

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

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (3RD QUARTER)

CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 30.9.2009 RM'000	AUDITED AS AT 31.12.2008 RM'000
Assets		
Property, plant and equipment	522,981	495,995
Prepaid lease payments	31,405	32,189
Investment in associates	137,820	124,209
Goodwill and other intangible assets	22,171	22,171
Other non-current assets	26,618	28,069
Total non-current assets	740,995	702,633
Receivables, deposits and prepayments	841,072	721,013
Contract work-in-progress	542,055	738,207
Inventories	215,741	215,617
Current tax assets	25,409	15,738
Cash and cash equivalents	193,531	216,730
Total current assets	1,817,808	1,907,305
Total assets	2,558,803	2,609,938
Equity		
Share capital	198,555	196,469
Reserves	262,259	244,949
Total equity attributable to shareholders of the Company	460,814	441,418
Minority interests	99,250	87,629
Total equity	560,064	529,047
Liabilities		
Payables and accruals	15,515	17,449
Loans and borrowings	165,801	116,625
Deferred tax liabilities	13,726	7,658
Total non-current liabilities	195,042	141,732
Provision, payables and accruals	896,659	735,738
Amount due to contract customers	351,911	372,912
Bills payables	445,219	679,212
Loans and borrowings	88,260	135,882
Tax liabilities	21,648	15,415
Total current liabilities	1,803,697	1,939,159
Total liabilities	1,998,739	2,080,891
Total equity and liabilities	2,558,803	2,609,938
Net assets per share attributable to shareholders of the Company (RM)	1.42	1.35

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
(Company No : 12737-K)
(Incorporated in Malaysia)

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (3RD QUARTER)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2009 RM'000	30.9.2008 RM'000	30.9.2009 RM'000	30.9.2008 RM'000
Revenue		610,949	488,773	1,572,743	1,329,227
Cost of sales and operating expenses		(615,172)	(468,239)	(1,544,624)	(1,275,056)
Other income		2,397	550	9,879	13,204
Results from operating activities		(1,826)	21,084	37,998	67,375
Interest income		526	778	1,054	2,379
Finance costs		(1,065)	(2,524)	(6,627)	(8,154)
Operating profit		(2,365)	19,338	32,425	61,600
Share of profit after tax and minority interest of equity accounted associates		7,365	4,393	20,586	19,922
Profit before tax and exceptional items		5,000	23,731	53,011	81,522
Exceptional items	4	-	-	-	-
Profit before tax		5,000	23,731	53,011	81,522
Tax expense	17	(11,301)	(5,773)	(25,350)	(15,424)
Profit for the period		(6,301)	17,958	27,661	66,098
Attributable to:					
Shareholders of the Company		(8,998)	15,543	20,301	57,346
Minority interest		2,697	2,415	7,360	8,752
Profit for the year		(6,301)	17,958	27,661	66,098
Earnings per ordinary share					
Basic (Sen)	24	(2.36)	4.03	5.34	15.18
Diluted (Sen)	24	(2.30)	3.90	5.21	14.67

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
(Company No : 12737-K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (3RD 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
At 1 January 2008	191,783	(4,669)	7,674	7,976	183,699	386,463	74,692	461,155
Share option exercised	4,537	-	92	-	-	4,629	429	5,058
Share-based payments	-	-	1,662	-	-	1,662	118	1,780
Shares repurchased	-	(892)	-	-	-	(892)	-	(892)
Dilution of interest in subsidiary	-	-	-	-	-	-	110	110
Exchange differences on translation of the financial statements of foreign entities	-	-	-	4,322	-	4,322	114	4,436
Dividends to shareholders	-	-	-	-	(13,006)	(13,006)	-	(13,006)
Dividends to minority interests	-	-	-	-	-	-	(1,756)	(1,756)
Profit for the year	-	-	-	-	57,346	57,346	8,752	66,098
At 30 September 2008	<u>196,320</u>	<u>(5,561)</u>	<u>9,428</u>	<u>12,298</u>	<u>228,039</u>	<u>440,524</u>	<u>82,459</u>	<u>522,983</u>
At 1 January 2009	196,469	(5,561)	39,121	11,735	199,654	441,418	87,629	529,047
Share options exercised	2,086	-	34	-	-	2,120	1,246	3,366
Realisation of translation reserve	-	-	-	2,219	(2,219)	-	-	-
Share-based payments	-	-	561	-	-	561	122	683
Exchange differences on translation of the financial statements of foreign entities	-	-	-	3,813	-	3,813	4,747	8,560
Dividends to shareholders	-	-	-	-	(7,399)	(7,399)	-	(7,399)
Dividends to minority interests	-	-	-	-	-	-	(1,854)	(1,854)
Profit for the year	-	-	-	-	20,301	20,301	7,360	27,661
At 30 September 2009	<u>198,555</u>	<u>(5,561)</u>	<u>39,716</u>	<u>17,767</u>	<u>210,337</u>	<u>460,814</u>	<u>99,250</u>	<u>560,064</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
(Company No : 12737-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009 (3RD QUARTER)

