

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

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED AS AT 30.06.2012 RM'000</b>	<b>AUDITED AS AT 31.12.2011 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	789,267	764,381
Investment in associates	158,970	141,853
Goodwill and other intangible assets	-	-
Other non-current assets	19,703	20,714
<b>Total non-current assets</b>	<b>967,940</b>	<b>926,948</b>
Receivables, deposits and prepayments	928,577	891,074
Amount due from contract customers	435,250	536,876
Inventories	196,157	202,965
Current tax assets	1,901	1,381
Derivative assets	457	6,438
Cash and cash equivalents	337,751	323,241
<b>Total current assets</b>	<b>1,900,093</b>	<b>1,961,975</b>
<b>Total assets</b>	<b>2,868,033</b>	<b>2,888,923</b>
<b>Equity</b>		
Share capital	204,107	204,107
Reserves	349,047	311,286
<b>Total equity attributable to owners of the Company</b>	<b>553,154</b>	<b>515,393</b>
<b>Non-controlling interests</b>	<b>138,487</b>	<b>124,583</b>
<b>Total equity</b>	<b>691,641</b>	<b>639,976</b>
<b>Liabilities</b>		
Payables and accruals	15,118	14,970
Loans and borrowings	223,044	234,264
Deferred tax liabilities	46,942	46,492
<b>Total non-current liabilities</b>	<b>285,104</b>	<b>295,726</b>
Provision, payables and accruals	639,862	739,558
Amount due to contract customers	335,019	289,936
Bills payables	715,114	698,705
Derivative liabilities	4,072	-
Loans and borrowings	191,459	215,523
Tax liabilities	5,762	9,499
<b>Total current liabilities</b>	<b>1,891,288</b>	<b>1,953,221</b>
<b>Total liabilities</b>	<b>2,176,392</b>	<b>2,248,947</b>
<b>Total equity and liabilities</b>	<b>2,868,033</b>	<b>2,888,923</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.36</b>	<b>1.27</b>

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

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(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Revenue		625,336	513,102	1,044,539	907,438
Cost of sales and operating expenses		(605,283)	(493,038)	(1,009,989)	(869,467)
Other income		6,543	1,774	10,351	5,279
<b>Results from operating activities</b>		<b>26,596</b>	<b>21,838</b>	<b>44,901</b>	<b>43,250</b>
Interest income		1,026	1,733	2,018	2,565
Finance costs		(6,710)	(7,533)	(11,760)	(11,828)
<b>Operating profit</b>		<b>20,912</b>	<b>16,038</b>	<b>35,159</b>	<b>33,987</b>
Share of profit after tax and minority interest of equity accounted associates		7,914	7,250	18,364	14,384
<b>Profit before tax</b>		<b>28,826</b>	<b>23,288</b>	<b>53,523</b>	<b>48,371</b>
Tax expense	19.	(2,075)	(5,890)	(5,659)	(11,510)
<b>Profit for the period</b>		<b>26,751</b>	<b>17,398</b>	<b>47,864</b>	<b>36,861</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		2,217	2,454	(758)	3,258
<b>Other comprehensive income for the period</b>		<b>2,217</b>	<b>2,454</b>	<b>(758)</b>	<b>3,258</b>
<b>Total comprehensive income for the period</b>		<b>28,968</b>	<b>19,852</b>	<b>47,106</b>	<b>40,119</b>
<b>Profit attributable to:</b>					
Owners of the Company		17,057	13,817	33,583	32,017
Non-controlling interests		9,694	3,581	14,281	4,844
<b>Profit for the period</b>		<b>26,751</b>	<b>17,398</b>	<b>47,864</b>	<b>36,861</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		20,292	12,766	33,622	33,707
Non-controlling interests		8,676	7,086	13,484	6,412
<b>Total comprehensive income for the period</b>		<b>28,968</b>	<b>19,852</b>	<b>47,106</b>	<b>40,119</b>
<b>Earnings per ordinary share</b>					
Basic (Sen)	23.	4.20	3.46	8.26	8.04
Diluted (Sen)	23.	4.04	3.36	7.96	7.80

