2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Surpluses arising from revaluation are dealt with in the revaluation reserves account. Any deficit arising is offset against the revaluation reserves to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

	2014	**2013**
Buildings	50 years	50 years
Furniture, fittings and equipment	10 years	10 years
Renovation	10 years	10 years
Plant and machinery	3 years – 17 years	3 years – 17 years
Motor vehicles	5 years	5 years
Yard infrastructure	10 years	10 years
Computers	3 years	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under an operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity-accounted associate and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associate and joint venture.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Amortisation of other intangible assets is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

	2014	2013
• License fees	3 years	3 years
• Development costs	20 years	-

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(h) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(h) Construction work-in-progress (continued)

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the trade and other payables in the statement of financial position.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investments in an associate and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is not redeemable, or is redeemable but only at the Company's option, and any dividend is discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the preference share holders, of if dividends are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies (continued)

(l) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue and other income

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to completion of a physical proportion of contract works.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continued)

(p) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director and Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(s) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Long term leasehold land and buildings RM	Yard infra-structure RM	Plant and machinery RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Cost/Valuation									
At 1 January 2013	99,049,998	20,954,114	20,829,684	1,433,311	1,018,594	935,026	7,002,956	-	151,223,683
Additions	2,621,502	3,734,872	27,913,929	1,018,485	-	378,275	1,001,480	28,499,501	65,168,044
Transferred from assets held for sale	-	-	-	-	-	-	-	289,278,260	289,278,260
At 31 December 2013/ 1 January 2014	101,671,500	24,688,986	48,743,613	2,451,796	1,018,594	1,313,301	8,004,436	317,777,761	505,669,987
Additions	-	7,609,746	7,445,827	305,064	-	564,904	1,019,158	89,636,331	106,581,030
Disposal	-	-	-	-	-	(190,000)	-	-	(190,000)
At 31 December 2014	101,671,500	32,298,732	56,189,440	2,756,860	1,018,594	1,688,205	9,023,594	407,414,092	612,061,017
Accumulated depreciation									
At 1 January 2013	-	-	754,781	393,350	210,889	555,454	2,299,418	-	4,213,892
Depreciation for the year	2,136,177	2,393,109	2,498,095	236,381	99,517	116,284	1,387,936	-	8,867,499
At 31 December 2013/ 1 January 2014	2,136,177	2,393,109	3,252,876	629,731	310,406	671,738	3,687,354	-	13,081,391
Depreciation for the year	2,186,616	3,150,248	5,018,347	431,149	110,348	262,765	1,653,479	-	12,812,952
Disposal	-	-	-	-	-	(189,999)	-	-	(189,999)
At 31 December 2014	4,322,793	5,543,357	8,271,223	1,060,880	420,754	744,504	5,340,833	-	25,704,344
Carrying amounts									
At 1 January 2013	99,049,998	20,954,114	20,074,903	1,039,961	807,705	379,572	4,703,538	-	147,009,791
At 31 December 2013/ 1 January 2014	99,535,323	22,295,877	45,490,737	1,822,065	708,188	641,563	4,317,082	317,777,761	492,588,596
At 31 December 2014	97,348,707	26,755,375	47,918,217	1,695,980	597,840	943,701	3,682,761	407,414,092	586,356,673

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Total RM
Cost					
At 1 January 2013	1,022,654	1,018,594	326,065	256,462	2,623,775
Additions	30,318	-	352,275	18,900	401,493
At 31 December 2013/1 January 2014	1,052,972	1,018,594	678,340	275,362	3,025,268
Additions	205,710	-	557,554	665,830	1,429,094
Disposal	-	-	(190,000)	-	(190,000)
At 31 December 2014	1,258,682	1,018,594	1,045,894	941,192	4,264,362
Accumulated depreciation					
At 1 January 2013	205,556	217,035	297,564	233,872	954,027
Depreciation for the year	76,456	93,371	28,499	11,322	209,648
At 31 December 2013/1 January 2014	282,012	310,406	326,063	245,194	1,163,675
Depreciation for the year	149,333	110,348	185,979	123,850	569,510
Disposal	-	-	(189,999)	-	(189,999)
At 31 December 2014	431,345	420,754	322,043	369,044	1,543,186
Carrying amounts					
At 1 January 2013	817,098	801,559	28,501	22,590	1,669,748
At 31 December 2013/1 January 2014	770,960	708,188	352,277	30,168	1,861,593
At 31 December 2014	827,337	597,840	723,851	572,148	2,721,176

3. Property, plant and equipment (continued)

3.1 Security

At 31 December 2014, the capital work-in-progress with a carrying value of RM301,836,694 (2013: RM289,278,260) is charged to the banks for the sukuk facilities granted to a subsidiary. (Note 13)

At 31 December 2014, the long term leasehold land and buildings with a carrying amount of RM97,348,707 (2013: RM99,535,323) are charged to the banks for the sukuk facilities granted to a subsidiary. (Note 13)

3.2 Properties under the revaluation model

The long term leasehold land and buildings and yard infrastructure were revalued based on valuation carried out on 5 December 2012 by an independent registered professional valuer using the open market valuation method.

Had the long term leasehold land and buildings and yard infrastructure been carried under the cost model, their carrying amounts would have been RM64,246,223 (2013: RM65,684,086) and RM20,068,177 (2013: RM21,274,866) respectively.

3.3 Assets under finance lease agreements

Included in property, plant and equipment of the Group and of the Company are motor vehicles acquired under finance lease agreements with an aggregate carrying amount of RM869,787 (2013: RM551,278) and RM723,851 (2013: RM352,275), respectively.

3.4 Capitalisation of financing costs

Included in the Group's capital work-in-progress are financing costs capitalised amounting to RM44,941,860 (2013: RM28,812,758).

3.5 Long term leasehold land and buildings

The long term leasehold land and buildings have an unexpired lease period of more than 50 years.

4. Intangible assets

	Group		
	License fees RM	*Development costs* RM	*Total* RM
Cost			
At 1 January 2013	96,321	-	96,321
Additions during the year	12,344	-	12,344
At 31 December 2013/1 January 2014	108,665	-	108,665
Additions during the year	-	521,604	521,604
At 31 December 2014	108,665	521,604	630,269
Accumulated amortisation			
At 1 January 2013	25,323	-	25,323
Amortisation for the year	28,068	-	28,068
At 31 December 2013/1 January 2014	53,391	-	53,391
Amortisation for the year	35,911	14,226	50,137
At 31 December 2014	89,302	14,226	103,528
Carrying amounts			
At 1 January 2013	70,998	-	70,998
At 31 December 2013/1 January 2014	55,274	-	55,274
At 31 December 2014	19,363	507,378	526,741

5. Investments in subsidiaries

	Company	
	2014 RM	**2013** RM
At cost:		
Unquoted shares	330,636,707	301,600,013
Less: Accumulated impairment losses	(231,000,007)	(231,000,007)
	99,636,700	70,600,006

5. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	2013 %
THHE Fabricators Sdn. Bhd.	Malaysia	Fabrication of offshore oil and gas related structure works	70	70
O & G Works Sdn. Bhd.	Malaysia	Manufacturing and maintenance of offshore cranes	100	100
THHE Offshore Services Sdn. Bhd.	Malaysia	Provision of services such as maintenance at offshore workplace, hook-up and commissioning offshore punch list coordination	70	70
Globe World Realty Sdn. Bhd.	Malaysia	Dormant	100	100
THHE Training Services Sdn. Bhd.	Malaysia	Dormant	100	100
THHE Optima Sdn. Bhd.	Malaysia	Dormant	100	100
Ramunia International Services Ltd.*	Hong Kong	Dormant	100	100
Floatech (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Floatech (L) Ltd.	Malaysia	Ownership in a FPSO^	80	100

* Consolidated based on management accounts for the financial year ended 31 December 2014 as it is not required to be audited. The results of the subsidiary is not significant to the Group.

^ Floating Production, Storage and Offloading vessel

5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	THHE Fabricators Sdn. Bhd. RM	THHE Offshore Services Sdn. Bhd. RM	Floatech (L) Ltd. RM	Total RM
2014				
NCI percentage of ownership interest and voting interest	30%	30%	20%	
Carrying amount of NCI	18,249,507	(4,741,918)	2,063,807	15,571,396
(Loss)/Profit allocated to NCI	(33,103,353)	(4,535,722)	179,293	(37,459,782)
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	224,773,020	-	310,305,969	535,078,989
Current assets	326,536,066	47,547,407	10,997,527	385,081,000
Non-current liabilities	(100,716,366)	-	(169,562,586)	(270,278,952)
Current liabilities	(389,717,131)	(63,352,802)	(141,545,773)	(594,615,706)
Net assets/(liabilities)	60,875,589	(15,805,395)	10,195,137	55,265,331
Year ended 31 December				
Revenue	326,765,648	66,510,746	-	393,276,394
Loss/Total comprehensive expense	(110,344,511)	(15,119,074)	-	(125,463,585)
Cash flows from operating activities	37,006,315	65,296	32,505,274	69,576,885
Cash flows from investing activities	(77,712,998)	-	(8,469,005)	(86,182,003)
Cash flows from financing activities	42,624,092	-	(13,869,060)	28,755,032
Net increase in cash and cash equivalents	1,917,409	65,296	10,167,209	12,149,914

5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries (continued)

	THHE Fabricators Sdn. Bhd. RM	Other immaterial subsidiary RM	Total RM
2013			
NCI percentage of ownership interest and voting interest	30%	30%	
Carrying amount of NCI	51,352,860	(206,196)	51,146,664
Loss allocated to NCI	(6,426,158)	(206,196)	(6,632,354)
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	195,807,535		
Current assets	255,629,962		
Non-current liabilities	(103,236,507)		
Current liabilities	(176,980,891)		
Net assets	171,220,099		
Year ended 31 December			
Revenue	257,007,873		
Profit/Total comprehensive income	10,131,516		
Cash flows from operating activities	(68,484,315)		
Cash flows from investing activities	(34,673,197)		
Cash flows from financing activities	141,525,346		
Net increase in cash and cash equivalents	38,367,834		

6. Investment in associate

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	77,926,000	77,926,000	77,926,000	77,926,000
Share of post acquisition reserves	25,247,438	4,913,072	-	-
	103,173,438	82,839,072	77,926,000	77,926,000

Details of the material associate are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2014 %	2013 %
Berlian McDermott (Malaysia) Sdn. Bhd.	Malaysia	To complement the Group's existing fabrication business by participating in the transportation and installation, shallow and deepwater in subsea, umbilical, risers and flow lines market	30	30

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	2014 RM	2013 RM
Summarised financial information as at 31 December		
Non-current assets	230,919,130	183,422,000
Current assets	55,595,394	269,512,554
Non-current liabilities	(90,580)	(86,158)
Current liabilities	(46,243,521)	(229,699,009)
Net assets	240,180,423	223,149,387

6. Investment in associate (continued)

Group	Note	2014 RM	2013 RM
Year ended 31 December			
Profit from continuing operations		52,518,039	64,928,313
Other comprehensive income		15,264,180	2,831,937
Total comprehensive income		67,782,219	67,760,250
Included in the total comprehensive income is:			
Revenue		440,701,217	1,003,409,416
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	6.1	72,054,127	51,719,761
Goodwill	6.1	31,119,311	31,119,311
Carrying amount in the statement of financial position		103,173,438	82,839,072
Group's share of results for the year ended 31 December			
Group's share of profit or loss from continuing operations		15,755,112	5,000,368
Group's share of other comprehensive income		4,579,254	(87,296)
Group's share of total comprehensive income		20,334,366	4,913,072

Other information

No dividend was received by the Group for the financial years ended 31 December 2014 and 2013.

Contingent liabilities

There were no contingent liabilities incurred jointly with the other investors as at 31 December 2014 and 2013.

6.1 Group's share of net assets and goodwill

The Group's share of net assets as of 31 December 2013 has been adjusted from RM66,944,816 as previously disclosed to RM 51,719,761 pursuant to the sale and purchase agreement on the acquisition of Berlian McDermott Sdn. Bhd. which allows for adjustments on the net assets of the associate within twelve months from the date of acquisition. Consequently, the goodwill arising from the acquisition of associate has been adjusted accordingly from RM15,894,256 as previously disclosed to RM 31,119,311. The adjustments do not have any financial impact to the Group and the Company.

7. Investment in joint venture

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	1,850,000	-	1,850,000	-
Share of post acquisition reserves*	(1,135,065)	-	-	-
	714,935	-	1,850,000	-

* Share of post-acquisition reserves of the investment in joint venture is accounted for using management accounts.

Details of the material joint venture are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2014 %	2013 %
THHE McDermott Engineering Sdn. Bhd.	Malaysia	To engage in the provision of front-end engineering and design, construction and installation services	50	-

The following table summarises the information of the joint venture, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

Group	2014 RM	2013 RM
Summarised financial information		
As at 31 December		
Non-current assets	214,255	-
Current assets	3,412,855	-
Current liabilities	(2,496,842)	-
Net assets	1,130,268	-

7. Investment in joint venture (continued)

Group	**2014 RM**	**2013 RM**
Year ended 31 December		
Loss from continuing operations	(2,270,130)	-
Other comprehensive income	-	-
Total comprehensive expense	(2,270,130)	-
Included in the total comprehensive expense is:		
Revenue	646,925	-
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	565,134	-
Goodwill	149,801	-
Carrying amount in the statement of financial position	714,935	-
Group's share of results for the year ended 31 December		
Group's share of total comprehensive loss	(1,135,065)	-

Other information

No dividend was received by the Group for the financial years ended 31 December 2014 and 2013.

Contingent liabilities

There were no contingent liabilities incurred jointly with the other investors as at 31 December 2014 and 2013.

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Taxable temporary difference	-	-	-	(125,605)	-	(125,605)
Tax loss carry-forward	9,225,000	18,467,745	-	-	9,225,000	18,467,745
Revaluation of property, plant and equipment	-	-	(9,439,049)	(9,439,049)	(9,439,049)	(9,439,049)
Deferred tax assets/(liabilities)	9,225,000	18,467,745	(9,439,049)	(9,564,654)	(214,049)	8,903,091
Set off of tax	(9,225,000)	(9,456,794)	9,225,000	9,456,794	-	-
Net tax assets/(liabilities)	-	9,010,951	(214,049)	(107,860)	(214,049)	8,903,091

Movement in temporary differences during the year

Group	**At 1.1.2013 RM**	**Recognised in profit or loss (Note 19) RM**	**At 31.12.2013/ 1.1.2014 RM**	**Recognised in profit or loss (Note 19) RM**	**At 31.12.2014 RM**
Taxable temporary difference	(125,605)	-	(125,605)	125,605	-
Tax loss carry-forward	13,767,745	4,700,000	18,467,745	(9,242,745)	9,225,000
Revaluation of property, plant and equipment	(9,439,049)	-	(9,439,049)	-	(9,439,049)
	4,203,091	4,700,000	8,903,091	(9,117,140)	(214,049)

8. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2014 RM	2013 RM
Tax losses carry-forward	270,816,000	235,273,000
Other deductible temporary differences	7,201,000	7,474,000
Property, plant and equipment	(25,905,000)	(57,154,000)
	252,112,000	185,593,000

The tax losses carry-forward and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

9. Inventories

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Raw materials and consumables	6,317,372	5,717,238	-	34,385
Recognised in profit or loss:				
Inventories recognised as cost of sales	7,554,930	12,781,616	-	-
Inventories written off	471,763	290,634	-	-
Reversal of write-down	-	(24,063)	-	-

The write-off and reversal are included in other expenses and other income respectively.