	Unaudited YTD 30.9.2009 RM'000	Audited YTD 30.9.2008 RM'000
Operating profit before interest, depreciation, amortisation and taxation	110,802	143,048
Net changes in working capital	184,424	(195,942)
Net income taxes paid	(17,972)	(8,136)
Net cash generated from / (used in) operating activities	277,254	(61,030)
Net cash used in investing activities	(41,340)	(83,029)
Net cash (used in) / generated from financing activities	(264,214)	372,972
Net (decrease) / increase in cash and cash equivalents	(28,300)	228,913
Cash and cash equivalents at 1 January	208,522	149,239
Currency translation differences	6,379	(4,776)
Cash and cash equivalents at 30 September	186,601	373,376

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

	30.9.2009 RM'000	30.9.2008 RM'000
Cash and bank balances	102,757	198,939
Deposits placed with licensed banks	90,774	179,141
Cash and cash equivalents per balance sheet	193,531	378,080
Bank overdrafts	(6,930)	(4,704)
	186,601	373,376

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
(Company No : 12737-K)
(Incorporated in Malaysia)

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2009 (3RD 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 4,112,250 new ordinary shares of RM0.50 each, pursuant to the exercise of the Employees' Share Option Scheme.

7. DIVIDEND

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

A first and final dividend of 5% less 25% tax per ordinary share of RM0.50 each totaling RM7.4 million in respect of the year ended 31 December 2008 was paid on 17 September 2009.

8. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	9 months ended 30.9.2009	
	Revenue RM'000	Profit before tax RM'000
Infrastructure construction	955,868	(23,820)
Cranes	364,342	23,116
Marine ship repair and ship building	252,533	38,238
Concession	-	15,477
	<u>1,572,743</u>	<u>53,011</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>166,251</u>
--	---------------------------------

13. COMPARISON WITH PRECEDING QUARTER RESULTS (Q3 2009 vs. Q2 2009)

The Group recorded a consolidated revenue of RM610.95 million for the quarter under review as compared to RM580.60 million consolidated revenue in the last quarter, represents an increase of 5%.

The consolidated profit before tax of RM5.00 million posted for the current quarter under review is lower than the consolidated profit before tax of RM24.50 million achieved in the previous quarter. This was mainly due to loss incurred by Infrastructure Construction division, arising from the costs overrun suffered in Yemen LNG jetty project caused by higher cost at final stage of completion and prolongation cost incurred under difficult weather condition.

The Shipyard division's profit before tax was improved due to delivery of vessels ahead of schedules.

14. REVIEW OF GROUP PERFORMANCE (YTD Q3 2009 vs. YTD Q3 2008)

The Group recorded a higher consolidated revenue of RM1.57 billion for the current 9 months period as compared to RM1.33 billion consolidated revenue for the corresponding period ended 30 September 2008 mainly due to increase in revenue contribution from Infrastructure Construction division and Shipyard divisions.

