

MUHIBBAH ENGINEERING (M) BHD
(Company No : 12737-K)
(Incorporated in Malaysia)

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)

CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 31.12.2008 RM'000	RESTATED AUDITED AS AT 31.12.2007 RM'000
Assets		
Property, plant and equipment	481,073	330,391
Prepaid lease payments	31,771	32,105
Investment properties	567	586
Investment in associates	124,332	107,631
Other investments	84	114
Development costs	13,572	3,127
Goodwill and other intangible assets	23,517	852
Deferred tax assets	33	148
Long term advance due from an associate	-	10,000
Total non-current assets	674,949	484,954
Prepaid lease payments and lands held for development	39,722	6,345
Investment in joint ventures	-	1,257
Receivables, deposits and prepayments	738,622	380,624
Contract work-in-progress	698,915	540,731
Inventories	222,625	159,895
Current tax assets	2,966	3,239
Cash and cash equivalents	213,451	180,075
Total current assets	1,916,301	1,272,166
Total assets	2,591,250	1,757,120

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CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

	UNAUDITED AS AT 31.12.2008 RM'000	RESTATED AUDITED AS AT 31.12.2007 RM'000
Equity		
Share capital	196,470	191,783
Reserves	50,889	15,650
Retained earnings	199,651	190,858
Less: Treasury shares	(5,561)	(4,669)
Total equity attributable to shareholders of the Company	441,449	393,622
Minority interests	87,758	74,692
Total equity	529,207	468,314
Liabilities		
Advances from minority shareholders	17,450	16,795
Loans and borrowings	115,305	92,508
Deferred tax liabilities	7,882	8,594
Total non-current liabilities	140,637	117,897
Payables and accruals	784,203	434,567
Amount due to contract customers	298,656	157,464
Bills payables	681,569	431,914
Loans and borrowings	134,841	127,232
Tax liabilities	12,580	10,811
Provisions	9,557	8,921
Total current liabilities	1,921,406	1,170,909
Total liabilities	2,062,043	1,288,806
Total equity and liabilities	2,591,250	1,757,120
Net assets per share attributable to shareholders of the Company (RM)	1.13	1.01

**The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual
Financial Report for the year ended 31 December 2007**

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenue		804,015	408,090	2,133,242	1,411,533
Cost of sales and operating expenses		(836,040)	(381,578)	(2,111,095)	(1,340,409)
Other income		(300)	2,393	12,904	14,164
Results from operating activities		(32,325)	28,905	35,051	85,288
Interest income		1,644	1,474	4,023	3,622
Finance costs		(2,637)	(3,958)	(10,791)	(13,611)
Operating profit		(33,318)	26,421	28,283	75,299
Share of profit after tax and minority interest of equity accounted associates		6,893	7,688	26,815	26,683
Share of profit/(loss) after tax of joint ventures		-	(235)	-	1,023
Profit before tax and exceptional items		(26,425)	33,874	55,098	103,005
Exceptional items	4	-	-	-	-
Profit before tax		(26,425)	33,874	55,098	103,005
Tax expense	16	(4,672)	(3,884)	(20,097)	(12,600)
Profit for the period		(31,097)	29,990	35,001	90,405
Attributable to:					
Shareholders of the Company		(35,547)	19,374	21,800	70,180
Minority interest		4,450	10,616	13,201	20,225
Profit for the year		(31,097)	29,990	35,001	90,405
Earnings per ordinary share					
Basic (Sen)	* 24	(9.09)	5.07	5.74	18.62
Diluted (Sen)	* 24	(8.82)	4.81	5.56	17.65

* The comparative figures for earnings per share and diluted earnings per share have been restated to account for the effect of bonus issue and subdivision of shares which were completed on 2 November 2007

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

MUHIBBAH ENGINEERING (M) BHD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)**

