

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

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE QUARTER ENDED 31 MARCH 2009 (1ST QUARTER)**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 31.3.2009 RM'000</b>	<b>AUDITED AS AT 31.12.2008 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	508,750	495,995
Prepaid lease payments	32,046	32,189
Investment in associates	134,976	124,209
Goodwill and other intangible assets	22,171	22,171
Other non-current assets	28,739	28,069
<b>Total non-current assets</b>	<b>726,682</b>	<b>702,633</b>
Receivables, deposits and prepayments	825,587	721,013
Contract work-in-progress	635,948	738,207
Inventories	218,447	215,617
Current tax assets	25,009	15,738
Cash and cash equivalents	296,563	216,730
<b>Total current assets</b>	<b>2,001,554</b>	<b>1,907,305</b>
<b>Total assets</b>	<b>2,728,236</b>	<b>2,609,938</b>
<b>Equity</b>		
Share capital	196,488	196,469
Reserves	263,179	244,949
<b>Total equity attributable to shareholders of the Company</b>	<b>459,667</b>	<b>441,418</b>
<b>Minority interests</b>	<b>92,096</b>	<b>87,629</b>
<b>Total equity</b>	<b>551,763</b>	<b>529,047</b>
<b>Liabilities</b>		
Payables and accruals	18,290	17,449
Loans and borrowings	110,541	116,625
Deferred tax liabilities	8,849	7,658
<b>Total non-current liabilities</b>	<b>137,680</b>	<b>141,732</b>
Provision, payables and accruals	667,397	735,738
Amount due to contract customers	479,652	372,912
Bills payables	714,039	679,212
Loans and borrowings	155,058	135,882
Tax liabilities	22,647	15,415
<b>Total current liabilities</b>	<b>2,038,793</b>	<b>1,939,159</b>
<b>Total liabilities</b>	<b>2,176,473</b>	<b>2,080,891</b>
<b>Total equity and liabilities</b>	<b>2,728,236</b>	<b>2,609,938</b>
<b>Net assets per share attributable to shareholders of the Company (RM)</b>	<b>1.40</b>	<b>1.35</b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008

**MUHIBBAH ENGINEERING (M) BHD**  
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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE QUARTER ENDED 31 MARCH 2009 (1ST QUARTER)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2009 RM'000	31.3.2008 RM'000	31.3.2009 RM'000	31.3.2008 RM'000
Revenue		381,194	385,977	381,194	385,977
Cost of sales and operating expenses		(365,037)	(371,999)	(365,037)	(371,999)
Other income		2,660	5,453	2,660	5,453
<b>Results from operating activities</b>		<b>18,817</b>	19,431	<b>18,817</b>	19,431
Interest income		324	587	324	587
Finance costs		(2,670)	(2,679)	(2,670)	(2,679)
<b>Operating profit</b>		<b>16,471</b>	17,339	<b>16,471</b>	17,339
Share of profit after tax and minority interest of equity accounted associates		7,040	9,155	7,040	9,155
<b>Profit before tax and exceptional items</b>		<b>23,511</b>	26,494	<b>23,511</b>	26,494
Exceptional items	4	-	-	-	-
<b>Profit before tax</b>		<b>23,511</b>	26,494	<b>23,511</b>	26,494
Tax expense	16	(5,107)	(3,513)	(5,107)	(3,513)
<b>Profit for the period</b>		<b>18,404</b>	22,981	<b>18,404</b>	22,981
<b>Attributable to:</b>					
Shareholders of the Company		15,162	20,273	15,162	20,273
Minority interest		3,242	2,708	3,242	2,708
<b>Profit for the year</b>		<b>18,404</b>	22,981	<b>18,404</b>	22,981
<b>Earnings per ordinary share</b>					
Basic (Sen)	24	3.99	5.31	3.99	5.31
Diluted (Sen)	24	3.89	5.03	3.89	5.03