10. Trade and other receivables

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current					
Trade					
Trade receivables		55,948,339	56,983,255	-	-
Less: Impairment losses	10.1	(14,727,969)	(2,477,969)	-	-
		41,220,370	54,505,286	-	-
Amount due from contract customers	10.2	220,824,860	141,796,454	-	-
		262,045,230	196,301,740	-	-
Non-trade					
Amount due from subsidiaries	10.3	-	-	224,038,652	164,702,096
Amount due from joint venture	10.3	740,710	-	740,710	-
Other receivables	10.4	9,596,232	9,662,935	4,402,028	4,508,772
Less : Impairment losses		(9,398,060)	(9,398,060)	(4,402,028)	(4,402,028)
		198,172	264,875	-	106,744
Advances to suppliers		46,386,536	13,948,535	8,439,682	207,448
Deposits		1,411,183	903,464	455,750	538,304
		48,736,601	15,116,874	233,674,794	165,554,592
		310,781,831	211,418,614	233,674,794	165,554,592

10.1 Bad debts written off against allowance for impairment losses on the Group's trade receivables amounted to Nil (2013: RM206,805).

10. Trade and other receivables (continued)

10.2 Amount due from contract customers

	Note	2014 RM	2013 RM
Aggregate costs incurred to date		1,023,619,273	586,693,009
Add: Attributable profits		107,978,068	142,690,886
		1,131,597,341	729,383,895
Less: Progress billings		(911,008,596)	(588,288,735)
		220,588,745	141,095,160
Amount due to contract customers	14	236,115	701,294
Amount due from contract customers		220,824,860	141,796,454
Additions to aggregate costs incurred during the financial year include:			
Depreciation		-	136,513
Hire of equipment		2,147,519	1,962,133
Loan interest		1,182,075	2,348

10.3 The amounts due from subsidiaries and joint venture are non-trade in nature, unsecured, interest-free and repayable on demand.

10.4 Bad debts written off against allowance for impairment losses of the Group's and the Company's other receivables amounted to Nil (2013: RM96,076) and Nil (2013: RM96,076) respectively.

11. Cash and cash equivalents

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	60,105,491	63,938,077	15,724,085	18,265,730
Deposits placed with licensed banks	49,306,164	22,899,734	4,223,965	20,461,311
	109,411,655	86,837,811	19,948,050	38,727,041

Included in the deposits placed with licensed banks of the Group and of the Company are RM31,184,774 (2013:RM5,228,356) and RM496,948 (2013: RM456,301) respectively which are pledged to banks for bank facilities granted to subsidiaries.

12. Capital and reserves

(i) Share capital

	Group and Company	
	Amount RM	Number of shares
Authorised:		
Ordinary shares of RM 0.25 each		
At 1 January 2013/31 December 2013/ 1 January 2014/31 December 2014	800,000,000	3,200,000,000
Non-redeemable preference shares of RM 0.25 each		
At 1 January 2013/31 December 2013/ 1 January 2014/31 December 2014	55,000,000	220,000,000
Issued and fully paid:		
Ordinary shares of RM 0.25 each		
At 1 January 2013	231,993,834	927,975,336
Issuance of shares	23,199,250	92,797,000
Conversion of warrants to shares	6,603	26,405
At 31 December 2013/ 1 January 2014	255,199,687	1,020,798,741
Issuance of shares	13,199,086	52,796,345
Conversion of warrants to shares	9,370,524	37,482,104
At 31 December 2014	277,769,297	1,111,077,190

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(ii) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

12. Capital and reserves (continued)

(iii) Detachable Warrants 2004/2014

On 20 December 2004, a total of 237,800,000 Detachable Warrants 2004/2014 were issued. The Company has Nil (2013: 237,306,966) units of unexercised warrants at the end of the financial year as these warrants expired on 22 December 2014.

The salient features of the Detachable Warrants 2004/2014 were as follows:

(a) each Warrant entitles the registered holders at any time during the exercise year of ten (10) years from the date of first issue of the Warrants to subscribe for one (1) ordinary share of RM0.25 at an exercise price of RM0.51;

(b) the exercise price and/or the number of the Warrants outstanding may be adjusted in accordance with the provisions set out in the Deed Poll; and

(c) upon expiry of exercise period, any unexercised warrants will lapse and cease to be valid for any purposes.

(iv) Revaluation reserves (non-distributable)

The revaluation reserves relate to the revaluation of the Group's long term leasehold land and buildings and yard infrastructure.

(v) Other reserves (non-distributable)

The other reserves comprise of translation reserve attributable to an associate company.

13. Borrowings

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Non-current					
Term loan					
- secured	13.1	30,769,504	33,514,433	-	-
Sukuk - secured	13.2	239,162,330	238,938,242	-	-
Finance lease liabilities					
- secured	13.3	1,011,672	431,141	878,603	261,426
		270,943,506	272,883,816	878,603	261,426
Current					
Revolving credit facilities					
- unsecured	13.4	68,692,782	28,000,000	-	-
Trust receipt					
- secured		5,162,881	481,723	-	-
Finance lease liabilities					
- secured	13.3	271,604	88,523	240,772	65,357
		74,127,267	28,570,246	240,772	65,357
		345,070,773	301,454,062	1,119,375	326,783

13.1 Term loan - secured

	Group	
	2014 RM	2013 RM
Secured term loan	30,890,254	33,564,433
Less: Transaction costs	(135,000)	(50,000)
	30,755,254	33,514,433
Accreted interest	14,250	-
	30,769,504	33,514,433

Term loans of the Group are subject to profit rate at 6.85% (2013: 7.60%) per annum. The term loan will be repaid via bullet repayments in February and December 2018.

13. Borrowings (continued)

13.1 Term loan – secured (continued)

Security

The term loan is secured by:

(i) Deed of agreement on the takaful coverage of certain plant and equipment,
(ii) Specific debenture over certain plant and equipment, and
(iii) Corporate guarantee from the Company.

13.2 Sukuk - secured

	Group 2014 RM	Group 2013 RM
Secured sukuk	240,000,000	240,000,000
Less: Transaction costs	(1,159,327)	(1,187,766)
	238,840,673	238,812,234
Accreted interest	321,657	126,008
	239,162,330	238,938,242

Sukuk facilities of the Group are subject to profit rate at 7.00% (2013: 7.00%) per annum. The sukuk facilities will be repaid via bullet repayments in August 2016 and September 2016.

Security

The sukuk facilities of the Group are secured by way of a mortgage over the capital work-in-progress of FPSO vessel and the long term leasehold land and buildings (see Note 3).

Loan covenants

The Group and the Company have various financial covenants based on debt service cover ratio and debt to equity ratio, all of which were complied with as at 31 December 2014 and 2013.

13. Borrowings (continued)

13.3 Finance lease liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments	1,450,859	586,967	1,264,352	366,743
Less: Interest expense	(167,583)	(67,303)	(144,977)	(39,960)
Present value of minimum lease payments	1,283,276	519,664	1,119,375	326,783
Less than one year	271,604	88,523	240,772	59,275
Between one and five years	943,368	400,343	810,299	267,508
More than five years	68,304	30,798	68,304	-
Present value of minimum lease payments	1,283,276	519,664	1,119,375	326,783

13.4 Unsecured revolving credit facilities

The revolving credits bear profit at the rate of 6.85% - 7.85% (2013: 7.60%) per annum.

14. Trade and other payables

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Trade payables		278,241,700	127,749,200	-	-
Amount due to contract customers	10.2	236,115	701,294	-	-
		278,477,815	128,450,494	-	-
Non-trade					
Other payables		84,173,987	22,415,718	8,640,210	863,181
Accrued expenses		7,229,544	4,026,436	1,011,696	770,661
		91,403,531	26,442,154	9,651,906	1,633,842
		369,881,346	154,892,648	9,651,906	1,633,842

Included in other payables of the Group is an amount of RM33,936,658 (2013 : RM Nil) relating to advances received from a non-controlling interest in relation to the conversion works of the Group's FPSO.

15. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Construction services	340,722,303	256,405,795	-	-
Offshore crane works	3,402,000	3,526,391	-	-
Management fee	-	-	10,886,730	9,002,966
	344,124,303	259,932,186	10,886,730	9,002,966

16. Finance costs

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Finance costs of financial liabilities that are not at fair value through profit or loss:				
- term loan	18,454,292	13,690,818	-	-
- sukuk	3,664,932	4,265,887	-	-
	22,119,224	17,956,705	-	-
- others	435,350	94,667	71,381	52,483
	22,554,574	18,051,372	71,381	52,483
Recognised in profit or loss:				
- finance costs	5,243,397	6,653,914	71,381	52,483
- cost of sales	1,182,075	2,348	-	-
	6,425,472	6,656,262	71,381	52,483
Capitalised on qualifying assets:				
- property, plant and equipment	16,129,102	11,395,110	-	-
	22,554,574	18,051,372	71,381	52,483

17. (Loss)/Profit before tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(Loss)/Profit before tax is arrived at after charging:				
Amortisation of intangible assets	50,137	28,068	-	-
Auditors' remuneration				
- Statutory audit	300,000	250,000	105,000	105,000
- Other services	90,000	45,000	-	-
Depreciation of property, plant and equipment	12,812,952	8,867,499	569,510	209,648
Impairment loss on trade receivables	12,250,000	-	-	-
Inventories written off	471,763	290,634	-	-
Personnel expenses including key management personnel:				
- Salaries, wages and others	48,402,150	39,879,213	5,661,594	4,804,493
- Contributions to Employees' Provident Fund	4,823,465	4,490,147	654,133	574,106
Realised loss on foreign exchange	23,712	-	-	5,275
Rental of computers	49,260	197,652	-	-
Rental of office	1,260,431	1,163,750	493,707	458,973
Rental of photocopiers and office equipment	227,740	198,199	74,325	58,594
Rental of motor vehicles	87,145	15,688	-	-
Loss on disposal of a subsidiary	-	-	-	49,574,000

17. (Loss)/Profit before tax (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
and after crediting:				
Bad debts recovered	-	246,398	-	246,398
Discount received from third party	802,077	4,248,564	-	-
Gain on disposal of property, plant and equipment	27,999	-	27,999	-
Gain on decrease in investment in a subsidiary	-	-	14,557,326	-
Interest income of financial assets that are not at fair value through profit or loss:				
- cash and cash equivalents	799,438	1,204,797	735,550	1,180,304
Realised gain on foreign exchange	110,152	390,679	84,740	-
Unrealised gain on foreign exchange	1,163,940	-	293,505	-
Reversal of inventories written down	-	24,063	-	-
Reversal of impairment loss on:				
- Investments in subsidiaries	-	-	-	99,000,000

18. Key management personnel compensation

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors fees				
- Current year	640,082	252,329	440,000	252,329
- Overprovision in prior year	(19,671)	-	(19,671)	-
Other emoluments	571,250	-	539,000	-
Contributions to Employees' Provident Fund ("EPF")	188,680	161,952	133,800	109,200
Remuneration	1,572,333	1,349,508	1,115,000	910,000
	2,952,674	1,763,789	2,208,129	1,271,529
Other key management personnel				
- Short-term employee benefits	3,355,559	3,538,407	1,730,313	1,870,977
- Contributions to EPF	403,327	421,764	203,743	222,684
	6,711,560	5,723,960	4,142,185	3,365,190
Estimated monetary value of benefit-in-kind	129,290	610,193	149,158	550,397

Other key management personnel comprise persons other than the Directors of the Company and subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

19. Tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
Current year	190,000	2,000,000	190,000	2,000,000
(Over)/Under provision in prior year	(1,698,801)	170,132	(1,704,924)	156,183
	(1,508,801)	2,170,132	(1,514,924)	2,156,183
Deferred tax expense				
Origination and reversal of temporary differences	10,554,831	(4,700,000)	-	-
(Over)/Under provision in prior year	(1,437,691)	-	-	-
	9,117,140	(4,700,000)	-	-
Share of tax of equity-accounted associate	-	45	-	-
Total income tax expense	7,608,339	(2,529,823)	(1,514,924)	2,156,183
Reconciliation of tax expense				
(Loss)/Profit for the year	(113,906,236)	1,556,070	14,175,554	54,700,274
Total income tax expense	7,608,339	(2,529,823)	(1,514,924)	2,156,183
(Loss)/Profit excluding tax	(106,297,897)	(973,753)	12,660,630	56,856,457
Income tax calculated using Malaysian tax rates of 25% (2013: 25%)	(26,574,474)	(243,438)	3,165,158	14,214,114
Non-deductible expenses	645,984	3,823,325	448,271	10,989,243
Tax-exempt income	(3,644,489)	(1,335,678)	(3,644,489)	(22,835,619)
Changes in unrecognised temporary differences	40,317,810	(4,944,164)	221,060	(367,738)
Under/(Over) provision in prior year	(3,136,492)	170,132	(1,704,924)	156,183
	7,608,339	(2,529,823)	(1,514,924)	2,156,183

20. Other comprehensive income

	Group		
	Before tax	**Tax expense**	**Net of tax**
2014	**RM**	**RM**	**RM**
Items that are or may be reclassified subsequently to profit or loss			
Share of profit of equity-accounted associate	4,579,254	-	4,579,254
2013			
Items that are or may be reclassified subsequently to profit or loss			
Share of loss of equity-accounted associate	(87,296)	-	(87,296)

21. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 December 2014 was based on the (loss)/profit attributable to ordinary shareholders of (RM76,466,454) (2013: RM8,188,424) and a weighted average number of ordinary shares outstanding during the year of 1,006,533,584 (2013: 985,191,698).

Weighted average number of ordinary shares

	Group	
	2014	**2013**
	RM	**RM**
Issued ordinary shares at the beginning of year	985,191,698	927,975,336
Issuance of shares via private placement	10,848,564	57,203,630
Conversion of warrants to shares	10,493,322	12,732
Weighted average number of ordinary shares in issue	1,006,533,584	985,191,698
Basic (loss)/earnings per ordinary share (sen)	(7.60)	0.83

21. (Loss)/Earnings per ordinary share (continued)

Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share at 31 December 2014 was based on (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2014	**2013**
	RM	**RM**
Weighted average number of ordinary shares at 31 December (basic)	1,006,533,584	985,191,698
Effect of conversion of warrants	-	237,306,966
Weighted average number of ordinary shares in issue	1,006,533,584	1,222,498,664
Diluted (loss)/earnings per ordinary share (sen)	(7.60)	0.67

22. Operating segments

The Group has three (3) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business unit, the Group Managing Director and Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations of the Group's reportable segments:

- Construction services with engineering, procurement, construction, installation and commissioning capabilities
- Offshore crane works
- Others such as management services and transportation services

Performance is measured based on segment profit before tax, finance costs, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director and Chief Executive Officer, the chief operating decision maker.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director and Chief Executive Officer. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment in the internal management report that are reviewed by the Group Managing Director and Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Geographical segment

There is no geographical segment information as the Group is predominantly operating in Malaysia.