	← Attributable to shareholders of the Company →					Total equity attributable to shareholders of the Company RM'000	Minority interest RM'000	Total equity RM'000
	← Non-distributable →		Distributable					
	Share capital RM'000	Treasury shares RM'000	Reserves attributable to capital RM'000	Reserve attributable to revenue RM'000	Retained earnings RM'000			
At 1 January 2007	149,618	-	34,097	10,842	126,880	321,437	57,575	379,012
Share options exercised	3,949	-	1,101	-	-	5,050	1,296	6,346
Share-based payments	-	-	5,688	-	-	5,688	556	6,244
Bonus issue	38,216	-	(33,212)	-	(5,004)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	6,516	6,516
Dilution of interest of subsidiary arising from issuance of shares pursuant to ESOS	-	-	-	-	-	-	276	276
Shares repurchased	-	(4,669)	-	-	-	(4,669)	(13)	(4,682)
Exchange differences on translation of the financial statements of foreign entities	-	-	-	(2,866)	-	(2,866)	(494)	(3,360)
Dividends to shareholders	-	-	-	-	(8,357)	(8,357)	-	(8,357)
Dividends to minority interest	-	-	-	-	-	-	(11,245)	(11,245)
Profit for the year	-	-	-	-	70,180	70,180	20,225	90,405
At 31 December 2007	191,783	(4,669)	7,674	7,976	183,699	386,463	74,692	461,155
Adoption of the revised FRS 112	-	-	-	-	7,159	7,159	-	7,159
At 1 January 2008 restated	191,783	(4,669)	7,674	7,976	190,858	393,622	74,692	468,314
Share options exercised	4,687	-	92	-	-	4,779	371	5,150
Share-based payments	-	-	1,990	-	-	1,990	245	2,235
Shares repurchased	-	(892)	-	-	-	(892)	-	(892)
Dilution of interest in subsidiary arising from issuance of shares pursuant to ESOS of the subsidiary	-	-	-	-	-	-	110	110
Exchange differences on translation of the financial statements of foreign entities	-	-	-	3,758	-	3,758	(1,775)	1,983
Dividends to shareholders	-	-	-	-	(13,007)	(13,007)	-	(13,007)
Dividends to minority interest	-	-	-	-	-	-	(5,535)	(5,535)
Revaluation of freehold lands	-	-	29,399	-	-	29,399	6,449	35,848
Profit for the year	-	-	-	-	21,800	21,800	13,201	35,001
At 31 December 2008	196,470	(5,561)	39,155	11,734	199,651	441,449	87,758	529,207

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

MUHIBBAH ENGINEERING (M) BHD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)

	Unaudited YTD 31.12.2008 RM'000	Audited YTD 31.12.2007 RM'000
Operating profit	88,470	114,246
Net changes in working capital	(157,344)	(68,303)
Net income taxes (paid)/ refund	(6,933)	4,799
Net cash generated used in operating activities	(75,807)	50,742
Net cash generated used in investing activities	(123,486)	(40,958)
Net cash generated from financing activities	258,710	87,264
Net increase in cash and cash equivalents	59,417	97,048
Cash and cash equivalents at 1 January	149,239	53,245
Currency translation differences	(3,407)	(1,054)
Cash and cash equivalents at 31 December	205,249	149,239

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	31.12.2008 RM'000	31.12.2007 RM'000
Cash and bank balances	105,090	87,870
Deposits placed with licensed banks	108,361	92,205
Cash and cash equivalents per balance sheet	213,451	180,075
Bank overdrafts	(8,202)	(30,836)
	205,249	149,239

The Condensed Consolidated Cash Flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2007, except for the adoption of the following new/revised FRSs that are effective for the Group's annual reporting date, 31 December 2008.

FRS 107 Cash Flow Statement
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 119 Employee Benefits
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the new/revised FRSs that came into effect during the financial period under review does not have material effect on the Group's financial results for the financial period to date nor the Group's shareholders fund as at 31 December 2008.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

2. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the preceding year ended 31 December 2007 were not subject to any qualification.

3. EXPLANATORY COMMENT ON SEASONALITY OR CYCLICALITY

The Airport Concession Division experiences a seasonality international passengers arrival at the international airports in Cambodia. The peak seasons are usually during the fourth quarter of the year to the first quarter of the following year. The passengers are largely international tourists visiting the various prominent attractions, particularly the UNESCO World Heritage Site of Angkor Wat in Cambodia.

