
- FRS 1: Additional Exemptions for First-time Adopters (Amendments to FRS 1)
- FRS 2: Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
- FRS 3: Business Combinations (revised)
- FRS 7: Improving Disclosure about Financial Instruments (Amendments to FRS 7)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 3: Business Combinations
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7: Financial Instruments - Disclosures
- Amendments to FRS 138: Intangible Assets
- Amendments to FRSs 'Improvements to FRSs (2010)'
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- IC Interpretation 18: Transfer of Assets from Customers

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as a transaction with owner in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by a subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

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 2011.

A4. 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.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter ended 30 September 2011.

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

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares during the quarter ended 30 September 2011.

A8. DIVIDENDS PAID

There were no dividend payments in the current financial period to date.

A9. SEGMENT REPORT

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

	Engineering and Construction	Marine Conversion and Repair	Others	Eliminations	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE AND RESULT					
Revenue					
Total Revenue - External	1,246,238	173,850	798	-	1,420,886
Inter-Segment	-	41,683	189	(41,872) *	-
	<u>1,246,238</u>	<u>215,533</u>	<u>987</u>	<u>(41,872)</u>	<u>1,420,886</u>
Result					
Operating profit	<u>123,817</u>	<u>12,194</u>	<u>14,153</u> **	<u>998</u> *	<u>151,162</u>

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

** Comprise of net foreign exchange gains and interest income.

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 2011.

A11. SUBSEQUENT MATERIAL EVENT

There was no material event subsequent to the current financial quarter to date.

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
Unsecured	
Bank guarantees extended to third parties	4,559

A14. CAPITAL COMMITMENTS

	30 Sept 2011 RM '000	31 Mar 2011 RM '000
Approved and contracted for	158,884	87,176
Approved but not contracted for	<u>175,644</u>	<u>422,755</u>
	<u>334,528</u>	<u>509,931</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 RM100.4 million was comparable against the corresponding quarter's profit before tax of RM101.5 million. In the current quarter, Engineering and Construction segment (including the profit from the jointly controlled entity for Turkmenistan Block 1 Phase 1 project) has contributed to better performance. However, Marine Repair and Conversion segment has recorded lower profit.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group profit before taxation of RM100.4 million was 4.2% higher than the RM96.4 million recorded in the preceding quarter. The higher profit achieved in this quarter was due to improved performance from both Engineering and Construction and Marine Repair and Conversion segments.

B3. CURRENT YEAR PROSPECTS

Based on recent oil and gas discoveries in local offshore as well as increased activities to improve oil and gas production, capital expenditure in the upstream oil and gas sector is expected to remain relatively strong.

The Engineering and Construction segment is expected to perform favourably through successful execution of projects-in-hand and recently secured contracts. The performance for Marine Repair and Conversion segment is expected to remain satisfactory.

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

	July 11-Sept 11 RM '000	Apr 11-Sept 11 RM '000
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	2,463	4,659
Deferred taxation	<u>17,681</u>	<u>32,597</u>
	<u>20,144</u>	<u>37,256</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.

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 11 November 2011 (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	31,517	Within 3 months upon listing	5,483	14.8
Total	<u>980,780</u>	<u>31,517</u>		<u>5,483</u>	<u>14.8</u>

The actual utilisation amount for the listing expenses was lower than the budgeted amount. Hence, the unutilised balance of RM5,483,000 will be utilised for the Yard Optimisation Programme as per disclosure in the Company's Prospectus dated 6 October 2010. The Yard Optimisation Programme is currently being reviewed in light of Sime Darby Engineering's yard acquisition for the most optimal utilisation and integration of the enlarged assets.

- b) With reference to the status for MHB to obtain the Certificate of Completion and Compliance ("CCC") for structures with temporary permits as disclosed in Listing Prospectus within 12 months from the date of Securities Commission's ("SC") approval on 30 August 2010, on 22 August 2011, SC has approved for an extension-of-time until December 2012.

B9. GROUP BORROWINGS

There were no borrowings as at 30 September 2011.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments for the quarter ended 30 September 2011.

B11. CHANGES IN MATERIAL LITIGATION

There were no material litigation involving the Group as at 30 September 2011.

B12. DIVIDENDS PROPOSED

No dividends had been proposed for the quarter ended 30 September 2011.

B13. DERIVATIVES

The Group entered into forward foreign currency contracts to manage the exposure to foreign exchange risk when it enters into transactions that are not denominated in their functional currencies.

Details of the Group's derivative financial instruments outstanding as at 30 September 2011 are as follows:

	Contract/ Notional Amount as at 30 September 2011 (in RM '000)	Liability Fair Value (in RM '000)
Forward foreign currency contracts		
- Less than 1 year	74,461	2,980

During the period, the Group has recognised a net loss of RM2,961,000 in its statement of comprehensive income in relation to the fair value movements on forward contract rates; and a loss of RM19,000 in its equity in relation to fair value of the spot component of the hedged instrument.

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 RM80.2 million for the second quarter ended 30 September 2011 which are the same as the profit attributable to the equity holders of the Company 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 second quarter ended 30 September 2011 is 1,600.0 million.

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.

B15. REALISED AND UNREALISED PROFITS

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	30 September 2011 RM '000	31 March 2011 RM '000
Total retained profits of MHB and its subsidiaries:		
- Realised	580,857	440,769
- Unrealised	1,124	28,411
	581,981	469,180
Total share of retained profits from jointly controlled entities:		
- Realised	69,121	23,413
- Unrealised	128	234
	651,230	492,827
Add: Consolidation adjustments	188,124	187,300
Total Group retained profits as per consolidated accounts	839,354	680,127

All retained profits for the Company level is realised profits.