22. Operating segments (continued)

Group	Construction services RM	Offshore crane works RM	Others RM	Elimination RM	Total RM
2014					
Segment profit/ (loss)					
Total revenue	424,709,214	3,402,000	10,886,730	(94,873,641)	344,124,303
Total cost	(455,644,834)	(2,808,400)	-	83,986,911	(374,466,323)
Other income	2,186,980	291,924	16,364,801	(14,557,320)	4,286,385
Administrative expenses	(68,684,257)	(4,949,298)	(14,531,627)	10,886,730	(77,278,452)
Other expenses	(12,275,567)	(33,390)	(31,503)	-	(12,340,460)
Finance costs	(4,927,557)	(12,177)	(303,663)	-	(5,243,397)
Share of profit of associate	-	-	15,755,112	-	15,755,112
Share of profit of joint venture	-	-	(1,135,065)	-	(1,135,065)
Tax expense	(9,231,123)	-	1,514,924	107,860	(7,608,339)
	(123,867,144)	(4,109,341)	28,519,709		(113,906,236)
Segment assets	598,856,495	41,498,578	757,467,833	(279,308,594)	1,118,914,312
Segment liabilities	553,786,300	39,514,403	325,802,046	(203,936,581)	715,166,168
Capital expenditure	49,664,243	1,124,137	56,314,254	-	107,102,634
Depreciation and amortisation	11,687,806	605,773	569,510	-	12,863,089
2013					
Segment profit/ (loss)					
Total revenue	257,007,873	20,288,557	9,002,966	(26,367,210)	259,932,186
Total costs	(214,565,722)	(18,204,546)	-	17,229,243	(215,541,025)
Other income	5,495,058	617,556	110,011,867	(106,736,627)	9,387,854
Administrative expenses	(41,706,715)	(4,675,663)	(15,046,486)	9,137,966	(52,290,898)
Other expenses	(751,957)	(7,302)	(49,623,110)	49,574,000	(808,369)
Finance costs	(36,868)	(3,461)	(14,350,212)	7,736,627	(6,653,914)
Share of profit of associate	-	-	5,000,368	-	5,000,368
Tax expense	4,689,847	(3,796)	(2,156,183)	-	2,529,868
	10,131,516	(1,988,655)	42,839,210		1,556,070
Segment assets	451,437,497	15,727,120	657,195,820	(233,721,693)	890,638,744
Segment liabilities	280,217,398	13,937,903	332,486,337	(168,187,068)	458,454,570
Capital expenditure	51,097,437	1,122,754	12,960,197	-	65,180,388
Depreciation and amortisation	8,318,342	367,577	209,648	-	8,895,567

22. Operating segments (continued)

Major customers

Revenue of approximately RM312,116,368 (2013: RM244,135,103) representing 91% (2013: 94%) of the Group revenue is derived from four (4) external customers (2013: three (3) external customers) from the following segments:

	2014 RM	2013 RM	Segment
Customer A	95,842,687	-	Construction services
Customer B	2,226,564	90,128,470	Construction services
Customer C	136,090,826	137,462,021	Construction services
Customer D	77,956,291	16,544,612	Construction services
	312,116,368	244,135,103	

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

2014	Carrying amount RM	L & R (FL) RM
Group		
Financial assets		
Trade and other receivables	310,781,831	310,781,831
Cash and cash equivalents	109,411,655	109,411,655
	420,193,486	420,193,486
Financial liabilities		
Borrowings	(345,070,773)	(345,070,773)
Trade and other payables	(369,881,346)	(369,881,346)
	(714,952,119)	(714,952,119)

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

	Carrying amount RM	L & R (FL) RM
2013		
Group		
Financial assets		
Trade and other receivables	211,418,614	211,418,614
Cash and cash equivalents	86,837,811	86,837,811
	298,256,425	298,256,425
Financial liabilities		
Borrowings	(301,454,062)	(301,454,062)
Trade and other payables	(154,892,648)	(154,892,648)
	(456,346,710)	(456,346,710)
2014		
Company		
Financial assets		
Trade and other receivables	233,674,794	233,674,794
Cash and cash equivalents	19,948,050	19,948,050
	253,622,844	253,622,844
Financial liabilities		
Borrowings	(1,119,375)	(1,119,375)
Trade and other payables	(9,651,906)	(9,651,906)
	(10,771,281)	(10,771,281)
2013		
Company		
Financial assets		
Trade and other receivables	165,554,592	165,554,592
Cash and cash equivalents	38,727,041	38,727,041
	204,281,633	204,281,633
Financial liabilities		
Borrowings	(326,783)	(326,783)
Trade and other payables	(1,633,842)	(1,633,842)
	(1,960,625)	(1,960,625)

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

Net gains and losses arising from financial instruments

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Net (losses)/gains arising on:				
Loans and receivables	(10,580,127)	1,754,076	735,550	9,259,405
Financial liabilities measured at amortised cost	(5,243,451)	(6,265,579)	306,864	(57,758)
	(15,823,578)	(4,511,503)	1,042,414	9,201,647

23.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

The management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

23. Financial instruments (continued)

23.3 Credit risk (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of the reporting period, approximately 57% (2013: 80%) of the Group's trade receivables are from five (5) major customers (2013: three (3) customers) which have good credit history with the Group. The geographical exposure of credit risk of the Group is mainly domestic.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	6,426,982	-	6,426,982
Past due 1 - 30 days	6,718,374	-	6,718,374
Past due 31 - 120 days	5,828,599	-	5,828,599
Past due more than 120 days	36,974,384	(14,727,969)	22,246,415
	55,948,339	(14,727,969)	41,220,370
2013			
Not past due	33,586,964	-	33,586,964
Past due 1 - 30 days	300,132	-	300,132
Past due 31 - 120 days	5,053,574	-	5,053,574
Past due more than 120 days	18,042,585	(2,477,969)	15,564,616
	56,983,255	(2,477,969)	54,505,286

23. Financial instruments (continued)

23.3 Credit risk (continued)

Receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2014	2013
	RM	RM
At 1 January	2,477,969	2,684,774
Impairment loss recognised	12,250,000	-
Impairment loss written off	-	(206,805)
At 31 December	14,727,969	2,477,969

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable.

23. Financial instruments (continued)

23.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As part of its financial planning to meet its financial obligations, subsequent to the financial year end, the Company's application of a term loan facility up to USD45 million, equivalent to approximately RM165 million was approved and funding was received in April 2015. The term loan facility obtained is to fund the conversion works of the Group's FPSO.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2014							
Finance lease liabilities - secured	1,283,276	2.40-2.50	1,450,859	295,540	295,540	749,509	110,270
Term loan – secured	30,769,504	6.85	46,288,605	2,774,799	2,774,799	40,739,007	-
Sukuk – secured	239,162,330	7.00	272,370,685	16,800,000	255,570,685	-	-
Revolving credit – unsecured	68,692,782	6.85-7.85	70,936,966	70,936,966	-	-	-
Trust receipt – secured	5,162,881	7.00	5,162,881	5,162,881	-	-	-
Trade and other payables	369,645,231	-	369,645,231	369,645,231	-	-	-

23. Financial instruments (continued)

23.4 Liquidity risk (continued)

	Carrying amount RM	Contractual profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2013							
Finance lease liabilities - secured	519,664	2.40-2.50	586,967	111,648	111,648	328,787	34,884
Term loan – secured	33,514,433	7.60	49,063,404	2,774,799	2,774,799	43,513,806	-
Sukuk – secured	238,938,242	7.00	285,791,667	16,800,000	16,800,000	252,191,667	-
Revolving credit – unsecured	28,000,000	7.60	29,064,000	29,064,000	-	-	-
Trust receipt – secured	481,723	7.00	490,153	490,153	-	-	-
Trade and other payables	154,191,354	-	154,191,354	154,191,354	-	-	-
Company							
2014							
Finance lease liabilities	1,119,375	2.40	1,264,352	257,776	257,776	748,800	-
Trade and other payables	9,651,906	-	9,651,906	9,651,906	-	-	-
2013							
Finance lease liabilities	326,783	2.40	366,743	73,884	73,884	218,975	-
Trade and other payables	1,633,842	-	1,633,842	1,633,842	-	-	-

23. Financial instruments (continued)

23.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

23.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group manages material foreign currency exposure as and when it arises either by passing on the risk to vendors in the price negotiations or whenever it is not possible to do so, by entering into a foreign exchange contract to hedge such exposure.

Exposure to foreign currency risk

The exposure to foreign currency risk of Group entities is not material and hence, the details of the Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period and sensitivity analysis are not presented.

23.5.2 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Other receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk when a financial instrument's value will fluctuate as a result of changes in market interest rate.

Excess funds are placed with licensed banks for short term periods during which the interest rates are fixed.

The Group's interest-bearing financial liabilities are mainly revolving credits, term loan, sukuk, trust receipt and finance lease liabilities. The Group adopts a policy of managing the interest rate risk through the use of fixed and floating rate debts.

23. Financial instruments (continued)

23.5 Market risk (continued)

23.5.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Deposits placed with licensed banks	49,306,164	22,899,734	4,223,965	20,461,311
Finance lease liabilities	(1,283,276)	(519,664)	(1,119,375)	(326,783)
Sukuk	(239,162,330)	(238,938,242)	-	-
Revolving credit	(68,692,782)	(28,000,000)	-	-
Trust receipt	(5,162,881)	(481,723)	-	-
	(264,995,105)	(245,039,895)	3,104,590	20,134,528
Floating rate instrument				
Term loan	(30,769,504)	(33,514,433)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

23. Financial instruments (continued)

23.5 Market risk (continued)

23.5.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased / (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group Profit or loss 50 bp increase RM	Group Profit or loss 50 bp decrease RM
2014		
Floating rate instruments	(115,000)	115,000
Cash flow sensitivity (net)	(115,000)	115,000
2013		
Floating rate instruments	(125,000)	125,000
Cash flow sensitivity (net)	(125,000)	125,000

23.6 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in active market and the fair value cannot be reliably measured.

23. Financial instruments (continued)

23.6 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
2014	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Financial liabilities										
Term loan - secured	-	-	-	-	-	-	(28,010,863)	(28,010,863)	(28,010,863)	(30,769,504)
Sukuk - secured	-	-	-	-	-	-	(210,216,000)	(210,216,000)	(210,216,000)	(239,162,330)
Finance lease liabilities	-	-	-	-	-	-	(1,323,154)	(1,323,154)	(1,323,154)	(1,283,276)
2013										
Financial liabilities										
Term loan - secured	-	-	-	-	-	-	(26,523,563)	(26,523,563)	(26,523,563)	(33,514,433)
Sukuk - secured	-	-	-	-	-	-	(198,125,159)	(198,125,159)	(198,125,159)	(238,938,242)
Finance lease liabilities	-	-	-	-	-	-	(482,141)	(482,141)	(482,141)	(519,664)
Company										
2014										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	(1,152,793)	(1,152,793)	(1,152,793)	(1,119,375)
2013										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	(305,312)	(305,312)	(305,312)	(326,783)

23. Financial instruments (continued)

23.6 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the Group can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest is determined by reference to similar borrowing arrangements and lease agreements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013: No transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

The valuation technique in determining the fair values disclosed in Level 3 for the financial instruments not carried at fair value (term loan-secured, sukuk-secured and finance lease liabilities) is discounted cash flow, using a rate based on the bank's financing rate at the reporting date.

Valuation processes applied by the Group for the Level 3 fair value

The Group has an established control framework in respect to the measurement of fair value of financial instruments. The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments.

24. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio at 31 December were as follow:

		Group	
	Note	**2014** **RM**	**2013** **RM**
Total borrowings	13	345,070,773	301,454,062
Less: Cash and cash equivalents	11	(109,411,655)	(86,837,811)
Net debt		235,659,118	214,616,251
Total equity		403,748,144	432,184,174
Debt-to-equity ratio		0.58	0.50

There were no changes in the Group's approach to capital management during the financial year.

25. Capital commitments

	Group	
	2014 **RM**	**2013** **RM**
Property, plant and equipment		
Contracted but not provided for	463,926,000	29,960,000
Authorised but not contracted for	562,856,000	20,000,000
	1,026,782,000	49,960,000

26. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2014 RM	2013 RM
Litigation (unsecured)		
Being claims from third parties in dispute	4,632,778	4,632,778

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or will have a material effect on the financial position or the business, and the Directors are not aware of any proceedings, pending or threatened, against the Group and/or any of the Group's subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Group:

Litigations

(a) A subsidiary of the Group instituted a suit against Global Fabricators Sdn. Bhd. ("GFSB") to declare that the Group does not have any outstanding balance with GFSB and a counter claim of RM4,632,778 (2013: RM4,632,778) was brought by GFSB for work done on the Melor and Kumang projects. A stay application was filed as the respective contract has an arbitration clause and GFSB has agreed to resolve the disputes by way of Arbitration. A Notice of Arbitration was served to the subsidiary in March 2014. In response to the Notice of Arbitration, the subsidiary has nominated an arbitrator and proposed consolidation of both arbitrations. To date, no arbitrator has been appointed as yet and the arbitration proceedings is still pending.

    The Group's solicitors are of the opinion that the subsidiary has a good case to defeat the counterclaim brought by GFSB.

(b) In 2012, a subsidiary instituted a suit against PFC Engineering Sdn. Bhd. ("PFCE") in the High Court of Kuala Lumpur for unpaid monies amounting to RM12,698,400 pursuant to the Fabrication Facilities Agreement dated 28 May 2009. A counter claim of RM1,319,680 was brought by PFCE in this suit.

    The matter is fixed for trial on 14 to 18 and 21 September 2015. The Group's solicitors are of the view that the Group has a fair chance of defending the counterclaim brought by PFCE.

26. Contingencies (continued)

(c) In 2012, a subsidiary instituted a suit against PFCE in the High Court of Kuala Lumpur for losses and expenses suffered in respect of works carried out involving several fabrication contracts awarded initially but later novated to PFCE. The claim is for the sum of RM17,389,898. A counter claim of RM5,415,680 was brought by PFCE in this suit.

Though the matter is fixed for trial from the 14 to 18 and 21 September 2015, the case is subjected to pre-trial case management proceedings similar to the suit mentioned per item (b). It shall be noted that this matter would be heard in one instance with that mentioned in item (b) because both matters have been consolidated per Order 92 of the Rules of Court 2012. The Group's solicitors are of the view that the Group has a fair chance of defending the counterclaim brought by PFCE.

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Company has related party relationships with its subsidiaries and key management personnel (Note 5).

Significant related party transactions

The significant related party transactions of the Company, other than key management personnel compensation which is disclosed in Note 18, are as follows:

	Transaction amounts for the year ended 31 December	
	2014	2013
	RM	RM
Subsidiaries		
Interest income	-	7,736,627
Management fees receivables	10,886,730	9,002,966
Advances to subsidiaries	(112,390,143)	(164,702,096)
A company in which a key management personnel is a Director		
Purchases of IT equipment	3,913,884	3,987,392
Rental of IT equipment	49,260	279,492

Significant related party balances related to the above transactions are disclosed in Note 10.

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

28. Significant events during the year

28.1 Increase in investment and disposal of shares in Floatech (L) Ltd.

On 18 February 2014, the Company entered into a Share Sale Agreement ("SSA") with Global Mariner Offshore Services Sdn. Bhd. ("GMOS") to dispose of 2,000,000 ordinary shares of USD1.00 each in Floatech (L) Ltd ("Floatech"), representing 20% of the equity interest to GMOS, for a total cash consideration of RM21,066,326.