Other than as mentioned above, the Group does not experience material seasonality or cyclicity activity fluctuation on quarterly basis.

4. EXCEPTIONAL/ UNUSUAL ITEMS

There are no exceptional/ unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

5. CHANGE IN ESTIMATES

There are no material changes in estimates of amounts that have material affect in the current quarter.

6. DEBT AND EQUITY SECURITIES

a) Employees' Share Option Scheme

During the current year ended 31 December 2008, a total of 9,371,750 new ordinary shares of RM0.50 each pursuant to the exercise of Employees' Share Option Scheme of Muhibbah Engineering (M) Bhd.

b) Treasury Shares

As at 31 December 2008, a total of 1,783,000 ordinary shares of RM0.50 each are held as treasury shares by the Company. These treasury shares are held at a total carrying amount of RM5,561,528. The buy back transactions were financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965. None of the treasury shares held are resold or cancelled during the period ended 31 December 2008.

Other than as mentioned above, there are no issuance, cancellation, repurchase, resale or repayment of debts and equity securities for the current quarter.

7. SEGMENTAL INFORMATION

BUSINESS SEGMENTS	Infrastructure Construction RM'000	Cranes RM'000	Marine- Ship Repair and Ship Building RM'000	Concess- ion RM'000	Conso- lidated RM'000
Revenue from external customers	1,254,151	575,701	303,390	-	2,133,242
Operating profit/(loss)	(26,124)	31,856	29,442	(123)	35,051
Interest income	2,183	1,377	460	3	4,023
Finance costs	(2,135)	(6,256)	(2,052)	(348)	(10,791)
Share of profit/(loss) after tax and minority interest of equity accounted associates	4,607	18	-	22,190	26,815
Profit/(loss) before tax	(21,469)	26,995	27,850	21,722	55,098
Tax expense	(11,134)	(5,799)	(3,164)	-	(20,097)
Net profit/(loss) after tax	(32,603)	21,196	24,686	21,722	35,001
Segment assets	1,496,670	616,113	354,078	57	2,466,918
Investments in associates	21,381	79	-	102,872	124,332
Total assets	1,518,051	616,192	354,078	102,929	2,591,250
Total liabilities	(1,371,403)	(458,092)	(227,573)	(4,975)	(2,062,043)
Total equity	146,648	158,100	126,505	97,954	529,207

7. SEGEMENTAL INFORMATION (CONTINUED)

	Inside Malaysia RM'000	Outside Malaysia RM'000	Conso- lidated RM'000
GEOGRAPHICAL SEGMENTS			
Revenue from external customers	1,114,363	1,018,879	2,133,242
Operating profit			35,051
Interest income			4,023
Finance costs			(10,791)
Share of profit/(loss) after tax and minority interest of equity accounted associates			26,815
Profit before tax			55,098
Tax expense			(20,097)
Net profit after tax			35,001
Segment assets			2,466,918
Investments in associates			124,332
Total assets			2,591,250
Total liabilities			(2,062,043)
Total equity			529,207

8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The carrying value of freehold lands of the Group as at 31 December 2008 was based on the fair value determined from market-based evidenced by independent appraisals. With this, the carrying value of freehold lands of the Group have been revalued upwards by approximately RM29.4 million.

Except for the above, all property, plant and equipment of the Group and the Company are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

9. MATERIAL SUBSEQUENT EVENT

There is no material subsequent event from the end of the period to 21 February 2009.

10. MATERIAL CHANGES IN THE GROUP'S COMPOSITION

On 3 January 2008, The Company acquired 207 ordinary shares of USD250.00 each in Muhibbah Engineering (Cambodia) Co. Ltd ("MEC") for a total cash consideration of USD1.00, resulting in a goodwill arising from consolidation of RM22.9 million to the Group. The principal activities of MEC are infrastructure construction, property development and quarry operations in Cambodia. Upon completion of the acquisition, the direct shareholding of the Company in MEC was increased from 49% to 60%. As such, MEC has become a subsidiary of the Company.

