

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

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE QUARTER ENDED 30 JUNE 2009 (2ND QUARTER)**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 30.6.2009 RM'000</b>	<b>AUDITED AS AT 31.12.2008 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	520,896	495,995
Prepaid lease payments	31,902	32,189
Investment in associates	138,185	124,209
Goodwill and other intangible assets	22,171	22,171
Other non-current assets	28,063	28,069
<b>Total non-current assets</b>	<b>741,217</b>	<b>702,633</b>
Receivables, deposits and prepayments	782,657	721,013
Contract work-in-progress	569,948	738,207
Inventories	223,975	215,617
Current tax assets	25,323	15,738
Cash and cash equivalents	196,245	216,730
<b>Total current assets</b>	<b>1,798,148</b>	<b>1,907,305</b>
<b>Total assets</b>	<b>2,539,365</b>	<b>2,609,938</b>
<b>Equity</b>		
Share capital	196,556	196,469
Reserves	277,731	244,949
<b>Total equity attributable to shareholders of the Company</b>	<b>474,287</b>	<b>441,418</b>
<b>Minority interests</b>	<b>96,028</b>	<b>87,629</b>
<b>Total equity</b>	<b>570,315</b>	<b>529,047</b>
<b>Liabilities</b>		
Payables and accruals	17,692	17,449
Loans and borrowings	103,530	116,625
Deferred tax liabilities	14,152	7,658
<b>Total non-current liabilities</b>	<b>135,374</b>	<b>141,732</b>
Provision, payables and accruals	792,667	735,738
Amount due to contract customers	346,119	372,912
Bills payables	559,090	679,212
Loans and borrowings	119,268	135,882
Tax liabilities	16,532	15,415
<b>Total current liabilities</b>	<b>1,833,676</b>	<b>1,939,159</b>
<b>Total liabilities</b>	<b>1,969,050</b>	<b>2,080,891</b>
<b>Total equity and liabilities</b>	<b>2,539,365</b>	<b>2,609,938</b>
<b>Net assets per share attributable to shareholders of the Company (RM)</b>	<b>1.45</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 30 JUNE 2009 (2ND QUARTER)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
Revenue		580,600	454,477	961,794	840,454
Cost of sales and operating expenses		(564,415)	(437,003)	(929,453)	(809,002)
Other income		4,822	9,387	7,482	14,840
<b>Results from operating activities</b>		<b>21,007</b>	26,861	<b>39,823</b>	46,292
Interest income		204	1,014	528	1,601
Finance costs		(2,891)	(2,952)	(5,562)	(5,630)
<b>Operating profit</b>		<b>18,320</b>	24,923	<b>34,789</b>	42,263
Share of profit after tax and minority interest of equity accounted associates		6,181	6,374	13,221	15,529
<b>Profit before tax and exceptional items</b>		<b>24,501</b>	31,297	<b>48,010</b>	57,792
Exceptional items	4	-	-	-	-
<b>Profit before tax</b>		<b>24,501</b>	31,297	<b>48,010</b>	57,792
Tax expense	17	(8,942)	(6,138)	(14,048)	(9,651)
<b>Profit for the period</b>		<b>15,559</b>	25,159	<b>33,962</b>	48,141
<b>Attributable to:</b>					
Shareholders of the Company		14,138	21,529	29,299	41,803
Minority interest		1,421	3,630	4,663	6,338
<b>Profit for the year</b>		<b>15,559</b>	25,159	<b>33,962</b>	48,141
<b>Earnings per ordinary share</b>					
Basic (Sen)	24	3.72	5.64	7.71	11.10
Diluted (Sen)	24	3.62	5.35	7.49	10.52