Subsequently on 10 April 2014, the Group increase its investment in Floatech (L) Ltd. through an increase of additional 9,999,998 ordinary shares of USD 1.00 each amounting to RM32,544,994 via the capitalisation of amount due from the subsidiary.

Upon completion of the disposal, Floatech becomes an 80% subsidiary of the Group. The net asset as at the date of disposal amounts to RM9,427,570. Consequently, the Group recognised a non-controlling interest of RM1,885,514 and a gain on disposal of RM19,180,812 in retained earnings. There were no other changes to the equity on even date.

On 14 April 2014, conditions precedent pertaining to the SSA have been fulfilled and the disposal is deemed completed on the even date.

28.2 Acquisition of shares in THHE McDermott Engineering Sdn. Bhd.

On 19 February 2014, the Group invested 50% in a joint venture, THHE McDermott Engineering Sdn. Bhd., which was newly set up during the year. The Group invested RM1,850,000 in the joint venture to engage in the provision of front-end engineering and design, construction and installation services.

28.3 Additional investment in O & G Works Sdn. Bhd.

On 31 December 2014, the Group increased its investment in O & G Works Sdn. Bhd., a wholly-owned subsidiary of the Group by an amount of RM3,000,000 via the capitalisation of amount due from the subsidiary. There is no change to effective interest of the Group in the subsidiary.

29. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- realised	(281,898,772)	(158,812,372)	53,010,347	38,834,793
- unrealised	(9,225,000)	(18,342,140)	-	-
	(291,123,772)	(177,154,512)	53,010,347	38,834,793
Add: Consolidation adjustments	274,209,638	217,506,020	-	-
Total (accumulated losses) /retained profits	(16,914,134)	40,351,508	53,010,347	38,834,793

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

TH Heavy Engineering Berhad

(Company No. 634775-D)
(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 6 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 91 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Azizan bin Abd. Rahman

....

Datuk Nor Badli Munawir bin Mohamad Alias Lafti

Kuala Lumpur

Date: 28 April 2015

TH Heavy Engineering Berhad

(Company No. 634775-D)
(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Suhaimi Badrul Jamil,** the officer primarily responsible for the financial management of TH Heavy Engineering Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

COMMISSIONER FOR OATHS NO: B 461 N. MADHAVAN NAIR MALAYSIA

Subscribed and solemnly declared by the above named in ~~Kuala Lumpur~~ Petaling Jaya in the ~~Federal Territory~~ Selangor Darul Ehsan on 28 April 2015

....
Suhaimi Badrul Jamil

Before me:

COMMISSIONER FOR OATHS
NO. B 461
N. MADHAVAN NAIR
MALAYSIA

70 JALAN SS 2/60
47300 PETALING JAYA
SELANGOR.

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent Auditors' Report to the members of TH Heavy Engineering Berhad

(Company No. 634775-D)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TH Heavy Engineering Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the unaudited financial statements of Ramunia International Services Ltd. as indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports of the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 on page 91 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/16(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2015

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2015

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-14 Unaudited RM'000	CURRENT YEAR TO DATE 31-Mar-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-14 Unaudited RM'000
Revenue	47,801	142,114	47,801	142,114
Cost of sales	(54,809)	(129,239)	(54,809)	(129,239)
Gross (loss)/profit	(7,008)	12,875	(7,008)	12,875
Other income	2,440	1,060	2,440	1,060
Administration expenses	(17,006)	(20,160)	(17,006)	(20,160)
Other expenses	-	(98)	-	(98)
Operating loss	(21,574)	(6,323)	(21,574)	(6,323)
Finance cost	(1,641)	(1,354)	(1,641)	(1,354)
Share of (loss)/profit of equity-accounted associate, net of tax	(1,623)	8,201	(1,623)	8,201
Share of loss of equity-accounted joint venture, net of tax	(479)	-	(479)	-
(Loss)/Profit before taxation	(25,317)	524	(25,317)	524
Taxation	(40)	-	(40)	-
(Loss)/Profit after taxation	(25,357)	524	(25,357)	524
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive (loss)/income for the period	(25,357)	524	(25,357)	524
(Loss)/Profit attributable to:				
Owners of the Company	(18,850)	1,725	(18,850)	1,725
Non-controlling interests	(6,507)	(1,201)	(6,507)	(1,201)
	(25,357)	524	(25,357)	524
Total comprehensive (loss)/income attributable to:-				
Owners of the Company	(18,850)	1,725	(18,850)	1,725
Non-controlling interests	(6,507)	(1,201)	(6,507)	(1,201)
	(25,357)	524	(25,357)	524
(Loss)/Profit attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic (loss)/earnings per share	(1.70)	0.17	(1.70)	0.17
ii) Fully diluted (loss)/earnings per share	(1.70)	0.14	(1.70)	0.14
Gross interest income	29	205	29	205
Gross interest expense	1,641	1,354	1,641	1,354

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

Stamped for the purpose of identification only with our letter / report dated
28 MAY 2015
Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 MARCH 2015

	As at 31-Mar-15 Unaudited RM'000	As at 31-Dec-14 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	589,067	586,356
Intangible assets	508	526
Investment in associate	120,601	103,174
Investment in joint ventures	236	715
	710,412	690,771
Current Assets		
Inventories	7,337	6,317
Trade and other receivables	292,628	310,782
Prepayments	1,662	1,631
Cash and bank balances and deposits placed with licensed banks	72,598	109,412
	374,225	428,142
TOTAL ASSETS	1,084,637	1,118,913
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	277,769	277,769
Share premium	94,511	94,511
Revaluation reserves	28,317	28,317
Other reserves	4,492	4,492
Accumulated losses	(35,764)	(16,914)
	369,325	388,175
Non-controlling interests	9,064	15,571
Total Equity	378,389	403,746
Non Current Liabilities		
Deferred tax liabilities	214	214
Borrowings	269,166	270,943
	269,380	271,157
Current Liabilities		
Trade and other payables	355,233	369,882
Borrowings	81,635	74,127
	436,868	444,009
Total Liabilities	706,248	715,166
TOTAL EQUITY AND LIABILITIES	1,084,637	1,118,912
Net assets per share (sen)	33	35

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

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28 MAY 2015
Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015

	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Other Reserves (RM'000)	Accumulated Losses (RM'000)	Total (RM'000)	Non-controlling Interest (RM'000)	Total (RM'000)
Balance at 1 January 2015	277,769	94,511	28,317	4,492	(16,914)	388,175	15,571	403,746
Total other comprehensive income for the period	-	-	-		-	-	-	-
Loss for the period	-	-	-	-	(18,850)	(18,850)	(6,507)	(25,357)
Total comprehensive income for the period	277,769	94,511	28,317	4,492	(35,764)	369,325	9,064	378,389
Balance at 31 March 2015	277,769	94,511	28,317	4,492	(35,764)	369,325	9,064	378,389

	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Other Reserves (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling Interest (RM'000)	Total (RM'000)
Balance at 1 January 2014	255,200	57,256	28,317	(87)	40,351	381,037	51,147	432,184
Total other comprehensive income for the period	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	1,725	1,725	(1,201)	524
Total comprehensive income for the period	255,200	57,256	28,317	(87)	42,076	382,762	49,946	432,708
Balance at 31 March 2014	255,200	57,256	28,317	(87)	42,076	382,762	49,946	432,708

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

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28 MAY 2015

Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	CUMMULATIVE	
	CURRENT QUARTER 31-Mar-15	CORRESPONDING PRECEDING QUARTER 31-Mar-14
	(RM'000)	(RM'000)
(Loss)/Profit before taxation	(25,317)	524
Adjustments for:		
Amortisation of intangible assets	18	-
Depreciation of property,plant and equipment	4,053	3,069
Finance costs	1,641	1,354
Finance income	(29)	(205)
Inventories written off	8	9
Share of loss/(profit) of associate	1,623	(8,201)
Share of loss of joint jenture	479	-
Operating loss before changes in working capital	(17,524)	(3,450)
Changes in working capital:		
Inventories	(1,028)	(593)
Trade and other, receivables and prepayments	18,123	(89,655)
Trade and other payables	(14,649)	97,522
Net cash (used in)/generated from operations	(15,078)	3,824
Interests received	29	205
Interests paid	(1,641)	(1,354)
Tax paid	(40)	-
Net cash (used in)/generated from operating activities	(16,730)	2,675
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(6,764)	(17,606)
Acquisition of investment in associate	(19,050)	-
Acquisition of investment in joint venture	-	(500)
Increase in pledged deposits placed with licensed banks, net	(10,577)	(14,196)
Net cash used in investing activities	(36,391)	(32,302)
Cash flows from financing activity		
Proceeds from loans and borrowings, net	5,731	2,948
Net cash from financing activity	5,731	2,948
Net change in cash and cash equivalents	(47,390)	(26,679)
Cash and cash equivalents at beginning of period	78,227	81,609
Cash and cash equivalents at end of financial period	30,837	54,930
Cash and cash equivalent at end of the financial period comprise the followings:-		
Cash and bank balances	39,010	71,409
Deposits placed with licensed banks	33,588	2,945
	72,598	74,354
less: Deposits pledged	(41,761)	(19,424)
	30,837	54,930

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

Stamped for the purpose of identification only with our letter / report dated

28 MAY 2015

Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

The Board of Directors of TH Heavy Engineering Berhad is pleased to announce the financial results of the Group for the period ended 31 March 2015

PART A: EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134.

1. BASIS OF PREPARATION

The interim financial statements are unaudited and prepared in accordance with the requirements under the MFRS134 –"Interim Financial Reporting"issued by the Malaysian Accounting Standard Board ("MASB") and Para 9.22 of the Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements.

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to these condensed consolidated 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 financial year ended 31 December 2014.

2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The accounting policies, methods of computation and basis of consolidation adopted by the Group in this unaudited financial report are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2014.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS AND REVIEW REPORT ON THE INTERIM FINANCIAL REPORT

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not qualified.

The review report on the Interim Financial Report for the period ended 31 March 2015 was not qualified.

4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Besides the vagaries of the Engineering business, the Group's fabrication business performance is also dependent upon the infrastructure spending by upstream oil and gas companies namely the production sharing contractors, which in turn is pegged amongst others to the outlook on the global oil prices and field discoveries.

5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period.

6. SIGNIFICANT CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported that have had a material effect in the current quarter and financial period.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

7. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities:

a) Share Capital

There were no issuance, cancellations and share buy-backs of the Company's shares during the current quarter.

b) Treasury Shares

There were no repurchase of the Company's shares during the current quarter.

8. DIVIDENDS PAID

There were no dividends paid during the current financial period.

9. SEGMENTAL REPORTING

Segmental analysis for the current financial period to date is as follows:

	Financial Period Ended 31 March 2015	
	Revenue (RM'000)	Loss Before Taxation (RM'000)
Business Segment		
Construction Services	38,147	(19,573)
Offshore Crane Works	10,319	(383)
Offshore Services	-	(1,925)
Others	2,194	(1,326)
Sub Total	**50,660**	**(23,207)**
Consolidation Adjustment	(2,859)	(2,110)
Total	**47,801**	**(25,317)**

Analysis by geographical segments has not been presented as the operations of the Group are principally in Malaysia.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation made during the financial period under review.

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28 MAY 2015
Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

11. SUBSEQUENT EVENTS

Save as disclosed in the Note 22, there were no other subsequent material events after the end of the current quarter.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Save as disclosed in the Note 25, there are no contingent liabilities and contingent assets during the financial period under review.

14. CAPITAL COMMITMENTS

	Group (RM'000)
- Approved and contracted for	519,880
- Approved but not contracted for	542,322
	1,062,202

The capital commitments consist mainly costs to be incurred for the upgrading of the Pulau Indah yard and conversion for FPSO project.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. REVIEW OF PERFORMANCE OF FIRST QUARTER

	Revenue		Profit/(Loss) Before Tax	
	1st Quarter ended 31/3/2015 (RM'000)	1st Quarter ended 31/3/2014 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	1st Quarter ended 31/3/2014 (RM'000)
Business Segment				
Construction Services	38,147	142,043	(19,573)	(3,572)
Offshore Crane Works	10,319	8,564	(383)	(2,240)
Offshore Services	-	-	(1,925)	-
Others	2,194	3,520	(1,326)	(1,865)
Sub Total	**50,660**	**154,127**	**(23,207)**	**(7,677)**
Share of (loss)/profit of equity-accounted associate, net of tax	-	-	(1,623)	8,201
Share of loss of equity-accounted joint venture, net of tax	-	-	(479)	-
Consolidation adjustment	(2,859)	(12,013)	(8)	-
Total	**47,801**	**142,114**	**(25,317)**	**524**

The Group recorded revenue of RM47.8 million for the first quarter 2015 as compared to RM142.1 million in the previous first quarter of 2014. The decrease was due to completion of prior year projects and the current projects are at their tail-end.

The Group recorded a loss before tax of RM25.3 million in the current quarter as compared to profit of RM0.5 million in the corresponding quarter of 2014 mainly due to the following factors:

- lower realized margins on completed jobs arising from higher than expected cost to complete projects;
- slower fabrication business activities in the current quarter; and
- share of losses recorded from associate and joint venture

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

16. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

	Revenue		Profit/(Loss) Before Tax	
	1st Quarter ended 31/3/2015 (RM'000)	4th Quarter ended 31/12/2014 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	4th Quarter ended 31/12/2014 (RM'000)
Business Segment				
Construction Services	38,147	43,340	(19,573)	(63,946)
Offshore Crane Works	10,319	15,467	(383)	365
Offshore services	-	20,068	(1,925)	(11,669)
Others	2,194	2,616	(1,326)	14,313
Total	**50,660**	**81,491**	**(23,207)**	**(60,937)**
Share of profit of equity-accounted associates, net of tax	-	-	(1,623)	7,338
Share of profit of equity-accounted joint venture, net of tax	-	-	(479)	(417)
Consolidation Adjustment	(2,859)	(23,170)	(8)	(19,025)
Total	**47,801**	**58,321**	**(25,317)**	**(73,041)**

For the current quarter under review, Group revenue decreased to RM47.8 million as compared to RM58.3 million in the fourthquarter 2014. The decrease was due to completion of prior year projects and the current projects are at their tail-end.However, the Group loss before tax decreased to RM25.3 million as compared to RM73.0 million for immediate preceding quarter mainly due to lower gross loss recognized from fabrication projects and exclusion of impairment loss on receivables recorded in Q4 2014 .

17. COMMENTARY ON PROSPECTS

As at 31 March 2015, the Group has an outstanding main fabrication order books of RM140 million; minor fabrication, crane manufacturing & repairs and supply of equipment order books of RM69.75 million and FPSO Leasing Award of around USD372 million or approximately RM1.37 billion.

The FPSO Leasing Award from JX Nippon is expected to contribute positively commencing in 3rd quarter 2016 towards the earnings and net assets per share of the Group.

Moving forward, the Group expects the fabrication business to remain challenging in view of the present competitive environment and CAPEX cut as announced by oil majors. However, the Group is working towards realigning its business strategies to capitalize on more promising areas in the fabrication business and is exploring other business opportunities especially in the downstream onshore fabrication in the Oil & Gas value chain.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

18. PROFIT FORECAST

The Group has not issued any profit forecast for the current financial year and therefore no comparison is made available.