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

	Attributable to shareholders of the Company				Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non- controlling interests 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				
<b>At 1 January 2011</b>								
As previously stated	199,196	(5,561)	128,850	(1,266)	130,295	451,514	107,551	559,065
Effect of adopting MFRS	-	-	-	1,266	(1,266)	-	-	-
<b>At 1 January 2011, restated</b>	199,196	(5,561)	128,850	-	129,029	451,514	107,551	559,065
Foreign currency translation differences for foreign operations	-	-	-	1,690	-	1,690	1,568	3,258
Profit for the period	-	-	-	-	32,017	32,017	4,844	36,861
Total comprehensive income for the period	-	-	-	1,690	32,017	33,707	6,412	40,119
Share option exercised	4,840	-	97	-	-	4,937	1,297	6,234
Share option forfeited	-	-	(289)	-	-	(289)	(240)	(529)
Dilution of interest in subsidiary	-	-	-	-	-	-	517	517
Dividends to non-controlling interest	-	-	-	-	-	-	(1,103)	(1,103)
<b>At 30 June 2011, as restated</b>	<u>204,036</u>	<u>(5,561)</u>	<u>128,658</u>	<u>1,690</u>	<u>161,046</u>	<u>489,869</u>	<u>114,434</u>	<u>604,303</u>
<b>At 1 January 2012</b>								
As previously stated	204,107	(5,561)	130,392	2,074	184,381	515,393	124,583	639,976
Share option forfeited	-	-	(604)	-	604	-	-	-
Effect of adopting MFRS	-	-	-	1,266	(1,266)	-	-	-
<b>At 1 January 2012, restated</b>	204,107	(5,561)	129,788	3,340	183,719	515,393	124,583	639,976
Foreign currency translation differences for foreign operations	-	-	-	39	-	39	(797)	(758)
Profit for the period	-	-	-	-	33,583	33,583	14,281	47,864
Total comprehensive income for the period	-	-	-	39	33,583	33,622	13,484	47,106
Share-based payments	-	-	4,139	-	-	4,139	420	4,559
<b>At 30 June 2012</b>	<u>204,107</u>	<u>(5,561)</u>	<u>133,927</u>	<u>3,379</u>	<u>217,302</u>	<u>553,154</u>	<u>138,487</u>	<u>691,641</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

	Unaudited YTD 30.6.2012 RM'000	Unaudited YTD 30.6.2011 RM'000
<b>Profit before tax</b>	<b>53,523</b>	48,371
Adjustment for:		
Amortisation of development costs	1,026	891
Amortisation of land held for development	55	19
Depreciation of investment properties	8	8
Depreciation of property, plant and equipment	23,318	18,487
Fair value adjustment on derivative instruments	10,053	24,629
Finance costs	25,459	19,979
(Gain)/ loss on disposal of property, plant and equipments	(1,399)	(989)
Impairment loss on receivables	-	1,887
Reversal of impairment loss on receivables	(1,226)	(2,337)
Interest income	(2,018)	(2,565)
Property, plant and equipment written off	197	2,198
Provision for warranties	2,246	386
Reversal of impairment on other investment	-	(41)
Reversal of provision for warranties	(398)	(3,703)
Share based payment	4,559	(529)
Share of profit of associates	(18,364)	(14,384)
Write-down of inventories	-	1,852
<b>Operating profit before changes in working capital</b>	<b>97,039</b>	94,159
Receivables, deposits and prepayments	(46,253)	131,038
Inventories	6,808	(9,622)
Payables and accruals	(101,594)	(274,282)
Amount due to/ (from) contract customers	146,709	245,468
<b>Cash generated from/ (used in) operations</b>	<b>102,709</b>	186,761
Net income taxes paid	(9,122)	(10,259)
<b>Net cash generated from/(used in) operating activities</b>	<b>93,587</b>	176,502
<b>Cash flows from investing activities</b>		
Additions to development expenditures	-	(879)
Acquisition of non-controlling interest	-	(464)
Dividend received from associates	4,200	8,200
Investment in associates	(2,447)	(223)
Interest received	1,989	1,911
Proceed from disposal of property, plant and equipment	7,118	2,532
Purchase of property, plant and equipment	(43,658)	(159,160)
Purchase of other non-currents assets	-	(500)
<b>Net cash used in investing activities</b>	<b>(32,798)</b>	(148,583)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

(cont'd)

