

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 2009 (4TH QUARTER)

CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 31.12.2009 RM'000	AUDITED AS AT 31.12.2008 RM'000
Assets		
Property, plant and equipment	515,112	495,995
Prepaid lease payments	31,522	32,189
Investment in associates	126,222	124,209
Goodwill and other intangible assets	21,600	22,171
Other non-current assets	32,483	28,069
Total non-current assets	726,939	702,633
Receivables, deposits and prepayments	939,957	721,013
Contract work-in-progress	393,616	738,207
Inventories	202,130	215,617
Current tax assets	17,347	15,738
Cash and cash equivalents	197,385	216,730
Total current assets	1,750,435	1,907,305
Total assets	2,477,374	2,609,938
Equity		
Share capital	198,685	196,469
Reserves	252,162	244,949
Total equity attributable to shareholders of the Company	450,847	441,418
Minority interests	101,938	87,629
Total equity	552,785	529,047
Liabilities		
Payables and accruals	16,905	17,449
Loans and borrowings	171,237	116,625
Deferred tax liabilities	19,232	7,658
Total non-current liabilities	207,374	141,732
Provision, payables and accruals	802,788	735,738
Amount due to contract customers	391,511	372,912
Bills payables	416,034	679,212
Loans and borrowings	85,542	135,882
Tax liabilities	21,340	15,415
Total current liabilities	1,717,215	1,939,159
Total liabilities	1,924,589	2,080,891
Total equity and liabilities	2,477,374	2,609,938
Net assets per share attributable to shareholders of the Company (RM)	1.39	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 YEAR ENDED 31 DECEMBER 2009 (4TH QUARTER)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Revenue		613,968	704,308	2,186,711	2,033,535
Cost of sales and operating expenses		(608,223)	(739,008)	(2,152,847)	(2,014,064)
Other income		(5,463)	(7,667)	4,416	5,537
Results from operating activities		282	(42,367)	38,280	25,008
Interest income		2,826	750	3,880	3,129
Finance costs		(1,078)	(1,744)	(7,705)	(9,898)
Operating profit		2,030	(43,361)	34,455	18,239
Share of profit after tax and minority interest of equity accounted associates		3,459	6,769	24,045	26,691
Profit before tax and exceptional items		5,489	(36,592)	58,500	44,930
Exceptional items	4	-	-	-	-
Profit before tax		5,489	(36,592)	58,500	44,930
Tax expense	17	(2,866)	5,365	(28,216)	(10,059)
Profit for the period		2,623	(31,227)	30,284	34,871
Attributable to:					
Shareholders of the Company		(6,333)	(35,546)	13,968	21,800
Minority interest		8,956	4,319	16,316	13,071
Profit for the year		2,623	(31,227)	30,284	34,871
Earnings per ordinary share					
Basic (Sen)	24	(1.61)	(9.09)	3.66	5.64
Diluted (Sen)	24	(1.58)	(8.82)	3.58	5.44

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 YEAR ENDED 31 DECEMBER 2009 (4TH 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								
- as previously reported	191,783	(4,669)	7,674	7,976	183,699	386,463	74,692	461,155
- effect of adopting revised FRS 112	-	-	-	-	7,160	7,160	-	7,160
At 1 January 2007, restated	191,783	(4,669)	7,674	7,976	190,859	393,623	74,692	468,315
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
Exchange differences on translation of the financial statements of foreign entities	-	-	-	3,759	-	3,759	(1,773)	1,986
Dividends to shareholders	-	-	-	-	(13,005)	(13,005)	-	(13,005)
Dividends to minority interests	-	-	-	-	-	-	(5,534)	(5,534)
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)
Profit for the year	-	-	-	-	21,800	21,800	13,071	34,871
At 31 December 2008	<u>196,469</u>	<u>(5,561)</u>	<u>39,121</u>	<u>11,735</u>	<u>199,654</u>	<u>441,418</u>	<u>87,629</u>	<u>529,047</u>
At 1 January 2009	196,469	(5,561)	39,121	11,735	199,654	441,418	87,629	529,047
Share options exercised	2,216	-	110	-	-	2,326	33	2,359
Realisation of translation reserve	-	-	-	2,219	(2,219)	-	-	-
Share-based payments	-	-	1,327	-	-	1,327	137	1,464
Exchange differences on translation of the financial statements of foreign entities	-	-	-	1,356	-	1,356	4,182	5,538
Revaluation of property, plant and equipment	-	-	(2,149)	-	-	(2,149)	(1,631)	(3,780)
Dividends to shareholders	-	-	-	-	(7,399)	(7,399)	-	(7,399)
Dividends to minority interests	-	-	-	-	-	-	(4,679)	(4,679)
Acquisition of minority interest	-	-	-	-	-	-	(49)	(49)
Profit for the year	-	-	-	-	13,968	13,968	16,316	30,284
At 31 December 2009	198,685	(5,561)	38,409	15,310	204,004	450,847	101,938	552,785

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (4TH QUARTER)

	Unaudited YTD 31.12.2009 RM'000	Audited YTD 31.12.2008 RM'000
Operating profit before interest, tax, depreciation and amortisation	128,951	129,923
Net changes in working capital	197,258	(202,753)
Net income taxes paid	(20,217)	(18,774)
Net cash generated from/(used in) operating activities	305,992	(91,604)
Net cash used in investing activities	(36,493)	(121,486)
Net cash (used in)/generated from financing activities	(290,518)	274,056
Net (decrease)/increase in cash and cash equivalents	(21,019)	60,966
Cash and cash equivalents at 1 January	208,522	149,239
Currency translation differences	7,100	(1,683)
Cash and cash equivalents at 31 December	194,603	208,522

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

	31.12.2009 RM'000	31.12.2008 RM'000
Cash and bank balances	144,936	108,363
Deposits placed with licensed banks	52,449	108,367
Cash and cash equivalents per balance sheet	197,385	216,730
Bank overdrafts	(2,782)	(8,208)
	194,603	208,522

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 YEAR ENDED 31 DECEMBER 2009 (4TH 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 audit 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 financial statements 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 4,433,250 new ordinary shares of RM0.50 each, pursuant to the exercise of the Employees' Share Option Scheme.