19. TAXATION

	1st Quarter ended 31/3/2015 (RM'000)	1st Quarter ended 31/3/2014 (RM'000)	Cummulative period ended 31/3/2015 (RM'000)	Cummulative period ended 31/3/2014 (RM'000)
Tax Expense				
Current year	40	-	40	-
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	-
Total Tax Income	**40**	-	**40**	-

20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investment and/or properties during the current quarter and financial year.

21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no dealings by the Group in quoted securities for the current quarter and financial year. TheGroup did not hold any investments in quoted shares as at 31 March 2015.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

22. **STATUS OF CORPORATE PROPOSALS**

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report:

a) On 24 September 2014, the Company announced the proposal to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price to be determined later ("Private Placement").

On 14 October 2014, the Company announced that Bursa Securities had, vide its letter dated 14 October 2014, approved the listing of and quotation for up to 125,810,570 new ordinary shares of RM0.25 each in THHE ("THHE Shares") to be issued pursuant to the Private Placement ("Placement Share(s)").

On 16 October 2014, the Company announced that 52,796,345 Placement Shares, representing 5% of the issued and paid-up share capital of the Company, had been issued at an issue price of RM0.80 per Placement Share pursuant to the Private Placement.

On 13 April 2015, the Company announced that 10,000,000 Placement Shares, had been issued at an issue price of RM0.33 per Placement Share pursuant to the Private Placement.

The Private Placement was completed on 13 April 2015.

b) On 13 February 2015, Hong Leong Investment Bank Berhad had, on behalf of the Company, announced that the Company proposes to undertake the following proposals:

(i) a renounceable rights issue of up to 1,200,000,000 new Islamic irredeemable convertible preference shares of RM0.25 each in THHE ("ICPS-i") at an issue price of RM0.25 to the shareholders of THHE at an entitlement date to be determined later, to raise gross proceeds of up to RM300,000,000 ("Proposed Rights Issue of ICPS-i");

(ii) increase in the authorised share capital of THHE from RM855,000,000 comprising 3,200,000,000 ordinary shares of RM0.25 each in THHE ("THHE Shares") and 220,000,000 existing irredeemable convertible non-cumulative preference shares of RM0.25 each in THHE to RM1,100,000,000 comprising 3,200,000,000 THHE Shares and 1,200,000,000 ICPS-i ("Proposed Increase in Authorised Share Capital"); and

(iii) amendments to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

On 28 May 2015, the Proposed Right Issue of ICPS-I, Proposed Increase in Authorised Share Capital and Proposed Amendments were approved by the shareholders at an Extraordinary General Meeting.

As at the date of this report, the Proposed Rights Issue of ICPS-I, Proposed Increase in Authorised Share Capital and Proposed Amendments have yet to be completed.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

23. BORROWINGS AND DEBT SECURITIES

	Group	
	As at 31 March 2015 (RM'000)	As at 31 December 2014 (RM'000)
Long Term Borrowings		
- Finance lease liabilities	1,125	1,012
- Sukuk term loan	239,105	239,162
- Secured term loan	28,936	30,769
Sub Total	**269,166**	**270,943**
Short Term Borrowings		
- Revolving credit facilities - unsecured	68,693	68,693
- Trust receipt - secured	12,670	5,163
- Finance lease liabilities	272	272
Sub Total	**81,635**	**74,128**
Total borrowings	**350,801**	**345,071**

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2015.

25. CHANGES IN MATERIAL LITIGATION

Save as disclosed below, the Company is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or will have a material effect on the financial position on our business, and our Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of the Company's subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of our Group:

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

25. CHANGES IN MATERIAL LITIGATION (CONTINUED)

(a) **Ramunia Fabricators Sdn Bhd v Global Fabricators Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCC-752-2011)**

Ramunia Fabricators Sdn Bhd (now known as THF), a subsidiary company, has brought an action against Global Fabricators Sdn Bhd ("**GFSB**") seeking a declaration, inter alia, that there was no outstanding debt due and owing to GFSB in respect of an Engineering, Procurement, Construction and Commissioning, and Loadout of Offshore Platform Topsides for the Pluto Gas Field in the Western Australia's Carnavon Basin Project ("**Pluto Project**"); Procurement and Construction of KUJT-A Jacket for Kumang Cluster Development Project (Phase 1) ("**Kumang Project**"); and Procurement and Construction of Melor (MLDP-A) Drilling Platform Jacket for Tangga Barat Cluster Development Project (Phase 1) ("**Melor Project**").

The suit was filed on 4 May 2011 by THF against GFSB after GFSB issued a notice pursuant to Section 218 of the Act to THF. GFSB counterclaimed for, amongst others, sum allegedly due and owing under the Pluto Project, Kumang Project and Melor Project. THF has filed an application to stay GFSB's counterclaim relating to the Kumang Project and Melor Project on the grounds that it was subject to an arbitration agreement. The counterclaim by GFSB under the Kumang Project and Melor Project amounted to RM4,632,778.10.

A Consent Judgment was entered into by both THF and GFSB on 23 November 2011 where THF admitted to owing GFSB an amount of RM200,795.12 in relation to the Pluto Project. Pursuant to the Consent Judgment, GFSB issued a Notice of Arbitration dated 13 March 2012 against THF in relation to both the Kumang Project and Melor Project. THF had nominated an arbitrator and had proposed to consolidate both arbitrations. However, up to the LPD, GFSB has yet to respond with its nomination of an arbitrator and no steps have been taken by GFSB to proceed with the arbitration.

Our Group's solicitor is of the opinion that THF has a good case to defeat the counter claim brought by GFSB.

(b) **Ramunia Fabricators Sdn Bhd v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-565-05/2012)**

The suit is a claim by THF against PFC Engineering Sdn Bhd ("**PFCE**") for losses and expenses suffered by THF in respect of works carried out by THF and for PFCE's use of THF's facilities and equipment during a project in 2009/2010 in respect of several fabrication contracts awarded initially to THF but later novated to PFCE. The claim was filed on 10 May 2012 for the sum of RM17,389,897.52. PFCE filed a counterclaim amounting to RM4,992,679.38 for amount owing by THF to PFCE vide the said fabrication contracts. The matter is fixed for trial from 14 to 18 September 2015 and on 21 September 2015.

Our Group's solicitors are of the view that THF has fair chance of defending the counterclaim brought by PFCE. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents between now and the trial of the matter, which is fixed to commence on 14 September 2015.

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28 MAY 2015

Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

25. CHANGES IN MATERIAL LITIGATION (CONTINUED)

(c) **Ramunia Fabricators Sdn Bhd (now known as THF) v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-566-05/2012)**

The suit is a claim by THF against PFCE for unpaid monies amounting to RM12,698,400 pursuant to a Fabrication Facilities Agreement dated 28 May 2009 in relation to the use of THF's facilities and equipment by PFCE for works carried out under a project in 2009/2010 in respect of several fabrication contracts awarded initially to THF but later novated to PFCE. The claim was filed on 10 May 2012. A counterclaim of RM1,319,679.53 was brought by PFCE in this suit. The matter is fixed for trial on 14 to 18 September 2015 and on 21 September 2015.

Our Group's solicitors are of the view that THF's has a fair chance of defending the counterclaim brought by PFCE. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents between now and the trial of the matter which is fixed to commence on 14 September 2015.

(d) **Ramunia Holdings Bhd (now known as THHE) v PFCE [Kuala Lumpur High Court Civil Suit No. 22NCvC-1117-09/2012 (filed as Kuala Lumpur Sessions Court, Summons No. 52-17409-05/2012)]**

Ramunia Holdings Bhd (now known as THHE) made a claim against PFCE for a sum of RM227,500.00 for unpaid rent pursuant to a Tenancy Agreement dated 28 May 2009. The claim was filed on 10 May 2012. PCFE made a counterclaim for RM510,219.49 for amounts owing by THF to PCFE pursuant to the said Tenancy Agreement and certain fabrication contracts as mentioned in Ramunia Fabricators v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-566-05/2012) of paragraph (c) above. The matter is fixed for trial from 14 to 18 September 2015 and on 21 September 2015.

Our Group's solicitors are of the view that THHE has a fair chance on defending the counter brought by PFCE. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents.

26. PROPOSED DIVIDENDS

No dividends have been proposed for the current reporting quarter.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

27. (LOSS)/EARNINGS PER SHARE

(Loss)/Earnings per share ("(LPS)/EPS")	FIRST QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Current Financial Period	Preceding Corresponding
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
(Loss)/Profit for the purpose of basic earnings per share (RM'000)	(18,850)	1,725	(18,850)	1,725
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	1,111,077	1,008,080	1,111,077	1,008,080
Basic (LPS)/EPS (sen)	**(1.70)**	**0.17**	**(1.70)**	**0.17**
Adjusted earnings for the purpose of diluted earnings per share (RM'000)	(18,850)	1,725	(18,850)	1,725
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	1,111,077	1,200,407	1,111,077	1,200,407
Diluted (LPS)/EPS (sen)	**(1.70)**	**0.14**	**(1.70)**	**0.14**

28. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 March 2015 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31-Mar-15 (RM'000)	**As at 31-Dec-14 (RM'000)**
Total accumulated losses of the Company and its subsidiaries:-		
- realised	(303,951)	(281,898)
- unrealised	(9,225)	(9,225)
Total Group accumulated losses	(313,176)	(291,123)
Add: Consolidation adjustments	277,412	274,209
Total Group accumulated losses as per consolidated accounts	**(35,764)**	**(16,914)**

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28 MAY 2015

Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)
(Incorporated in Malaysia)

29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31/3/2015 (RM'000)	Cummulative Period ended 31/3/2015 (RM'000)
Interest income	(29)	(29)
Interest expense	1,641	1,641
Depreciation and amortisation	4,071	4,071
Inventories written off	8	8
Realised forex loss	766	766

30. AUTHORISED FOR ISSUE

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

DIRECTORS' REPORT

ENGINEERING BERHAD
An associate company of Tabung Haji
(634775-D)

HEADQUARTERS:
Level 26 (L26), Menara Bank Islam,
No. 22 Jalan Perak,
50450 Kuala Lumpur
Tel: (+603) 2787 9000 **Fax:** (+603) 2787 9001

YARD:
Pulau Indah Intergrated Fabrication Yard
No. 2, Jalan Sungai Chandong 13
Pulau Indah Industrial Park
42920 Pulau Indah, Selangor DE
Tel: (+603) 3325 6000 **Fax:** (+603) 3325 6001

Registered Office
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

5 August 2015

To: **The Entitled Shareholders of TH Heavy Engineering Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of TH Heavy Engineering Berhad ("**THHE**") ("**Board**"), I report after due enquiry that during the period from 31 December 2014 (being the date to which the last audited financial statements of THHE and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the issue date of this Abridged Prospectus), that:

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 9.3 of the Abridged Prospectus, there are no other contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;

(v) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings of the Group; and

(vi) save as disclosed in the Abridged Prospectus, since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
TH HEAVY ENGINEERING BERHAD
"an associate company of Tabung Haji"

DATO' AZIZAN BIN ABD RAHMAN
Non-Independent Non-Executive Director/Chairman

هوڠ ليوڠ اسلاميك بڠك

HongLeong Islamic Bank

9 July 2015

TH HEAVY ENGINEERING BERHAD ("THHE")
Unit A, Level 26, Menara Bank Islam
No. 22 Jalan Perak
50450 Kuala Lumpur
Malaysia

Dear Sir,

SHARIAH PRONOUNCEMENT:

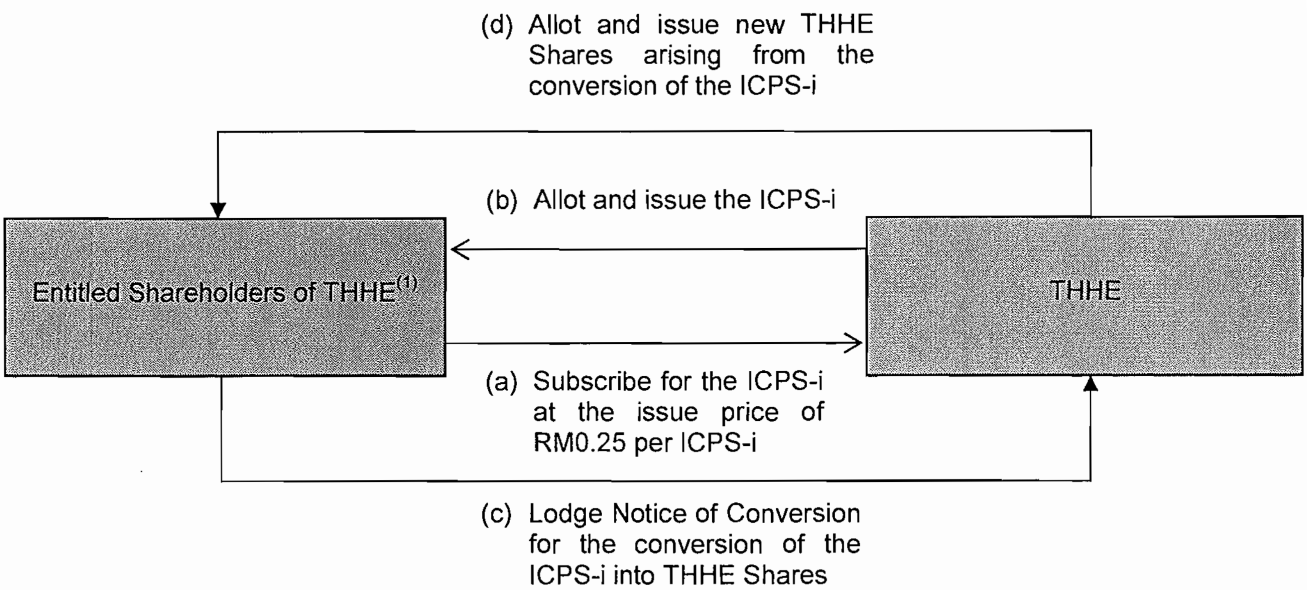
RENOUNCEABLE RIGHTS ISSUE OF NEW ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.25 EACH IN THHE ("ICPS-i") OF UP TO RM300 MILLION IN ISSUE SIZE ("THE PROPOSAL")

In the name of Allah, The Beneficent, The Merciful.

The Shariah Committee of Hong Leong Islamic Bank Berhad (**"HLISB Shariah Committee"**) as the Shariah Adviser for the Proposal has reviewed the structure, the terms and conditions and the transactions to be entered into with respect to the ICPS-i.

1. STRUCTURE AND MECHANISM

The Shariah approved transaction mechanism diagram is as follows:



Note:

(1) Including renouncee(s)/transferee(s)/underwriter(s) who subscribes for the ICPS-i.

Hong Leong Islamic Bank Berhad (686191-W)
Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, Malaysia
Tel +603 2164 3939 **Fax** +603 2161 1278 **Contact Centre** +603 7626 8899

www.hlisb.com.my

DESCRIPTION:

(a) Subscription for the ICPS-i

Shareholders of THHE whose names appear in the Record of Depositors on an entitlement date to be determined by the Board of Directors of THHE ("**Board**") and announced later ("**Entitled Shareholders**"), will be entitled to subscribe for the ICPS-i on an entitlement basis to be fixed later at the issue price of RM0.25 per ICPS-i (representing the par value of the ICPS-i). Entitled Shareholders can subscribe for and/or renounce and/or transfer their entitlements for the ICPS-i in full or in part.