**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 30 JUNE 2009 (2ND 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
At 1 January 2008	191,783	(4,669)	7,674	7,976	183,699	386,463	74,692	461,155
Share option exercised	36	-	1	-	-	37	17	54
Share-based payments	-	-	1,107	-	-	1,107	112	1,219
Shares repurchased	-	(892)	-	-	-	(892)	-	(892)
Dilution of interest in subsidiary	-	-	-	-	-	-	5	5
Exchange differences on translation of the financial statements of foreign entities	-	-	-	3,299	-	3,299	1,240	4,539
Profit for the year	-	-	-	-	41,803	41,803	6,338	48,141
At 30 June 2008	<u>191,819</u>	<u>(5,561)</u>	<u>8,782</u>	<u>11,275</u>	<u>225,502</u>	<u>431,817</u>	<u>82,404</u>	<u>514,221</u>
<b>At 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	87	-	4	-	-	91	37	128
Realisation of translation reserve	-	-	-	2,219	(2,219)	-	-	-
Share-based payments	-	-	332	-	-	332	54	386
Exchange differences on translation of the financial statements of foreign entities	-	-	-	3,147	-	3,147	3,645	6,792
Profit for the year	-	-	-	-	29,299	29,299	4,663	33,962
At 30 June 2009	<u>196,556</u>	<u>(5,561)</u>	<u>39,457</u>	<u>17,101</u>	<u>226,734</u>	<u>474,287</u>	<u>96,028</u>	<u>570,315</u>

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 30 JUNE 2009 (2ND QUARTER)**

	<b>Unaudited YTD 30.6.2009 RM'000</b>	<b>Audited YTD 30.6.2008 RM'000</b>
<b>Operating profit</b>	<b>93,665</b>	81,070
<b>Net changes in working capital</b>	<b>109,554</b>	(148,859)
<b>Net income taxes paid</b>	<b>(14,117)</b>	(5,595)
<b>Net cash generated from / (used in) operating activities</b>	<b>189,102</b>	(73,384)
<b>Net cash used in investing activities</b>	<b>(40,322)</b>	(56,696)
<b>Net cash (used in) / generated from financing activities</b>	<b>(174,599)</b>	106,854
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(25,819)</b>	(23,226)
<b>Cash and cash equivalents at 1 January</b>	<b>208,522</b>	149,239
<b>Currency translation differences</b>	<b>2,433</b>	5,421
<b>Cash and cash equivalents at 30 June</b>	<b>185,136</b>	131,434

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

	<b>30.6.2009 RM'000</b>	<b>30.6.2008 RM'000</b>
Cash and bank balances	<b>118,253</b>	82,845
Deposits placed with licensed banks	<b>77,992</b>	54,054
Cash and cash equivalents per balance sheet	<b>196,245</b>	136,899
Bank overdrafts	<b>(11,109)</b>	(5,465)
	<b>185,136</b>	131,434

**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 30 JUNE 2009 (2ND QUARTER)**

The interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2008.

**1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The interim financial statements are unaudited and have been prepared in accordance with the FRS 134 : Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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. AUDIT REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008**

The Auditors' Report on the financial statements of the preceding financial year was not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

**4. EXCEPTIONAL OR 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 under review.

**5. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior interim periods and prior financial years that have a material effect in the current quarter under review.

**6. DEBT AND EQUITY SECURITIES**

There were no cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review, except for the issuance of 164,750 new ordinary shares of RM0.50 each, pursuant to the exercise of the Employees' Share Option Scheme.

**7. DIVIDEND**

No dividend was paid by the Company during the current quarter under review.

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

## 8. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	6 months ended 30 June	
	Revenue RM'000	Profit before tax RM'000
Infrastructure construction	610,838	13,288
Cranes	207,561	13,599
Marine ship repair and ship building	143,395	11,510
Concession	-	9,613
	<u>961,794</u>	<u>48,010</u>

## 9. 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.

## 10. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

## 11. 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.

## 12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Since the last annual balance sheet as at 31 December 2008, there were no changes in the contingent liabilities of the Group except for the following:

Corporate guarantees for credit facilities granted to subsidiary companies	<u>RM'000</u> <u>165,682</u>
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## 13. COMPARISON WITH PRECEDING QUARTER RESULTS (Q2 2009 vs. Q1 2009)

The Group achieved a consolidated revenue of RM580.6 million for the quarter under review as compared to RM381.2 million consolidated revenue in the last quarter. The infrastructure Construction division has generated higher turnover from the ongoing order books.

The consolidated profit before tax of RM24.5 million posted for the current quarter under review is similar to the consolidated profit before tax of RM23.5 million in the previous quarter with the higher profit contribution from the Crane division.

#### 14. REVIEW OF GROUP PERFORMANCE (YTD Q2 2009 vs. YTD Q2 2008)

The Group registered a higher consolidated revenue of RM961.8 million for the current 6 months period as compared to RM840.5 million consolidated revenue for the corresponding period ended 30 June 2008; attributed by higher turnover from the Infrastructure Construction division for the current period.