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008

**MUHIBBAH ENGINEERING (M) BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2009 (1ST QUARTER)**

	← Attributable to shareholders of the Company →							
	← 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	Total equity attributable to shareholders of the Company RM'000	Minority interest RM'000	Total equity RM'000
<b>At 1 January 2008</b>	191,783	(4,669)	7,674	7,976	190,859	393,623	74,692	468,315
Foreign exchange translation differences recognised directly in equity	-	-	-	3,759	-	3,759	(1,773)	1,986
Profit for the year	-	-	-	-	21,800	21,800	13,071	34,871
Total recognised income and expense for the year	-	-	-	3,759	21,800	25,559	11,298	36,857
Share option exercised	4,686	-	92	-	-	4,778	371	5,149
Share-based payments	-	-	2,233	-	-	2,233	242	2,475
Shares repurchased	-	(892)	-	-	-	(892)	-	(892)
Dilution of interest in subsidiary	-	-	-	-	-	-	111	111
Revaluation of property, plant and equipment	-	-	29,365	-	-	29,365	6,449	35,814
Realisation of revaluation reserve on disposal of property, plant and equipment	-	-	(243)	-	-	(243)	-	(243)
Dividend to shareholders	-	-	-	-	(13,005)	(13,005)	-	(13,005)
Dividend to minority interest	-	-	-	-	-	-	(5,534)	(5,534)
<b>At 31 December 2008 / 1 January 2009</b>	<b>196,469</b>	<b>(5,561)</b>	<b>39,121</b>	<b>11,735</b>	<b>199,654</b>	<b>441,418</b>	<b>87,629</b>	<b>529,047</b>
Share options exercised	19	-	-	-	-	19	-	19
Realisation of translation reserve	-	-	-	2,219	(2,219)	-	-	-
Share-based payments	-	-	201	-	-	201	52	253
Exchange differences on translation of the financial statements of foreign entities	-	-	-	2,867	-	2,867	1,173	4,040
Profit for the year	-	-	-	-	15,162	15,162	3,242	18,404
<b>At 31 March 2009</b>	<b>196,488</b>	<b>(5,561)</b>	<b>39,322</b>	<b>16,821</b>	<b>212,597</b>	<b>459,667</b>	<b>92,096</b>	<b>551,763</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008

**MUHIBBAH ENGINEERING (M) BHD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009 (1ST QUARTER)**

	<b>Unaudited YTD 31.3.2009 RM'000</b>	<b>Audited YTD 31.3.2008 RM'000</b>
<b>Operating profit</b>	<b>43,822</b>	39,813
<b>Net changes in working capital</b>	<b>15,488</b>	(165,694)
<b>Net income taxes paid</b>	<b>(2,010)</b>	(3,373)
<b>Net cash generated from / (used in) operating activities</b>	<b>57,300</b>	(129,254)
<b>Net cash used in investing activities</b>	<b>(17,857)</b>	(33,387)
<b>Net cash generated from financing activities</b>	<b>42,890</b>	98,877
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>82,333</b>	(63,764)
<b>Cash and cash equivalents at 1 January</b>	<b>208,522</b>	149,239
<b>Currency translation differences</b>	<b>(5,141)</b>	3,858
<b>Cash and cash equivalents at 31 March</b>	<b>285,714</b>	89,333

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

	<b>31.3.2009 RM'000</b>	<b>31.3.2008 RM'000</b>
Cash and bank balances	<b>139,868</b>	70,318
Deposits placed with licensed banks	<b>156,695</b>	44,763
Cash and cash equivalents per balance sheet	<b>296,563</b>	115,081
Bank overdrafts	<b>(10,849)</b>	(25,748)
	<b>285,714</b>	89,333

**The Condensed Consolidated Cash Flow statements should be read in conjunction with the  
Annual Financial Report for the year ended 31 December 2008**

**MUHIBBAH ENGINEERING (M) BHD**  
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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 31 MARCH 2009 (1ST 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 accounting policies and method of computation adopted by the Group in the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2008.

**2. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS**

The audited financial statements of the Company for the preceding year ended 31 December 2008 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 were no exceptional or unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

**5. CHANGE IN ESTIMATES**

There were no material changes in estimates of amounts that have had material affect in the current quarter and financial year result.

## 6. DEBT AND EQUITY SECURITIES

### a) Employees' Share Option Scheme

During the current quarter ended 31 March 2009, a total of 37,500 new ordinary shares of RM0.50 each was issued at RM0.51 pursuant to the exercise of Employees' Share Option Scheme of Muhibbah Engineering (M) Bhd.