Subscription for the ICPS-i by Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be made by submitting the completed rights subscription form together with cash payment to the Share Registrar of THHE by the closing date and time for the rights issue of ICPS-i (to be announced later).

Application for excess ICPS-i by Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be made by submitting the completed rights subscription form together with a separate remittance for the full amount payable in respect of the excess ICPS-i to the Share Registrar of THHE by the closing date and time for the rights issue of ICPS-i (to be announced later).

(b) Issuance of the ICPS-i

THHE will as soon as practicable and not later than 8 market days after the date of receipt of the duly completed rights subscription form together with the cash remittance, issue and allot to the respective Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) the ICPS-i subscribed for and/or excess ICPS-i applied for (if successful), issue a notice of allotment to respective Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), and submit a quotation application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the quotation for the ICPS-i.

All ICPS-i allotted and issued will be credited as fully paid and will with effect from the date of such allotment and issue, rank *pari passu* amongst all ICPS-i in all respects and without discrimination or preference. The ICPS-i will rank ahead in regards to payment of dividends in all classes of shares in THHE, subject to ratification by the Board at the point of dividend distribution through authority delegated to the Board by the ordinary shareholders.

(c) Lodging of the notice of conversion

An ICPS-i holder may at any time from the date of issue of the ICPS-i and up to the maturity date of the ICPS-i lodge with the Share Registrar of THHE a Notice of Conversion to convert the ICPS-i without the payment of additional consideration by the ICPS-i holder into such number of fully-paid ordinary shares of RM0.25 each in THHE ("**THHE Share**") at the conversion rate of 1 new THHE Share for every ICPS-i held.

Any remaining ICPS-i that are not converted by the maturity date will be automatically converted into new THHE Shares without the payment of additional consideration by the ICPS-i holder, into such number of fully-paid THHE Shares at the abovementioned conversion rate.

(d) Allot and issue new THHE Shares arising from conversion

Upon the conversion of the ICPS-i into new THHE Shares by the ICPS-i holders, or upon the conversion of the ICPS-i into THHE Shares upon maturity, THHE will as soon as practicable and not later than 8 market days after the date of receipt of a valid conversion notice issue and allot to the ICPS-i holder the new THHE Shares and despatch notice of allotment to the ICPS-i holders. Any remaining ICPS-i that are not converted by the maturity date shall be automatically converted into new THHE Shares without the payment of additional consideration by the ICPS-i holder, into such number of fully-paid THHE Shares at the conversion rate of 1 new THHE Share for every ICPS-i held.

If conversion results in fractional entitlement to new THHE Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS-i, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

All new THHE Shares issued upon conversion of the ICPS-i shall, upon allotment and issue, rank *pari passu* in all respects with the existing THHE Shares at that time, except that the holder of the new THHE Shares shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new THHE Shares arising from the conversion of the ICPS-i.

2. THE KEY TERMS OF THE ICPS-i

2.1 Issue price

RM0.25 per ICPS-i.

2.2 Dividend Preference

At its 20th meeting on 14 July 1999, the Shariah Advisory Council of the Securities Commission Malaysia resolved that non-cumulative preference shares are permissible based on tanazul where the right to profit of the ordinary shareholder is willingly given to a preference shareholder.

From Shariah point of view, it is allowed for the contracting parties to agree to give certain priority to the other parties, even in the dividend distribution, provided that this is done when the dividend (i.e. profit) is realized and the consent is obtained from those contracting parties. This is understood from the verse of al-Qur'an (al-Nisa': 29):

يا أيها الذين آمنوا لا تأكلوا أموالكم بينكم بالباطل إلا أن تكون تجارة عن تراض منكم.......

"O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent..."

In this issuance, notwithstanding that the relinquishment of right of dividend is indicated upfront at the extraordinary general meeting of THHE which approved the Proposal, the actual relinquishment of such right will only happen upon the realisation of dividend, via ratification of the dividend distribution to the ICPS-i holders by the Board through authority delegated to the Board by the ordinary shareholders. This practice shall have no Shariah issue. The relinquishment of the rights to a share of the dividends is made after the entitlement to the dividend and as such is their gift to the other parties. Since the dividend is theirs, they have all the right to give it to anybody, including other contracting parties.

Pursuant to the indication of relinquishment of right of dividend made by the ordinary shareholders, the ICPS-i will rank ahead in regards to payment of dividends in all classes of shares of THHE, subject to ratification by the Board at the point of dividend distribution, through authority delegated to the Board by the ordinary shareholders.

In this structure, though the parties have indicated upfront that ICPS-i will rank ahead in regards to dividends in all classes of shares of THHE, this indication will be subjected to ratification by the Board at the point of dividend distribution upon ascertaining availability of distributable profits. Hence, this is allowed from Shariah point of view.

THHE shall (at its discretion and subject to the availability of distributable profits) pay out a targeted aggregate dividend rate of 20% calculated based on the nominal value of the ICPS-i, which shall be payable throughout the tenure of the ICPS-i as per the table below:

Year	Targeted Dividend Rate
1	3.0% per annum
2	3.5% per annum
3	4.0% per annum
4	4.5% per annum
5	5.0% per annum

The dividends, if declared, shall be payable annually in arrears, subject to availability of distributable profits. Although annual payments are anticipated as per the table above, THHE may defer, in part or in whole, such payments subject to the availability of distributable profits

("**Deferred Dividends**"). For the avoidance of doubt, THHE is not obliged to pay any dividends or Deferred Dividends, as the case may be, in the event it has insufficient distributable profits.

From Shariah point of view, the parties may agree on how the dividend distribution is to be made, as long as the practice of dividend distribution does not guarantee the dividend or preclude another parties from receiving the dividend.

In this issuance, the distribution of dividend will be made subject to the availability of the distributable profits. In fact, it clearly mentioned that THHE is not obliged to pay any dividends or Deferred Dividends, as the case may be, in the event it has insufficient distributable profits.

The targeted aggregate dividend distribution is 20% throughout the 5-year tenure. As the dividends may only be distributed and deferred within the 5-year period, there is no issue from Shariah point of view.

Nevertheless, taking into account the annual targeted dividend may be deferred, in part or in whole, to the following years but not beyond the 5-year tenure, the ICPS-i may have "cumulative" features. However, the cumulative feature of the ICPS-i is different from that of a conventional cumulative preference share whereby in the case of conventional cumulative preference shares, dividends have to be paid at a later date to the preference shareholders if they are not paid in the current year. In the case of the ICPS-i, THHE is not obliged to pay any dividends or Deferred Dividends in the event it has insufficient distributable profits. The dividend payments to the ICPS-i holders are also subject to the ratification of the Board, through authority delegated to the Board by the ordinary shareholders.

Each ICPS-i will cease to receive dividends from and including the date the ICPS-i is converted save for dividends declared and unpaid up to the date the notice is received by THHE for the ICPS-i holder to convert the ICPS-i into new THHE Shares.

Based on this structure, the ICPS-i will receive targeted dividend rates as per abovementioned schedule. This is only true before the conversion is made. After the conversion is made, the ICPS-i holders will share the same dividend distribution as ordinary shares. Again, this practice does not pose any Shariah issue. As explained before, the parties to the contract may agree on how to distribute the dividend, as long as it does not lead to the likelihood of a party being precluded from participation in dividend. In this structure, the holders of both classes of share will share the dividend in all scenarios. If a party were to be given any priority over the other, this will only be ratified by the Board at the point of dividend distribution, through authority delegated to the Board by the ordinary shareholders.

2.3 Winding-up or Liquidation Preference

In this structure, all the parties shall share in the distributable of assets (if any). Any arrangement for ranking in priority to THHE Shares in any distribution of assets in the event of liquidation, dissolution, winding-up, reduction of capital or other payment of capital (other than on redemption of any other class of redeemable shares) of THHE is subject to ratification by the Board at the point of the liquidation, dissolution or winding-up of THHE, through authority delegated to the Board by the ordinary shareholders.

Notwithstanding that the relinquishment of right to any distribution of assets is indicated upfront by the ordinary shareholders at the extraordinary general meeting of THHE which approved the Proposal, the actual relinquishment of such right will only happen upon the occurrence of event of liquidation, dissolution, winding-up, reduction of capital or other payment of capital (other than on redemption of any other class of redeemable shares) via ratification of distribution of assets to preference shareholders by the Board through authority delegated to the Board by the ordinary shareholders. This practice shall have no Shariah issue. The relinquishment of the rights to the distributable asset is their gift to the other parties.

Pursuant to the indication of relinquishment of right to any distribution of assets made by the ordinary shareholders, the ICPS-i will rank in priority to THHE Shares in any distribution of assets in the event of liquidation, dissolution, winding-up, reduction of capital or other payment of capital (other than on redemption of any other class of redeemable shares) of THHE, subject to ratification by the Board at the point of the liquidation, dissolution or winding-up of THHE.

Although the parties have indicated upfront, at the extraordinary general meeting of THHE which approved the Proposal, that ICPS-i holders will rank in priority to ordinary shareholders in the event of liquidation, dissolution, winding-up, reduction of capital or other payment of capital (other than on redemption of any other class of redeemable shares), this indication will be subjected to ratification by the Board at the point of the liquidation, dissolution or winding-up of THHE through authority delegated to the Board by the ordinary shareholders.

This practice is allowed in Shariah as long as the relinquishment of such right happens only upon the occurrence of event of liquidation, dissolution, winding-up via ratification of the Board through authority delegated to the Board by the ordinary shareholders. This practice shall have no Shariah issue. The relinquishment of the rights to receive the capital is a gift by the ordinary shareholders for the benefit of the ICPS-i holders. Since the dividend is theirs, they have all the right to give it to anybody, including other contracting parties.

2.4 Rights and Responsibilities of ICPS-i Holders

There will be a rights subscription form to be completed by the Entitled Shareholders who subscribe for the ICPS-i. The parties in the ICPS-i will be the Entitled Shareholders who subscribe for the ICPS-i and THHE. The completion of the rights subscription form shall signify the entering of the Entitled Shareholders into an agreement with THHE.

The ICPS-i holders will receive the dividends in proportion to their shareholdings of the ICPS-i in THHE. The targeted aggregate dividend rate of the ICPS-i is capped at 20% over the tenure of the ICPS-i. Any preference dividend will only be materialised upon the ratification by the Board.

The ICPS-i holders cannot terminate the agreement as the tenure of the ICPS-i is for a period of 5 years. However, as the ICPS-i are listed on the Main Market of Bursa Securities, the ICPS-i holders have the right to exit from the agreement at any time by selling their ICPS-i to another party on the open market of Bursa Securities and relinquishing their ownership of the ICPS-i. From Shariah point of view, this practice is allowed as long as all the parties are aware of their rights and responsibilities.

In this issuance, the parties are aware of the terms and conditions of the issuance and consented to it. As such, this arrangement is allowed in Shariah as it does not violate any principles of Shariah.

If the declaration of dividend is lower than the targeted dividend of 20%, the ICPS-i holders will only receive the dividends which have been declared. Nevertheless, one party may waive his right for the benefit of another party. In this case, upon the dissolution and winding-up event, the ordinary shareholders will waive their right to the surplus in favour of the ICPS-i holders, and this will be ratified by the Board upon the occurrence of dissolution and winding-up event.

2.5 Voting

The ICPS-i holders agree to waive their right to vote at any general meetings of THHE except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:

(a) when the dividend or part of the dividend payable on the ICPS-i is in arrears for more than 12 months;
(b) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the ICPS-i;
(c) Upon any resolution for the winding up of THHE; and
(d) Other circumstances as may be provided under law and applicable to preference shares and/ or preference shareholders from time to time.

In any such case, the ICPS-i holders shall be entitled to vote together with the holders of THHE Shares and exercise 1 vote for each ICPS-i held.

From Shariah point of view, it is allowed for the parties to agree that the management of the business activities be vested with certain parties, in which that party will decide on how the business activities will operate. This includes also the right to vote in the general meeting on general conditions or when certain conditions are met.

In a contract, the parties are allowed to agree on any shart ja'li (conditions imposed by themselves) provided that this condition does not lead to violation of the nature of the contract. As for other conditions, they are free to agree as per their consent. Among the terms that they can agree is on the management of the business to be done. As such, this provision shall have no Shariah issue.

2.6 Transferability

The ICPS-i shall be transferable to other party through mechanisms recognized by Shariah namely sale contract or *hibah*.

From Shariah point of view, as the owner of the shares, the ICPS-i holders shall be allowed to transfer (via various mechanism recognized in Shariah) his shares to any other person (s).

2.7 Mandatory Conversion

The ICPS-i shall be convertible, at the option of the ICPS-i holder, at any time during the conversion period without the payment of additional consideration by the ICPS-i holder thereof, into such number of fully-paid THHE Shares at the conversion rate. The conversion period shall be at any time from the date of issue and up to the maturity date i.e. the day immediately preceding the 5th anniversary from the date of issuance of the ICPS-i (both dates inclusive).

The conversion rate shall be one (1) new THHE Share for one (1) ICPS-i held. For the avoidance of doubt, no cash is payable by ICPS-i holders upon conversion of the ICPS-i into THHE Shares.

If the conversion results in a fractional entitlement to ordinary shares of THHE, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS-i, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

Any remaining ICPS-i that are not converted by the maturity date shall be automatically converted into new THHE Shares without the payment of additional consideration by the ICPS-i holder, into such number of fully-paid THHE Shares at the conversion rate.

From Shariah point of view, it is allowed for the parties to agree on certain conversion mechanism, before or at maturity. In the case of THHE's ICPS-i, each ICPS-i is directly convertible into one new ordinary share.

2.8 Shariah-Compliant Status of THHE

At present and on the date of issuance of ICPS-i, THHE shall maintain its Shariah-compliant status as per the criteria of Shariah-compliant equity under the guidelines issued by Shariah Advisory Council of the Securities Commission Malaysia. Though the company aspires to remain Shariah-compliant and its businesses in fact comply to the principles of Shariah, there is no guarantee that THHE shall remain compliant, especially in its financial ratio. It should be noted also that ICPS-i shall be listed and traded on Bursa Securities. Therefore, in case THHE changes status to become Shariah non-compliant, the holders of ICPS-i shall have the right to sell the ICPS-i to the market. The practice is similar to the normal shares that are traded on Bursa Securities. When a particular share changes status, the Islamic investors shall have the right to sell the shares to the market. The same treatment will be afforded in this issuance.

3. UTILISATION OF PROCEEDS

3.1 The proceeds to be raised from the Proposal shall be utilised for the following Shariah-compliant purposes:

Proposed utilisation of proceeds	[(i)] *Minimum Scenario* *RM million*	[(ii)] *Maximum Scenario* *RM million*
Capital expenditure[(iii)]	169.7	169.7
Working capital[(iv)]	51.3	75.3
Repayment of debt[(v)]	50.0	50.0
Defray estimated expenses in relation to the Proposal[(vi)]	4.0	4.0
Total	**275.0**	**299.0**

Notes:

(i) Under the minimum scenario (where no underwriting is procured for the open portion of the rights issue), it is assumed that only Lembaga Tabung Haji, which is the major shareholder of THHE, subscribes for the ICPS-i pursuant to the Proposal.