	<b>Unaudited YTD 30.6.2012 RM'000</b>	<b>Unaudited YTD 30.6.2011 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interest	-	(1,103)
Interest paid	(25,420)	(19,276)
Proceed from exercise of share options	-	4,937
Proceed from issuance of shares to non-controlling interests	-	1,298
Net drawdown/ (repayment) of loans and borrowings	(24,321)	109,045
<b>Net cash generated from financing activities</b>	<b>(49,741)</b>	<b>94,901</b>
<b>Currency translation differences</b>	<b>(1,984)</b>	<b>5,500</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,064</b>	<b>128,320</b>
<b>Cash and cash equivalents at 1 January</b>	<b>315,834</b>	<b>192,342</b>
<b>Cash and cash equivalents at 30 June</b>	<b>324,898</b>	<b>320,662</b>

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

	<b>30.6.2012 RM'000</b>	<b>30.6.2011 RM'000</b>
Cash and bank balances	153,061	214,556
Deposits placed with licensed banks	184,690	117,133
Cash and cash equivalents per balance sheet	337,751	331,689
Bank overdrafts	(12,853)	(11,027)
	<b>324,898</b>	<b>320,662</b>

**(The Condensed Consolidated Cash Flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying notes attached to the interim financial statements)**

**MUHIBBAH ENGINEERING (M) BHD**  
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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

**1. BASIS OF PREPARATION**

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 ("Listing Requirements"), including compliance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2011, except for the adoption of new MFRS framework.

Details of these changes in accounting policies are set out in Note 2. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

**2. CHANGES IN ACCOUNTING POLICIES**

These interim financial statements for the period ended 31 March 2012, is the first interim financial statements that the Group had prepared in accordance with MFRSs. The audited financial statements for the financial year ended 31 December 2011 were prepared under Financial Reporting Standards ("FRS"). Except for certain differences, the requirements under FRS and MFRS are similar. The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS1. The impact of the transition from FRS to MFRS are described below:

Foreign currency translation reserve ("FCTR")

At the date of transition to MFRS, the cumulative foreign currency differences of RM1,266,000 is adjusted to retained earnings. The reconciliation of equity for comparative periods and of equity at date of transition reported under FRS to those reported for periods and at the date of transition under MFRS is as follows:-

Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 1.1.2011 RM'000
Equity			
FCTR	(1,266)	1,266	-
Retained earnings	130,295	(1,266)	129,029

Reconciliation of equity as at 30 June 2011

	FRS as at 30.6.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 30.6.2011 RM'000
Equity			
FCTR	424	1,266	1,690
Retained earnings	162,312	(1,266)	161,046

## 2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

### Foreign currency translation reserve ("FCTR") (Cont'd)

#### Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 RM'000
Equity			
FCTR	2,074	1,266	3,340
Retained earnings	184,381	(1,266)	183,115

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations ("IC Int.") were in issued but not yet effective:

		<u>Effective Date</u>
• MFRS 9	Financial Instruments	1 January 2015
• MFRS 10	Consolidated Financial Statements	1 January 2013
• MFRS 11	Joint Arrangements	1 January 2013
• MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
• MFRS 13	Fair Value Measurement	1 January 2013
• MFRS 119	Employee Benefits	1 January 2013
• MFRS 127	Separate Financial Statements	1 January 2013
• MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
• Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
• Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
• Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
• IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

## 3. AUDIT REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

## 4. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

## 5. EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items affecting financial statements of the Group for the current quarter under review other than as disclosed.

## 6. 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.

## 7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review.

## 8. DIVIDEND PAYMENT

There is no dividend paid for the financial quarter under review.

## 9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Period ended 30.6.2012	
	Revenue RM'000	Profit before tax RM'000
Infrastructure construction	845,584	11,324
Cranes	334,182	30,846
Marine ship repair and ship building	72,501	15,487
Concession	-	14,466
	<hr/>	<hr/>
	1,252,267	72,123
Less: Group eliminations	(207,728)	(18,600)
	<hr/>	<hr/>
	<u>1,044,539</u>	<u>53,523</u>

## 10. 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.

## 11. MATERIAL SUBSEQUENT EVENTS

There is no material subsequent event from the end of the period to 24 August 2012.