11. CONTINGENT LIABILITIES/ ASSETS AS AT 31 DECEMBER 2008

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	160,914
	<u><u> </u></u>

There are no contingent assets as at 31 December 2008.

12. COMPARISON WITH PRECEDING QUARTER RESULTS (Q4 2008 vs Q3 2008)

The Group achieved a consolidated revenue of RM804.0 million for the quarter under review as compared to RM488.8 million consolidated revenue in the last quarter, representing a 64% increase.

The consolidated loss before tax for the Group is RM26.4 million for the current quarter under review. The loss is mainly due to the revision made for revenue and estimated costs on prudence basis for the construction division in view of the challenging economy condition resulted from high oil price, escalated construction material cost and volatility in foreign exchange rates during the period.

The crane division registered a higher profit before tax due to demand for our bigger cranes.

13. REVIEW OF GROUP PERFORMANCE (YTD Q4 2008 vs YTD Q4 2007)

The Group generated a consolidated revenue of RM2.1 billion for the 12 months period ended 31 December 2008, representing an increase of 51% as compared to RM1.4 billion consolidated revenue for the period ended 31 December 2007.

The higher consolidated revenue under review were mainly attributed to the increase in turnover from all the divisions.

The consolidated profit before tax for the year is RM55.1 million as compared to the RM103 million for the corresponding 12 months period ended 31 December 2007.

The infrastructure construction division registered a loss before tax of RM21.5 million mainly due to the impact from the rise in oil price, construction materials costs, transportation cost as well as other operating costs resulted from inflation during the year. Besides, on prudent ground, the division has not yet recognised some outstanding variation orders for works executed as at todate.

Both crane and shipyard divisions continuing growth by registered a profit before tax of RM27.0 million and RM27.9 respectively, representing an increase for the two divisions with 21% as compared to the last year.

The concession division registered a steady recurring income for the year under review.

14. GROUP'S CURRENT YEAR PROSPECT

a) Secured Order Book

As at 18 February 2009, the total outstanding secured order book in hand of the Group is RM4.21 billion, comprises of RM2.7 billion from Infrastructure Construction Division, RM672 million from Cranes Division and RM838 million from Shipyard Division. These outstanding secured order books will be delivered over the years till 2013.

b) Current Year Prospect

The current global economic crisis posts many challenges to the business world. With our order books in hand, the Group is confident in riding out the crisis.

In view of the various governments pump priming measures and economy stimulus packages, the Board of Directors of Muhibbah Engineering (M) Bhd remains cautiously optimistic in both domestic and overseas markets.

15. PROFIT FORECAST

The Group has not issued any profit forecast to the relevant authorities and is not subject to any profit guarantee.

16. TAX EXPENSE

	Current Quarter 31.12.2008 RM'000	Cumulative Qtr Todate 31.12.008 RM'000
Corporate tax expense		
Malaysia - current	2,275	(4,493)
Overseas - current	(10,276)	(16,302)
	(8,001)	(20,795)
Deferred tax expense		
Malaysia - current	3,352	311
Overseas - current	(23)	387
	3,329	698
Total tax expense	<u>(4,672)</u>	<u>(20,097)</u>

The effective tax rate of the Group for the year ended 31 December 2008 is higher than the local statutory tax rate mainly due to the unavailability of group tax loss relief to contra taxation among the Group of companies and projects.

17. PROFIT ON SALE OF UNQUOTED INVESTMENT AND/ OR PROPERTIES

There is no profit on sale of unquoted investment and/or properties during the period under review.

18. SALE/ PURCHASE OF QUOTED SECURITIES

The Group did not sell or purchase any quoted securities during the quarter under review.