The consolidated profit before tax decreased by 35%, from RM81.52 million from the corresponding 9 months of RM53.10 million for the current quarter. The Infrastructure Construction division posted a loss before tax of RM23.82 million for the 9 months period mainly due to cost overrun for Yemen LNG Jetty works. However, the Shipyard and Crane division have posted a higher profit before tax of RM38.24 million and RM23.12 million respectively for the current 9 months period due to margin improvement with higher operational efficiency achieved.

15. GROUP'S CURRENT YEAR PROSPECT

a) Secured Order Book

As at 15 November 2009, the total outstanding secured order book in hand of the Group is RM3.60 billion, comprises of RM2.35 billion from Infrastructure Construction Division, RM495 million from Cranes Division and RM757 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 indicates sign of recovery. The Group will continuously take appropriate measures to remain competitive.

16. PROFIT FORECAST

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

17. TAXATION

	Current Quarter 30.9.2009 RM'000	Cumulative Qtr To date 30.9.2009 RM'000
Corporate tax expense		
Malaysia - current	(4,127)	(5,239)
Overseas - current	(4,097)	(13,996)
	(8,224)	(19,235)
Deferred tax expense		
Malaysia - current	(3,077)	(6,115)
Overseas - current	-	-
	(3,077)	(6,115)
Total tax expense	(11,301)	(25,350)

The Group's effective tax rate for the current period is higher than the statutory tax rate mainly due to no tax loss set off available for projects and operational units among different countries.

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 May 2010 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	13,734	13,734
	Sub- total		13,734
Unsecured	RM	58,487	58,487
	USD	3,786	12,616
	AUD	912	2,779
	Sub- total		73,882
b) Hire purchase and finance lease	RM	377	377
	DKK	390	267
	Sub- total		644
Total Short Term Borrowings			88,260
a) Long term borrowings			
Secured	RM	101,425	101,425
	Sub-total		101,425
Unsecured	RM	43,617	43,617
	USD	5,570	19,414
	Sub-total		63,031
b) Hire purchase and finance lease	RM	310	310
	DKK	1,514	1,035
	Sub-total		1,345
Total Long Term Borrowings			165,801
Total borrowings			254,061

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:

	Principal Foreign Currency Amount '000	Equivalent Currency '000
Sell: US Dollar	USD 202,954	RM718,464
EURO Dollar	EUR 23,336	RM117,878
SG Dollar	SGD 10,400	RM25,256
US Dollar	USD 12,165	AUD 14,121
Buy: EURO Dollar	EUR 20,916	RM100,825
GB Pound	GBP 295	RM1,719
Norwegian Kroner	NOK 131,382	RM73,610

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 23 November 2009, except for the following:-

i. Litigation against the Company, Favelle Favco Berhad ("FFB") and Favelle Favco Cranes (USA) Inc ("FFU")

Supreme Court of the State of New York

The Suits against the Company and its subsidiary Favelle Favco Berhad ("FFB") and 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, as previously reported remain ongoing. The Company, FFB and FFU intend to vigorously defend the same.

ii. Commencement of Arbitration by the Company against Gerbang Perdana Sdn Bhd Kuala Lumpur Regional Center for Arbitration

The Company has commenced arbitration proceedings against Gerbang Perdana Sdn Bhd ("GPSB") in respect of a claim amounting to approximately RM32.7 million with regards to the cancellation by the Government of Malaysia of the Gerbang Selatan Bersepadu Road Bridge, Rail Bridge and Associated Works at Johor Bahru – Road Bridge (Marine Approach) project.

24. EARNINGS PER SHARE ("EPS")

a) Basic EPS

	Basic EPS		Diluted EPS	
	Current	Cumulative	Current	Cumulative
	Qtr Ended	Qtr YTD	Qtr Ended	Qtr YTD
	30.9.2009	30.9.2009	30.9.2009	30.9.2009
Net profit attributable to the shareholders of the Company (RM'000)	(8,998)	20,301	(8,998)	20,301
Weighted average number of ordinary shares in issue ('000)	379,943	379,895	379,943	379,895
Effect of dilution ('000)	-	-	10,789	9,875
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	381,430	380,468	390,732	389,770
EPS (Sen)	(2.36)	5.34	(2.30)	5.21

By order of the Board of Directors

Company Secretary

Date : 30 November 2009