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

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

## 13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Since the last annual balance sheet as at 31 December 2011, there were no material changes in the contingent liabilities of the Company except for the following:

Corporate guarantees for credit facilities granted to subsidiary companies	<u>RM'000</u> <u>132,553</u>
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#### **14. COMPARISON WITH PRECEDING QUARTER RESULTS (Q2 2012 vs. Q1 2012)**

The Group recorded revenue of RM625.3 million and profit before tax of RM28.8 million for the quarter ended 30 June 2012 as compared to revenue and profit before tax of RM419.2 million and RM24.7 million respectively in the preceding quarter .

This variation is mainly due to higher revenue and profit before tax generated by cranes and concession divisions.

#### **15. REVIEW OF GROUP PERFORMANCE (YTD Q2 2012 vs. YTD Q2 2011)**

The Group recorded an increase in revenue by 15% to RM1,044.5 million for 6 months period ended 30 June 2012 as compared to RM907.4 million in the corresponding quarter in the preceding year ended 30 June 2011.

The Group recorded an increase of 29.8% consolidated profit after tax to RM47.9 million for the period ended 30 June 2012 under review as compared to RM36.9million for the corresponding period ended 30 June 2011.

The better result is mainly derived from higher revenue and contribution from cranes division which generated higher sales with improvement in productivity and efficiency.

#### **16. GROUP'S CURRENT YEAR PROSPECT**

##### **a) Secured Order Book**

As at 24 August 2012, the total outstanding secured order book in hand of the Group is RM2.61 billion, comprises of RM1.82 billion from Infrastructure Construction Division, RM716 million from Cranes Division and RM70 million from Shipyard Division. These outstanding order books will take us into 2014.

##### **b) Current Year Prospect**

The Group continues its efforts to secure more projects and orders from both local and international market especially from the oil & gas, infrastructure and marine industries.

#### **17. PROFIT FORECAST**

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

## 18. OPERATING PROFIT

	<b>Current Quarter 30.6.2012 RM'000</b>	<b>Cumulative Qtr To date 30.6.2012 RM'000</b>
Operating profit is arrived at after (crediting)/charging the following:		
Depreciation and amortisation	11,266	24,407
Finance costs		
-Income statement	6,710	11,760
-contract cost	6,081	13,699
	<u>12,791</u>	<u>25,459</u>
(Gain)/loss on derivatives/ foreign exchange	1,000	2,575
(Gain)/loss on disposal of property,plant and equipment	(465)	(1,399)
Provision for and write off of inventories	(1,281)	-

## 19. TAXATION

	<b>Current Quarter 30.6.2012 RM'000</b>	<b>Cumulative Qtr To date 30.6.2012 RM'000</b>
Corporate tax expense		
Malaysia - current	(1,393)	(4,567)
Overseas - current	(152)	(574)
	<u>(1,545)</u>	<u>(5,141)</u>
Deferred tax expense		
Malaysia - current	(530)	(518)
Overseas - current	-	-
	<u>(530)</u>	<u>(518)</u>
Total tax expense	<u><u>(2,075)</u></u>	<u><u>(5,659)</u></u>

The Group's effective tax rate for the current period is lower than the statutory tax rate mainly due to tax incentive enjoyed by the crane subsidiary.

## 20. CORPORATE PROPOSALS

Save for the following proposals, there is no other proposal announced but pending implementation as at the date of this report:

On 25 June 2012, Muhibbah Engineering (M) Bhd ("MEB" or Company) announced that the Company entered into a conditional sale and purchase agreement with its listed subsidiary, Favelle Favco Berhad ("FFB") for the proposed disposal of a crane fabrication yard comprising freehold industrial land, buildings and improvements, located at No.28, Yarrunga Street, Prestons, New South Wales, 2170 Australia with a total land area measuring approximately 11.6 acres ("Property") to FFB for a total disposal consideration of AUD15,000,000 to be fully satisfied via the allotment and issuance of 31,678,743 new ordinary shares of RM0.50 each in FFB ("Proposed Disposal").

On 3 July 2012, the Company had submitted the valuation report of the Property in relation to the Proposed Disposal to Bursa Malaysia Securities Sdn Bhd ("Bursa Securities").

Subsequently, on 17 August 2012, the Company and TA Securities Holdings Berhad, the Independent Adviser ("IA") to the non-interested shareholders of the Company had submitted the draft circular and the Independent Advice Letter in relation to the Proposed Disposal for the perusal of Bursa Securities.