19. CORPORATE PROPOSALS

(Being a date not earlier than seven (7) days from the date of issue of the quarterly report)

On 22 April 2008, the Company announced a proposed issue of up to RM130 million nominal value of Islamic Bonds together with up to 38,000,000 detachable provisional rights to allotment of warrants (collectively referred to as "the proposals"). The proposals have been approved by Bank Negara Malaysia, Securities Commission, Foreign Investment Committee as well as shareholders of the Company. On 17 November 2008, the Securities Commission granted approval for an extension of the implementation of this Proposals till 23 May 2009.

Other than as mentioned above, there is no corporate proposal announced which is not completed as at the date of this report.

20. GROUP BORROWINGS AND DEBT SECURITIES

		Foreign Currency		RM'000
		Currency	Amount	
a) Short term borrowings				
	Secured	RM	25,731	25,731
		DKK	2,202	1,449
		Sub- total		27,180
	Unsecured	RM	104,138	104,138
		USD	655	2,278
		AUD	356	852
		Sub- total		107,268
b) Hire purchase and finance lease		RM	371	371
		AUD	9	22
		Sub- total		393
Total Short Term Borrowings				134,841
a) Long term borrowings				
	Secured	RM	111,649	111,649
		USD	940	3,270
		Sub-total		114,919
b) Hire purchase and finance lease		RM	386	386
		Sub-total		386
Total Long Term Borrowings				115,305
Total borrowings				250,146

21. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group has entered into forward foreign currency contracts to limit its exposure to potential changes in foreign exchange rates with respect to estimated receipts and payments denominated in foreign currency.

The details of the outstanding forward foreign currency contracts are as follows:

	Principal Foreign Currency Amount '000	Equivalent Currency '000
Sell:		
US Dollar	USD 248,052	RM891,670
EURO Dollar	EUR 27,325	RM134,584
SG Dollar	SGD 17,831	RM43,105
US Dollar	USD 16,704	AUD 13,230
Buy:		
US Dollar	USD 375	RM1,185
EURO Dollar	EUR 23,260	RM112,148
GB Pound	GBP 696	RM4,327
Norwegian Krone	NOK 131,382	RM78,715
Japanese Yen	JPY 84,000	RM3,312

The difference between the above forward foreign exchange contracts and the prevailing exchange rate would be recognised in the income statement upon realisation of the related receipts or payments, or upon maturity, whichever is earlier. There is minimal credit and market risk because the contracts are hedged with reputable banks.

22. LITIGATIONS

There are no material outstanding litigations that may have measurable material effect to the Group as at 18 February 2009.

23. DIVIDENDS

The Directors recommend a first and final dividend of 5% (2.5 sen) less 25% taxation per ordinary share of RM0.50 each subject to approval of the shareholders at the forthcoming Annual General Meeting. The payable final dividend is amounted to RM7.33 million.

The first and final dividend for 2008 is computed based on the issued and paid up share capital (excluding treasury shares) of 391,154,500 ordinary shares of RM0.50 each as at 31 December 2008.

A first and final dividend of 9.00% (4.5 sen) less 26% tax per ordinary share of RM0.50 each totalling RM13 million in respect of the year ended 31 December 2007 was paid on 18 September 2008.

24. EARNINGS PER SHARE ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the year.

	Current/ Preceding Qtr Ended		Cumulative Qtr YTD	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Net profit attributable to the shareholders of the Company (RM'000)	(35,547)	19,374	21,800	70,180
Weighted average number of ordinary shares in issue ('000)	390,848	382,134	379,846	376,827
Basic EPS (Sen)	(9.09)	5.07	5.74	18.62

b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, ie share options granted to employees.

	Current/ Preceding Qtr Ended		Cumulative Qtr YTD	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Net profit attributable to the shareholders of the Company (RM'000)	(35,547)	19,374	21,800	70,180
Weighted average number of ordinary shares in issue ('000)	390,848	382,134	379,846	376,827
Effect of dilution ('000)	12,074	20,863	12,074	20,863
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	402,922	402,997	391,920	397,690
Diluted EPS (Sen)	(8.82)	4.81	5.56	17.65

The comparative figures for earnings per share and diluted earnings per share have been restated to account for the effect of bonus issue and subdivision of shares which were completed on 2 November 2007.

25. AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Group.

Date : 27 February 2009