### b) Treasury Shares

The Company has not repurchased and resold any of its issued ordinary shares of RM0.50 each from the open market during the current quarter ended 31 March 2009.

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

	<b>Infrastructure Construction RM'000</b>	<b>Cranes RM'000</b>	<b>Marine- Ship Repair and Ship Building RM'000</b>	<b>Concess- ion RM'000</b>	<b>Conso- lidated RM'000</b>
<b>BUSINESS SEGMENTS</b>					
<b>Revenue from external customers</b>	<b>205,669</b>	<b>114,266</b>	<b>61,259</b>	<b>-</b>	<b>381,194</b>
Operating profit	5,560	7,303	5,724	230	18,817
Interest income	260	33	31	-	324
Finance costs	(400)	(1,797)	(398)	(75)	(2,670)
Share of profit after tax and minority interest of equity accounted associates	968	28	-	6,044	7,040
Profit before tax	6,388	5,567	5,357	6,199	23,511
Tax expense	(3,234)	(670)	(1,203)	-	(5,107)
<b>Net profit after tax</b>	<b>3,154</b>	<b>4,897</b>	<b>4,154</b>	<b>6,199</b>	<b>18,404</b>
Segment assets	1,593,708	602,829	386,663	10,060	2,593,260
Investments in associates	22,335	98	-	112,543	134,976
Total assets	1,616,043	602,927	386,663	122,603	2,728,236
Total liabilities	(1,479,385)	(437,529)	(255,188)	(4,371)	(2,176,473)
<b>Total equity</b>	<b>136,658</b>	<b>165,398</b>	<b>131,475</b>	<b>118,232</b>	<b>551,763</b>

## 7. SEGMENTAL INFORMATION (continued)

	<b>Inside Malaysia RM'000</b>	<b>Outside Malaysia RM'000</b>	<b>Conso- lidated RM'000</b>
<b>GEOGRAPHICAL SEGMENTS</b>			
Revenue from external customers	<u>159,142</u>	<u>222,052</u>	<u>381,194</u>
Segment assets	<u>1,869,295</u>	<u>858,941</u>	<u>2,728,236</u>

## 8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant and equipment from the previous year's audited financial statements.

## 9. MATERIAL SUBSEQUENT EVENT

There were no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to 23 May 2009.

## 10. MATERIAL CHANGES IN THE GROUP'S COMPOSITION

There were no major changes in the composition of the Group during the current financial period under review.

## 11. CONTINGENT LIABILITIES/ ASSETS AS AT 31 MARCH 2009

Corporate guarantee for credit facilities granted to subsidiary companies	<b>RM'000</b> <u>187,288</u>
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There are no contingent assets as at 31 March 2009.

## 12. COMPARISON WITH PRECEDING QUARTER RESULTS (Q1 2009 vs Q4 2008)

The Group achieved a consolidated revenue of RM381.2 million for the quarter under review as compared to RM704.3 million consolidated revenue in the last quarter. The higher turnover in the last quarter was due mainly to higher milestone progress in the construction of Doha International Airport, Tanjung Bin Petroleum Hub and Yemen LNG Jetty projects, as well as more delivery of cranes towards the year end in the last financial year in accordance with our normal production cycle.

The consolidated profit before tax of RM23.5 million for the current quarter under review as compared to the consolidated profit before loss of RM36.6 million in the previous quarter is mainly due to improvement in the infrastructure construction division during the current quarter under review.

### 13. REVIEW OF GROUP PERFORMANCE (YTD Q1 2009 vs YTD Q1 2008)

The Group generated a comparable consolidated revenue of RM381.2 million for the current quarter as compared to RM386.0 million consolidated revenue for the quarter ended 31 March 2008.

The consolidated profit before tax decline by 11%, from RM26.5 million from the corresponding 3 months period ended 31 March 2008 to RM23.5 million for the current quarter. Lower profit margin was recorded for the current quarter mainly is due to lower margin generated from the infrastructure construction division and lower profit contribution from the Cambodia Airports concession due to the global economic downturn.

### 14. GROUP'S CURRENT YEAR PROSPECT

#### a) Secured Order Book

As at 20 May 2009, the total outstanding secured order book in hand of the Group is RM4.04 billion, comprises of RM2.592 billion from Infrastructure Construction Division, RM623 million from Cranes Division and RM820 million from Shipyard Division. The outstanding secured order books will be delivered over the years from 2009 to 2013.