The consolidated profit before tax declined by 17%, from RM57.8 million from the corresponding 6 months in the last year to RM48.0 million for the current quarter. This is mainly due to lower contribution from the Infrastructure Construction projects and the Airport Concession division due to the decline in traffic as a result of the current economic situation and also the H1N1 flu.

#### 15. GROUP'S CURRENT YEAR PROSPECT

##### a) Secured Order Book

As at 15 August 2009, the total outstanding secured order book in hand of the Group is RM3.83 billion, comprises of RM2.52 billion from Infrastructure Construction Division, RM568 million from Cranes Division and RM742 million from Shipyard Division. These 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 stimulus packages announced and the activities in the oil and gas sector is showing sign of increasing opportunities for the Group.

#### 16. PROFIT FORECAST

The Group has not issued any profit forecast or profit guarantee during the current quarter under review.

#### 17. TAXATION

	<b>Current Quarter 30.6.2009 RM'000</b>	<b>Cumulative Qtr To date 30.6.2009 RM'000</b>
Corporate tax expense		
Malaysia - current	(663)	(1,111)
Overseas - current	(6,448)	(9,899)
	(7,111)	(11,010)
Deferred tax expense		
Malaysia - current	(1,831)	(3,038)
Overseas - current	-	-
	(1,831)	(3,038)
Total tax expense	<u>(8,942)</u>	<u>(14,048)</u>

The Group's effective tax rate (excluding the results of associates which is equity accounted net of tax) for the current period is higher than the statutory tax rate mainly due to tax payable on overseas units.

## 18. SALE OF UNQUOTED INVESTMENT AND / OR PROPERTIES

There was no sale of unquoted investment and/or properties during the current quarter under review.

## 19. SALE/ PURCHASE OF QUOTED SECURITIES

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

## 20. CORPORATE PROPOSALS

The 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 which was approved by shareholders and the relevant authorities has been granted approval by Securities Commission for an extension of time to 23 November 2009 to implement the proposals.

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

## 21. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured	RM	9,792	9,792
	Sub- total		9,792
Unsecured	RM	80,602	80,602
	USD	7,427	26,228
	AUD	691	1,976
	PESO	160	12
	Sub- total		108,818
b) Hire purchase and finance lease	RM	390	390
	AUD	2	6
	DKK	391	262
	Sub- total		658
<b>Total Short Term Borrowings</b>			<b>119,268</b>
a) Long term borrowings			
Secured	RM	32,915	32,915
	Sub-total		32,915
Unsecured	RM	44,991	44,991
	USD	6,847	24,179
	Sub-total		69,170
b) Hire purchase and finance lease	RM	367	367
	DKK	1,611	1,078
	Sub-total		1,445
<b>Total Long Term Borrowings</b>			<b>103,530</b>
<b>Total borrowings</b>			<b>222,798</b>



## 22. 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 208,569	RM749,315
EURO Dollar	EUR 23,336	RM117,861
SG Dollar	SGD 12,500	RM30,264
US Dollar	USD 14,180	AUD 18,055
Buy: EURO Dollar	EUR 21,237	RM102,417
GB Pound	GBP 295	RM1,719
Norwegian Kroner	NOK 131,382	RM71,528

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.

## 23. LITIGATION

There were no material outstanding litigations as at 20 August 2009, except for the following:-

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

A number of claims against the Company and its subsidiary Favelle Favco Berhad ("FFB") and several claims against FFB's 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. The Suits remain ongoing.

**24. EARNINGS PER SHARE ("EPS")****a) Basic EPS**

	<b>Basic EPS</b>		<b>Diluted EPS</b>	
	<b>Current</b>	<b>Cumulative</b>	<b>Current</b>	<b>Cumulative</b>
	<b>Qtr Ended</b>	<b>Qtr YTD</b>	<b>Qtr Ended</b>	<b>Qtr YTD</b>
	<b>30.6.2009</b>	<b>30.6.2009</b>	<b>30.6.2009</b>	<b>30.6.2009</b>
Net profit attributable to the shareholders of the Company (RM'000)	14,138	29,299	14,138	29,299
Weighted average number of ordinary shares in issue ('000)	379,943	379,895	379,895	379,895
Effect of dilution ('000)	-	-	11,114	11,066
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	379,943	379,895	391,009	390,961
EPS (Sen)	3.72	7.71	3.62	7.49

**By order of the Board of Directors**  
**Company Secretary**  
**Date : 27 August 2009**