## 21. GROUP BORROWINGS AND DEBT SECURITIES

		<b>Foreign Currency</b>		<b>RM'000</b>
		<b>Currency</b>	<b>Amount</b>	
a) Short term borrowings				
	Secured	RM	17,980	17,980
		AUD	-	-
		Sub- total		17,980
	Unsecured	RM	163,405	163,405
		USD	947	3,028
		SGD	2,727	6,810
		Sub- total		173,243
b) Hire purchase and finance lease		RM	51	51
		DKK	346	185
		Sub- total		236
<b>Total Short Term Borrowings</b>				<b>191,459</b>
a) Long term borrowings				
	Secured	RM	64,430	64,430
		Sub-total		64,430
	Unsecured	RM	158,491	158,491
		Sub-total		158,491
b) Hire purchase and finance lease		RM	18	18
		DKK	196	105
		Sub-total		123
<b>Total Long Term Borrowings</b>				<b>223,044</b>
<b>Total borrowings</b>				<b>414,503</b>

## 22. MATERIAL LITIGATION

The ongoing material litigation of the Group are as follow:

### i. QSA Marine Logistics Pte Ltd ("QSA") v MEB

The Arbitration proceedings against the Company commenced by QSA (disponent owners of the barge) in Singapore and third party claim by the owner of the said barge against the Company in the High Court of Malaya at Shah Alam, as previously reported remain ongoing. The Company intends to vigorously defend these claims.

### ii. Muhibbah-LTAT JV (the "JV") v Government of Malaysia

The Arbitration proceedings commenced by the Joint Venture (in which the Company holds a 51% interest) against the Government of Malaysia vide the Ministry of Defence ("GOM"), as previously reported remains ongoing.

## 22. MATERIAL LITIGATION (cont'd)

### iii. Supreme Court of the State of New York

The Suits against the Company, its subsidiary Favelle Favco Berhad ("FFB") and 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.

### iv. Supreme Court of the State of New York, Country of New York

The Suits against Favelle Favco Cranes (USA) Inc ("FFU"), commenced by Mr. Robert Pararella ("the Plaintiff") in the Supreme Court of the State of New York, as previously reported remain ongoing. FFU intend to vigorously defend the same.

### v. Muhibbah Engineering (M) Bhd ("Muhibbah") v ZAQ Construction Sdn Bhd ("ZAQ")

The Suit commenced by the Company against ZAQ, as previously reported remains ongoing.

## 23. EARNINGS PER SHARE ("EPS")

### a) Basic EPS

	Basic EPS		Diluted EPS	
	Current	Cumulative	Current	Cumulative
	30.6.2012		30.6.2012	
Net profit attributable to the owners of the Company (RM'000)	17,057	33,583	17,057	33,583
Weighted average number of ordinary shares in issue ('000)	406,430	406,430	406,430	406,430
Effect of dilution:				
Share options ('000)	-	-	10,556	10,556
Warrants ('000)	-	-	4,853	4,853
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	406,430	406,430	421,839	421,839
EPS (Sen)	4.20	8.26	4.04	7.96

## 24. REALISED AND UNREALISED PROFITS/LOSSES

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits/ (accumulated losses) of Muhibbah Engineering (M) Bhd and its subsidiaries:		
- Realised	219,080	166,174
- Unrealised	(22,733)	(18,710)
	196,347	147,464
Total retained profits/ (accumulated losses) from associated companies:		
- Realised	95,478	81,285
- Unrealised	(589)	(561)
	94,889	80,724
Less: Consolidation adjustments	(73,934)	(43,807)
Total Group retained profits	217,302	184,381

## 25. ASIA PETROLEUM HUB PROJECT ("APH")

Muhibbah has taken legal action against ZAQ Construction Sdn Bhd ("ZAQ"), the main contractor for APH project to recover certified claims related to work done for the APH project. The case is now pending trial. Muhibbah has a direct corporate guarantee from APH for payment for work done. As at 31 December 2011, Muhibbah has total claims for work done duly certified of RM 400 million and a claim for uncertified sums of RM7.5 million. The company has made provision of RM 160 million as at balance sheet date.

Legal opinions from solicitors indicate that the Company to continue its efforts to pursue actions against relevant parties for recovery of debts.

## 26. COMPARATIVE FIGURES

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

## 27. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 August 2012.

**By order of the Board of Directors**

**Company Secretary**

**Date : 30 August 2012**