#### b) Current Year Prospect

The global economy remain challenging. The Group will continuously take appropriate measures to remain competitive.

The Group will endeavour to execute the outstanding order books in hand to achieve satisfactory results in the coming financial quarters/years.

### 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

	<b>Current Quarter 31.3.2009 RM'000</b>	<b>Cumulative Qtr Todate 31.3.2009 RM'000</b>
Corporate tax expense		
Malaysia - current	(449)	(449)
Overseas - current	(3,451)	(3,451)
	(3,900)	(3,900)
Deferred tax expense		
Malaysia - current	(1,207)	(1,207)
Overseas - current	-	-
	(1,207)	(1,207)
Total tax expense	<u>(5,107)</u>	<u>(5,107)</u>



## 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 6 May 2009, the Securities Commission had granted approval for an extension of time for another six months up to 23 November 2009 to implement the proposals.

## 20. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured	RM	9,792	9,792
	USD	683	2,499
	Sub- total		12,291
Unsecured	RM	140,172	140,172
	USD	470	1,719
	AUD	82	204
	Sub- total		142,095
b) Hire purchase and finance lease	RM	404	404
	AUD	6	15
	DKK	391	253
	Sub- total		672
<b>Total Short Term Borrowings</b>			<b>155,058</b>
a) Long term borrowings			
Secured	RM	23,760	23,760
	Sub-total		23,760
Unsecured	RM	46,076	46,076
	USD	10,705	39,174
	Sub-total		85,250
b) Hire purchase and finance lease	RM	434	424
	DKK	1,708	1,107
	Sub-total		1,531
<b>Total Long Term Borrowings</b>			<b>110,541</b>
<b>Total borrowings</b>			<b>265,599</b>

## 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:

	<b>Principal Foreign Currency Amount '000</b>	<b>Equivalent Currency '000</b>
Sell:		
US Dollar	USD 235,904	RM852,151
EURO Dollar	EUR 23,465	RM115,822
SG Dollar	SGD 14,000	RM33,830
US Dollar	USD 15,253	AUD 12,146
Buy:		
US Dollar	USD 1,248	RM4,483
EURO Dollar	EUR 21,237	RM102,178
GB Pound	GBP 295	RM1,837
Norwegian Krone	NOK 131,382	RM75,054

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. LITIGATION

There were no material outstanding litigations as at 23 May 2009, except for the following:-

### **Litigation against Muhibbah Engineering (M) Bhd, Favelle Favco Berhad ("FFB") and Favelle Favco Cranes (USA) Inc ("FFU") Supreme Court of the State of New York**

A claim against the Company and its subsidiary Favelle Favco Berhad ("FFB") and several claims against FFB's its subsidiary, Favelle Favco Cranes (USA) Inc ("FFU"), commenced by persons/companies in New York vide suits instituted in the Supreme Court of the State of New York ("the Suits").

The Suits relate to an incident involving the collapse of a crane said to be caused by a rigging activity carried out by a third party. The U.S. Occupational Safety & Health Administration (OSHA) found that slings (independent of the crane per se) used during the rigging activity tore open causing the said incident. The Company's, FFB's and FFU's inclusion in the Suits are purported simply to be by reason that the crane was a Favelle Favco crane

The Company, FFB and FFU have sought legal advice in respect of the Suits and intend to vigorously defend the same.

## 23. DIVIDENDS

The directors do not declared any interim dividend for the financial quarter under review.

## 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	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
Net profit attributable to the shareholders of the Company (RM'000)	15,162	20,273	15,162	20,273
Weighted average number of ordinary shares in issue ('000)	379,868	382,064	379,868	382,064
Basic EPS (Sen)	3.99	5.31	3.99	5.31

### 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	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
Net profit attributable to the shareholders of the Company (RM'000)	15,162	20,273	15,162	20,273
Weighted average number of ordinary shares in issue ('000)	379,868	382,064	379,868	382,064
Effect of dilution ('000)	9,950	21,106	9,950	21,106
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	389,818	403,170	389,818	403,170
Diluted EPS (Sen)	3.89	5.03	3.89	5.03

## **25. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

**Date : 29 May 2009**