7. DIVIDEND PAYMENT

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:

	year ended 31.12.2009	
	Revenue RM'000	Profit before tax RM'000
Infrastructure construction	1,354,574	(38,109)
Cranes	534,293	35,220
Marine ship repair and ship building	297,844	43,106
Concession	-	18,283
	<u>2,186,711</u>	<u>58,500</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 material 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>192,828</u>
--	---------------------------------

13. COMPARISON WITH PRECEDING QUARTER RESULTS (Q4 2009 vs. Q3 2009)

The Group recorded a similar consolidated revenue of RM614.0 million for the quarter under review as compared to RM610.9 million consolidated revenue in the last quarter. The consolidated profit before tax of RM5.5 million for the current quarter under review was 10% higher than the previous quarter of RM5.0 million.

14. REVIEW OF GROUP PERFORMANCE (YTD Q4 2009 vs. YTD Q4 2008)

The Group registered a higher consolidated revenue of RM2.19 billion for the year ended 31 December 2009, represents an increase of 8% from RM2.03 billion recorded in the previous corresponding period ended 31 December 2008. The increase is attributed to higher turnover from the Infrastructure Construction and Shipyard Division.

The Group reported a higher consolidated profit before tax of RM58.50 million for the current year ended 31 December 2009 as compared to the consolidated profit before tax of RM44.9 million in last year, represents an increase of 29%. This was mainly attributed to the improved contribution from both Cranes and Shipyard Divisions.

15. GROUP'S CURRENT YEAR PROSPECT

a) Secured Order Book

As at 18 February 2010, the total outstanding secured order book in hand of the Group is RM3.12 billion, comprises of RM2.00 billion from Infrastructure Construction Division, RM418 million from Cranes Division and RM702 million from Shipyard Division. These outstanding secured order books will take us into 2013.

b) Current Year Prospect

The global economy remain volatile and challenging. The Group will endeavor to execute and deliver the order book in hand while striving to replenish the order book in line with the forthcoming recovery.

16. PROFIT FORECAST

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

17. TAXATION

	Current Quarter 31.12.2009 RM'000	Cumulative Qtr To date 31.12.2009 RM'000
Corporate tax expense		
Malaysia - current	2,447	(2,792)
Overseas - current	(2,821)	(16,817)
	(374)	(19,609)
Deferred tax expense		
Malaysia - current	(3,992)	(10,107)
Overseas - current	1,500	1,500
	(2,492)	(8,607)
Total tax expense	<u>(2,866)</u>	<u>(28,216)</u>

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 approved by Securities Commission to be extended to 23 May 2010 to implement the proposals.

21. GROUP BORROWINGS AND DEBT SECURITIES

		Foreign Currency		RM'000
		Currency	Amount	
a) Short term borrowings				
	Secured	RM	17,301	17,301
		Sub- total		17,301
	Unsecured	RM	52,689	52,689
		USD	3,865	13,282
		AUD	532	1,633
		PESO	196	15
		Sub- total		67,619
b) Hire purchase and finance lease		RM	349	349
		DKK	412	273
		Sub- total		622
Total Short Term Borrowings				85,542
a) Long term borrowings				
	Secured	RM	111,410	111,410
		Sub-total		111,410
	Unsecured	RM	42,242	42,242
		USD	4,775	16,409
		Sub-total		58,651
b) Hire purchase and finance lease		RM	253	253
		DKK	1,393	923
		Sub-total		1,176
Total Long Term Borrowings				171,237
Total borrowings				256,779

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 181,631	RM635,693
EURO Dollar	EUR 27,336	RM133,636
SG Dollar	SGD 7,000	RM17,016
US Dollar	USD 8,320	AUD 9,236
Buy: EURO Dollar	EUR 14,511	RM71,574
GB Pound	GBP 280	RM1,643
Norwegian Kroner	NOK 131,382	RM73,591

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 18 February 2010, 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 Qtr Ended 31.12.2009	Cumulative Qtr YTD 31.12.2009	Current Qtr Ended 31.12.2009	Cumulative Qtr YTD 31.12.2009
Net profit attributable to the shareholders of the Company (RM'000)	(6,333)	13,968	(6,333)	13,968
Weighted average number of ordinary shares in issue ('000)	392,747	381,397	392,747	381,397
Effect of dilution ('000)	-	-	8,805	8,805
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	392,747	381,397	401,552	390,202
EPS (Sen)	(1.61)	3.66	(1.58)	3.58

25 PROPOSED DIVIDEND

The Directors have recommended a first and final dividend of 5% less 25% tax per ordinary share of RM0.50 each totaling approximately RM7.4 million in respect of the financial year ended 31 December 2009, which is subject to approval by the shareholders at the forthcoming Annual General Meeting.

By order of the Board of Directors
Company Secretary
Date : 25 February 2010