(ii) Under the maximum scenario, it is assumed that all the entitled shareholders of THHE subscribe in full for their respective entitlements under the Proposal on the assumed entitlement basis of 16 IPCS-i for every 15 existing THHE Shares held.

(iii) THHE expects to utilise the proceeds from the Proposal for capital expenditure requirements of THHE and its subsidiaries (collectively, the "**Group**") in the following manner:

Subsidiaries	Details of the proposed utilisation	RM million
Floatech (L) Ltd., a 80% subsidiary of THHE	To part finance the expenditure for the conversion of its floating production storage and offloading vessel (FPSO), "FPSO Layang", pursuant to the contract award from JX Nippon Oil & Gas Exploration (Malaysia) Limited.	152.0
THHE Fabricators Sdn Bhd, a 70% subsidiary of THHE	Expenditure for its Pulau Indah Fabrication Yard upgrading comprising mainly yard capacity expansion, upgrade and construction of additional facilities as well as purchase of additional fabrication equipment and tools.	13.2
O&G Works Sdn Bhd, a wholly-owned subsidiary of THHE	Investment in tools and machineries, software and purchase/manufacture of cranes for subsequent rental.	4.5
	Total capital expenditure	**169.7**

Any surplus or shortfall in the actual amount allocated to any of the above subsidiaries will be adjusted against the amount allocated to other subsidiaries, and any surplus or shortfall in the total allocation for capital expenditure will be adjusted accordingly to/from the portion being earmarked for the working capital of the Group.

(iv) The working capital will be utilised for the day-to-day operations of the Group, including payment of trade and other payables such as payment to suppliers and consultants, audit fees, rental, utilities such as electricity and water; management and employees expenses such as salaries, wages, allowances and statutory contributions; marketing expenses such as exhibition and travelling costs; and other operating expenses such as printing, stationeries, postage, repair and maintenance of office furniture and equipment.

(v) THHE intends to utilise RM50.0 million of the proceeds raised from the Proposal to pare down the existing debts of the Group.

(vi) Comprising professional fees, underwriting fees, fees payable to the relevant authorities, printing costs of the circular and abridged prospectus and other miscellaneous expenses. Any surplus or shortfall in the amount allocated for the estimated expenses of the Proposal will be adjusted accordingly to/from the portion being earmarked for the working capital of the Group.

3.2 Where the proceeds raised from the Proposal are to be utilised for THHE's subsidiaries, THHE shall either (a) advance the proceeds to its subsidiaries through interest-free loan based on the Shariah principle of Qard Hasan or (b) inject cash into the subsidiaries to subscribe for additional shares in the subsidiaries. The subsidiaries will thereafter apply such proceeds for the purposes as set out in 3.1 above.

4. APPROVAL

To the best of our knowledge and information that was disclosed to the HLISB Shariah Committee as the Shariah Adviser for the Proposal, we hereby confirm that the structure, the terms and conditions and the transactions to be entered into with respect to the Proposal had been approved in the HLISB Shariah Committee meeting dated 29 January 2015.

Yours faithfully,

On behalf of
The Shariah Committee of Hong Leong Islamic Bank Berhad

ASSOC. PROF. DR. AB. MUMIN AB. GHANI
Chairman

I, Assoc. Prof. Dr. Ab. Mumin Ab. Ghani, hereby confirm that all members of the HLISB Shariah Committee have been consulted and made aware of all Shariah issues in relation to this proposal.

FURTHER INFORMATION

1. SHARE CAPITAL

No securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of issue of this Abridged Prospectus.

Save for our Entitled Shareholders who will be provisionally allotted the ICPS-i under the Rights Issue of ICPS-i, no person has been or would be entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

Article 105

(i) The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(ii) Executive director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and party in another) as the Directors may from time to time determine. All remuneration payable to the non-executive Director(s) shall be determined by a resolution of the Company in general meeting.

(iii) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on, or percentage of, profits or turnover.

(iv) Salaries payable to executive Directors may not include a commission on, or percentage of turnover.

(v) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him.

3. CONSENTS

Our Adviser, Auditors, Principal Bankers, Company Secretaries, Share Registrar and Solicitors for the Rights Issue of ICPS-i have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Messrs. Deloitte & Touche, our Reporting Accountants, has given and has not subsequently withdrawn its written consent for the inclusion of its name, the pro forma consolidated statement of financial position of our Company as at 31 December 2014 together with the Reporting Accountants' letter thereon, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

KPMG has given and has not subsequently withdrawn its written consent for the inclusion of its name and the auditors' report in relation to the audited consolidated financial statements of our Company for the FYE 31 December 2014, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Hong Leong Islamic Bank Berhad, our Shariah Adviser, has given and has not subsequently withdrawn its written consent for the inclusion of its name and letter, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source of historical share prices of our Company, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

4. MATERIAL CONTRACTS

Save as disclosed below, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years immediately preceding the date of issuance of this Abridged Prospectus:

(i) Share sale agreement dated 18 February 2014 entered into by our Company and Globalmariner Offshore Services Sdn Bhd for the disposal by our Company of 2,000,000 ordinary shares of USD1.00 each in Floatech, representing 20% of the issued and paid-up share capital of Floatech for a cash consideration of USD13,126,400 (equivalent to approximately RM43,258,000 based on the foreign exchange middle rate of USD1.00:RM3.2955 as published by BNM as at 17 February 2014).

(ii) Shareholders' agreement in respect of Floatech dated 18 February 2014 entered into by Globalmariner Offshore Services Sdn Bhd and our Company to govern the relationship of the parties as shareholders of Floatech.

(iii) Joint venture agreement dated 1 October 2013 entered into by McDermott Holdings (M) Sdn. Bhd and J. Ray McDermott S.A. (collectively "**McDermott**"), our Company and Berlian McDermott Sdn Bhd for the purpose of setting out their mutually agreed rights, duties, liabilities and obligations vis-à-vis each other in relation to the operation of Berlian McDermott Sdn Bhd, as a joint venture between McDermott and our Company, on a 70:30 basis.

(iv) Joint venture agreement dated 1 October 2013 entered into by McDermott Capital Malaysia Sdn Bhd, our Company and THF for the purpose of setting out their mutually agreed rights, duties, liabilities and obligations vis-à-vis each other in relation to the operation of THF, as a joint venture between McDermott Capital Malaysia Sdn Bhd and our Company, on a 30:70 basis.

(v) Joint venture agreement dated 1 October 2013 entered into by J. Ray McDermott S.A., our Company and THHE McDermott Project Services Sdn Bhd, for the purpose of setting out their mutually agreed rights, liabilities and obligations vis-à-vis each other in relation to the operation of THHE McDermott Project Services Sdn Bhd, as a joint venture between J. Ray McDermott S.A. and our Company on a 50:50 basis.

(vi) Joint venture agreement dated 1 October 2013 entered into by J. Ray McDermott S.A., our Company and THHE McDermott Engineering Sdn Bhd for the purpose of setting out their mutually agreed rights, liabilities and obligations vis-à-vis each other in relation to the operation of THHE McDermott Engineering Sdn Bhd, as a joint venture between J. Ray McDermott S.A. and our Company, on a 50:50 basis.

5. MATERIAL LITIGATIONS

As at the LPD, save as disclosed below, our Group is not engaged in any material litigations, claims or arbitration, either as plaintiff or defendant, and to the best knowledge of our Board, there are no proceedings pending or threatened against our Group and no facts that are likely to give rise to any such proceedings, which may materially and adversely affect the financial position or business of our Group:

(i) Ramunia Fabricators Sdn Bhd v Global Fabricators Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCC-752-2011)

Ramunia Fabricators Sdn Bhd (now known as THF) has brought an action against Global Fabricators Sdn Bhd ("**GFSB**") seeking a declaration, inter alia, that there was no outstanding debt due and owing to GFSB in respect of an Engineering, Procurement, Construction and Commissioning, and Loadout of Offshore Platform Topsides for the Pluto Gas Field in the Western Australia's Carnavon Basin Project ("**Pluto Project**"); Procurement and Construction of KUJT-A Jacket for Kumang Cluster Development Project (Phase 1) ("**Kumang Project**"); and Procurement and Construction of Melor (MLDP-A) Drilling Platform Jacket for Tangga Barat Cluster Development Project (Phase 1) ("**Melor Project**").

The suit was filed on 4 May 2011 by THF against GFSB after GFSB issued a notice pursuant to Section 218 of the Act to THF. GFSB counterclaimed for, amongst others, sum allegedly due and owing under the Pluto Project, Kumang Project and Melor Project. THF has filed an application to stay GFSB's counterclaim relating to the Kumang Project and Melor Project on the grounds that it was subject to an arbitration agreement. The counterclaim by GFSB under the Kumang Project and Melor Project amounted to RM4,632,778.10.

A consent judgment was entered into by both THF and GFSB on 23 November 2011 where THF admitted to owing GFSB an amount of RM200,795.12 in relation to the Pluto Project. Pursuant to the consent judgment, GFSB issued a Notice of Arbitration dated 13 March 2012 against THF in relation to both the Kumang Project and Melor Project. THF has nominated an arbitrator and has proposed to consolidate both arbitrations. However, up to the LPD, GFSB has yet to respond with its nomination of an arbitrator and no steps have been taken by GFSB to proceed with the arbitration.

Our Group's solicitors are of the opinion that THF has a good case to defeat GFSB's claims in the arbitration.

(ii) Ramunia Fabricators Sdn Bhd v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-565-05/2012)

The suit is a claim by THF against PFC Engineering Sdn Bhd ("**PFCE**") for losses and expenses suffered by THF in respect of works carried out by THF and for PFCE's use of THF's facilities and equipment during a project in 2009/2010 in respect of several fabrication contracts awarded initially to THF but later novated to PFCE. The claim was filed on 10 May 2012 for the sum of RM17,389,897.52. PFCE filed a counterclaim amounting to RM4,992,679.38 for amount owing by THF to PFCE vide the said fabrication contracts. The matter is fixed for trial from 15 September 2015 to 22 September 2015.

Our Group's solicitors are of the opinion that THF's chances of success in its claim and the counterclaim are fair. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents between now and the trial of the matter which is fixed to commence on 15 September 2015.

(iii) Ramunia Fabricators Sdn Bhd (now known as THF) v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-566-05/2012)

The suit is a claim by THF against PFCE for unpaid fees amounting to RM12,698,400 pursuant to a Fabrication Facilities Agreement dated 28 May 2009 in relation to the use of THF's facilities and equipment by PFCE for works carried out under a project in 2009/2010 in respect of several fabrication contracts awarded initially to THF but later novated to PFCE. The claim was filed on 10 May 2012. PFCE filed a counterclaim amounting to RM1,319,679.53 for amounts owing by THF to PFCE pursuant to the said Fabrication Facilities Agreement and fabrication contracts. The matter is fixed for trial from 15 September 2015 to 22 September 2015.

Our Group's solicitors are of the opinion that THF's chances of success in its claim and counterclaim are fair. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents between now and the trial of the matter which is fixed to commence on 15 September 2015.

(iv) PT DWI Sumber Area Waja v THHE Fabricators Sdn Bhd (Kuala Lumpur Sessions Court, Suit No. B52NCC-58-01/2015)

The suit is a claim against THF by PT DWI Sumber Area Waja ("**PT DWI**") in respect of various purchase orders made by THF from PT DWI for 8 units of tubular pipes. The claim was filed on 26 January 2015. The total amount claimed by PT DWI for the 8 units of tubular pipes is USD217,284.80 or approximately RM783,746.27 ("**Judgment Sum**") *(based on the foreign exchange middle rate of USD1.00:RM3.6070 as published by BNM on 26 January 2015, being the date of the claim)*. A summary judgment was entered against THF on 19 May 2015. On 13 July 2015, PT DWI served a notice pursuant to Section 218 of the Act on THF ("**Notice**") demanding full payment of the Judgment Sum. Our Group's solicitors have advised THF to settle the Judgment Sum and THF is currently taking steps to settle the Judgment Sum.

(v) Ramunia Holdings Bhd (now known as THHE) v PFCE [Kuala Lumpur High Court Civil Suit No. 22NCvC-1117-09/2012 (filed as Kuala Lumpur Sessions Court, Summons No. 52-17409-05/2012)]

Ramunia Holdings Bhd (now known as THHE) made a claim against PFCE for a sum of RM227,500.00 for unpaid rent pursuant to a Tenancy Agreement dated 28 May 2009. The claim was filed on 10 May 2012. PFCE made a counterclaim for RM510,219.49 for amounts owing by THF to PFCE pursuant to the said Tenancy Agreement and certain fabrication contracts as mentioned in Ramunia Fabricators v PFC Engineering Sdn Bhd (Kuala Lumpur High Court, Suit No. 22NCvC-566-05/2012) of paragraph (iii) above. The matter is fixed for trial from 15 to 22 September 2015.

Our Group's solicitors are of the opinion that THHE's chances of success in its claim and counterclaim are fair. However, the parties have appointed experts to assist the Court in the dispute and therefore, the aforesaid view may change upon reviews of the experts' opinions and any further documents between now and the trial of the matter which is fixed to commence on 15 September 2015.

6. GENERAL

(i) None of our Directors has any existing or service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payments or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

(c) material commitments for capital expenditure;

(d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DETAILS OF OTHER CORPORATE EXERCISE

As at the LPD, save for the Rights Issue of ICPS-i, our Company does not have any corporate exercise which has been approved by the authorities and/or our shareholders but is pending completion.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of issuance of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past 2 FYEs 31 December 2013 and 31 December 2014 and our unaudited consolidated interim financial statements for the 3-month FPE 31 March 2015;

(iii) the pro forma consolidated statements of financial position of our Company as at 31 December 2014 together with the Reporting Accountants' letter as set out in Appendix III of this Abridged Prospectus;

(iv) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(v) the letter from the Shariah Adviser dated 9 July 2015 as set out in Appendix VII of this Abridged Prospectus;

(vi) the consent letters referred to in Section 3 of this Appendix;

(vii) the material contracts referred to in Section 4 of this Appendix;

(viii) relevant cause papers in respect of the material litigations referred to in Section 5 of this Appendix; and

(ix) the letters in relation to the Undertaking and Additional Undertaking from LTH as referred to in Section 3 of this Abridged Prospectus.

9. RESPONSIBILITY STATEMENT

Our Board has seen and approved the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

HLIB, being the Adviser for the Rights Issue of ICPS-i, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS-i.

NOTICE OF PROVISIONAL ALLOTMENT OF ICPS-i

THE PROVISIONAL ICPS-i (AS DEFINED BELOW) AS CONTAINED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ARE PRESCRIBED SECURITIES PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 ("SICDA") AND THEREFORE, THE SICDA (INCLUDING ALL AMENDMENTS THEREOF) AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD ("BURSA DEPOSITORY") SHALL APPLY IN RESPECT OF DEALINGS IN THE PROVISIONAL ICPS-i.

THHEAVY ENGINEERING BERHAD
An associate company of Tabung Haji (634775-D)

(Company No. 634775-D)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,195,815,669 NEW ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.25 EACH IN TH HEAVY ENGINEERING BERHAD ("THHE") ("ICPS-i") AT AN ISSUE PRICE OF RM0.25 FOR EACH ICPS-i ON THE BASIS OF 16 ICPS-i FOR EVERY 15 EXISTING ORDINARY SHARES OF RM0.25 EACH ("THHE SHARES") HELD IN THHE AS AT 5.00 P.M. ON 14 AUGUST 2015 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF ICPS-i")

Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

To: The Shareholders of THHE

Dear Sir/Madam,

The Board of Directors of THHE ("**Board**") has provisionally allotted to you the number of ICPS-i as indicated below ("**Provisional ICPS-i**"), in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 7 April 2015 and the resolution passed by the shareholders of THHE at the Extraordinary General Meeting held on 28 May 2015 in relation to the Rights Issue of ICPS-i.

We wish to advise that the Provisional ICPS-i in respect of the Rights Issue of ICPS-i have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account as stated below, subject to the terms and conditions stated in THHE's Abridged Prospectus dated 14 August 2015 ("**Abridged Prospectus**") and the accompanying Rights Subscription Form ("**RSF**") issued by THHE.

Bursa Securities has prescribed the ICPS-i to be listed on the Main Market of Bursa Securities and to be deposited with Bursa Depository. Accordingly, the Provisional ICPS-i arising from the Rights Issue of ICPS-i are prescribed securities and as such, all dealings in the Provisional ICPS-i will be by way of book entries through the CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL ICPS-i TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICPS-i WILL BE ALLOTTED BY WAY OF CREDITING THE ICPS-i INTO THE CDS ACCOUNTS OF THE SHAREHOLDERS OF THHE WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THHE ON THE ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) AND NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allot any ICPS-i which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) ("**Excess ICPS-i**"), if any, in a fair and equitable manner and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS accounts as at the Entitlement Date;
(iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for; and
(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for.

In the event of any Excess ICPS-i balance after the above allocations are completed, the balance will be allocated in the processes set out in (ii) to (iv) above.

Nevertheless, the Board reserves the right to allot the Excess ICPS-i applied for under Part I(b) of the RSF in such manner as the Board deems fit and expedient and in the best interest of THHE subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (i) to (iv) above is achieved. The Board also reserves the right not to accept any Excess ICPS-i application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF THHE SHARES HELD AS AT 5.00 P.M. ON 14 AUGUST 2015	NUMBER OF ICPS-i PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.25 PER ICPS-i (RM)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date ..... :	Friday, 14 August 2015 at 5.00 p.m.
Last date and time for the sale of Provisional ICPS-i ..... :	Friday, 21 August 2015 at 5.00 p.m.
Last date and time for the transfer of Provisional ICPS-i ..... :	Wednesday, 26 August 2015 at 4.00 p.m.
Last date and time for acceptance and payment ..... :	Tuesday, 1 September 2015 at 5.00 p.m. *
Last date and time for excess application and payment ..... :	Tuesday, 1 September 2015 at 5.00 p.m. *

** or such later date and time as the Board and Adviser may decide and announce not less than 2 Market Days (as defined in the Abridged Prospectus) before the stipulated date and time.*

By order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
TAN LEY THENG (MAICSA 7030358)
Company Secretaries

Share Registrar
SECURITIES SERVICES (HOLDINGS) SDN BHD (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 03 - 2084 9000
Fax: 03 - 2094 9940 / 2095 0292

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 14 AUGUST 2015

RIGHTS SUBSCRIPTION FORM

THIS RIGHTS SUBSCRIPTION FORM ("RSF") IS ISSUED FOR THE PURPOSE OF ACCEPTING THE ICPS-i (AS DEFINED BELOW) AND APPLYING FOR EXCESS ICPS-i (AS DEFINED BELOW) PURSUANT TO THE RIGHTS ISSUE OF ICPS-i (AS DEFINED BELOW) OF TH HEAVY ENGINEERING BERHAD ("THHE"). THE LAST DATE AND TIME FOR ACCEPTANCE OF ICPS-i, APPLICATION FOR EXCESS ICPS-i AND PAYMENT IS 5.00 P.M. ON 1 SEPTEMBER 2015 OR SUCH LATER DATE AND TIME AS THE BOARD OF DIRECTORS OF THHE ("BOARD") AND ADVISER MAY DECIDE AND ANNOUNCE NOT LESS THAN 2 MARKET DAYS (AS DEFINED IN THE ABRIDGED PROSPECTUS) BEFORE THE STIPULATED DATE AND TIME. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ICPS-i STANDING TO THE CREDIT OF HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

THHEAVY
ENGINEERING BERHAD
An associate company of Tabung Haji
(634775-D)

(Company No. 634775-D)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,195,815,669 NEW ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.25 EACH IN TH HEAVY ENGINEERING BERHAD ("ICPS-i") AT AN ISSUE PRICE OF RM0.25 FOR EACH ICPS-i ON THE BASIS OF 16 ICPS-i FOR EVERY 15 EXISTING ORDINARY SHARES OF RM0.25 EACH ("THHE SHARES") HELD IN THHE AS AT 5.00 P.M. ON 14 AUGUST 2015 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF ICPS-i")

To: The Board of Directors of THHE

PART I – ACCEPTANCE OF ICPS-i AND EXCESS ICPS-i APPLICATION

In accordance with the terms of this RSF and the Abridged Prospectus dated 14 August 2015 ("**Abridged Prospectus**"), I/we* hereby irrevocably:

(a) *accept the number of ICPS-i as stated below which were provisionally allotted/renounced/transferred to me/us*;
(b) *apply for the number of Excess ICPS-i (as defined in the Abridged Prospectus) as stated below in addition to the above;

in accordance with and subject to the Memorandum and Articles of Association of THHE.

I/We* enclose herewith the appropriate remittance(s)/reference(s) for payment as stated below being the full and exact amount payable for the ICPS-i and/or Excess ICPS-i accepted/applied for, and hereby request for the said ICPS-i and/or Excess ICPS-i to be credited into my/our* valid and subsisting CDS account as stated below:

NUMBER OF ICPS-i ACCEPTED/ EXCESS ICPS-i APPLIED		AMOUNT PAYABLE AT RM0.25 PER ICPS-i (RM)	BANKER'S DRAFT/ CASHIER'S ORDER/ MONEY ORDER/ POSTAL ORDER NO.	PAYABLE TO
(a) ACCEPTANCE				THHE RIGHTS ACCOUNT
(b) EXCESS				THHE EXCESS RIGHTS ACCOUNT

Note: If you have subsequently purchased additional provisional ICPS-i from the open market, you should indicate your acceptance of the total provisional ICPS-i that you have standing to the credit in your CDS account under Part I(a) above.

NRIC NO./ PASSPORT NO. (STATE COUNTRY)/ COMPANY NO.:

CDS ACCOUNT NO. | | | - | | | - | | | | | | | | | |

PART II – DECLARATION

NAME AND ADDRESS OF ENTITLED SHAREHOLDER

I/We* hereby confirm and declare that:
(i) All information provided by me/us* is true and correct;
(ii) All information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my/our* rights may be rejected; and
* I am 18 years of age or over.
* I am/We are* resident(s) of Malaysia.
* I am/We are* resident(s) of .... (country) and having .... citizenship.
* I am/We are* nominee(s) of a person who is a Bumiputera/Non-Bumiputera/Non-Citizen* resident in .... (country) and having .... citizenship.
* I am/We* have provided my/our* bank account information to Bursa Depository for purposes of cash dividend/distribution, I/we* hereby consent in accordance with the relevant laws of Malaysia, including Section 134 of Financial Services Act 2013 and Section 45(1)(a) of the Securities Industry (Central Depositories) Act, 1991, to the disclosure by THHE, Bursa Depository, the Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund (if any) to me/us* as the case may be, of information pertaining to myself/ourselves* and my/our* account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund (if any) or for any other purpose in connection with such payment(s); and
* I/We* consent to THHE and the Share Registrar of THHE collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of ICPS-i and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

I/We* have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

Signature/Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Contact telephone number during office hours

LAST DATE AND TIME FOR:

Acceptance and payment	:	Tuesday, 1 September 2015 at 5.00 p.m.^
Excess application and payment	:	Tuesday, 1 September 2015 at 5.00 p.m.^

^ *or such later date and time as our Board and Adviser may decide and announce not less than 2 Market Days (as defined in the Abridged Prospectus) before the stipulated date and time.*

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE OF ICPS-i SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THHE, SECURITIES SERVICES (HOLDINGS) SDN BHD, LEVEL 7, MENARA MILENIUM, JALAN DAMANLELA, PUSAT BANDAR DAMANSARA, DAMANSARA HEIGHTS, 50490 KUALA LUMPUR. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

The Rights Issue of ICPS-i has been approved by the shareholders of THHE at the Extraordinary General Meeting held on 28 May 2015. Bursa Malaysia Securities Berhad ("**Bursa Securities**") has, via its letter dated 7 April 2015, approved the admission of the ICPS-i to the Official List of Bursa Securities, the listing of and quotation for the ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for the new THHE Shares to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities. The official listing of and quotation for the ICPS-i will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have been duly credited and notices of allotment have been dispatched to them.

The Abridged Prospectus together with the Notice of Provisional Allotment ("**NPA**") and this RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, the Abridged Prospectus together with the NPA and this RSF have not been and will not be despatched to shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of the Abridged Prospectus together with the NPA and this RSF by the Entitlement Date.

However, even though a person may be issued, circulated or distributed or be permitted to collect the Abridged Prospectus together with the NPA and this RSF, THHE and Hong Leong Investment Bank Berhad ("**HLIB**") require that a person into whose possession of the Abridged Prospectus together with the NPA and this RSF must inform himself of, and observe all the applicable laws of other jurisdictions which may prohibit or restrict the issue, circulation or distribution of the Abridged Prospectus together with the NPA and this RSF to him or which may prohibit or restrict the offering, solicitation or invitation to subscribe for the ICPS-i under the Abridged Prospectus together with the NPA and this RSF or the Rights Issue of ICPS-i to him. THHE and HLIB shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Entitled Shareholders and/or his renouncee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such country or jurisdiction.

A copy of the Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS-i or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Abridged Prospectus together with the NPA and this RSF, have also been lodged with the Registrar of Companies, who takes no responsibility for their contents.

Admission of the ICPS-i to the Official List of Bursa Securities, the listing of and quotation for the ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for the new THHE Shares to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS-i. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

The Abridged Prospectus together with the NPA and this RSF have been seen and approved by the Board of Directors of THHE and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia or "**RM**" in abbreviation and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in this RSF, unless they are otherwise defined here or the context otherwise requires.

INSTRUCTIONS:

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 1 September 2015, or such later date and time as the Board and Adviser may decide and announce not less than 2 Market Days before the stipulated date and time ("**Closing Date**").

If acceptance and payment in the manner specified herein (whether in full or in part) are not received by the Share Registrar of THHE, **Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur** by 5.00 p.m. on the Closing Date for any part of the ICPS-i provisionally allotted to you, you will be deemed to have declined the Provisional ICPS-i made to you and it will be cancelled. The Board will then have the right to allot such ICPS-i not taken up to applicants who have applied for Excess ICPS-i in the manner as set out in item (III) below.

(II) FULL OR PART ACCEPTANCE AND PAYMENT

If you wish to accept the Provisional ICPS-i either in full or in part, please complete Parts I(a) and II of this RSF and send the completed and signed RSF together with the appropriate remittance made in **RM** by Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**THHE RIGHTS ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters and CDS account number**, for the full amount payable for the ICPS-i accepted, to be received by the Share Registrar of THHE, **Securities Services (Holdings) Sdn Bhd**, not later than 5.00 p.m on the Closing Date.

The remittance must be made for the exact amount payable for the ICPS-i accepted. No acknowledgement of receipt of this RSF and application monies will be issued in respect of the ICPS-i. However, if your application is successful, a notice of allotment will be issued and despatched by ordinary post to you at your own risk to the address as stated in the Record of Depositors within 8 Market Days from the last date of acceptance and payment for the ICPS-i or such other period as may be prescribed by Bursa Securities.

(III) EXCESS ICPS-i APPLICATION

If you wish to apply for additional ICPS-i in excess of those provisionally allotted to you, you may do so by completing Part I(b) of this RSF (in addition to Parts I(a) and II of this RSF) and send the completed and signed RSF with a separate remittance made in RM by Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**THHE EXCESS RIGHTS ACCOUNT**" and crossed " **A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters and CDS account number**, for the full amount payable in respect of the Excess ICPS-i applied for, to be received by the Share Registrar of THHE, **Securities Services (Holdings) Sdn Bhd**, not later than 5.00 p.m. on the Closing Date.

The remittance must be made for the exact amount payable for the Excess ICPS-i applied for. No acknowledgement of receipt of this RSF and application monies will be issued in respect of the Excess ICPS-i. However, if your application is successful, a notice of allotment will be issued and despatched by ordinary post to you at your own risk to the address shown in the Record of Depositors within 8 Market Days from the last date of application and payment for the Excess ICPS-i or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful Excess ICPS-i applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last date for applcation and payment for the Excess ICPS-i by ordinary post to the address shown in the Record of Depositors at your own risk.

It is the intention of the Board to allot the Excess ICPS-i, if any, in a fair and equitable manner and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS accounts as at the Entitlement Date;
(iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for; and
(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for.

In the event of any Excess ICPS-i balance after the above allocations are completed, the balance will be allocated in the processes set out in (ii) to (iv) above.

Nevertheless, the Board reserves the right to allot the Excess ICPS-i applied for under Part I(b) of this RSF, in such manner as the Board deems fit and expedient and in the best interest of THHE subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in (i) to (iv) above is achieved. The Board also reserves the right not to accept any Excess ICPS-i application, in full or in part, without assigning any reason.

(IV) SALE/TRANSFER OF THE PROVISIONAL ICPS-i

If you wish to sell or transfer all or part of your entitlement to the ICPS-i to 1 or more person(s), you may do so through your stockbroker for the period up to the last date and time for sale or transfer of the provisionally allotted ICPS-i (in accordance with the Rules of Bursa Depository) without first having to request THHE for a split of the provisional allotment of the ICPS-i standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the ICPS-i, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional ICPS-i.

In selling or transferring all or part of your Provisional ICPS-i, you need not deliver any document (including this RSF), to your stockbroker. However, you must ensure that you have sufficient Provisional ICPS-i standing to the credit of your CDS account(s) that are available for settlement of the sale or transfer.

The purchaser(s)/transferee(s) can collect a copy of the Abridged Prospectus and this RSF for the acceptance of his/her/their provisional allotment of ICPS-i from his/her/their stockbroker, the Registered Office of THHE or the Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold only part of your entitlement to the ICPS-i, you may still accept the balance of your entitlement by completing Parts I(a) and II of this RSF.

(V) GENERAL INSTRUCTIONS

(i) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(ii) Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
(iii) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of THHE and THHE shall not be under any obligation to account for such interest or other benefit to you.
(iv) The contract arising from the acceptance of the Provisional ICPS-i by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(v) THHE reserves the right to accept or reject any acceptance and/or application if the instructions stated above are not strictly adhered to.
(vi) The ICPS-i subscribed by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be credited into their respective CDS accounts as stated on the NPA or the exact accounts appearing in Bursa Depository's records.
(vii) Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should note that this RSF and remittances so lodged with the Share Registrar shall be irrevocable and may not subsequently be withdrawn.