

**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.

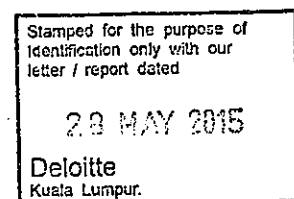
**TH HEAVY ENGINEERING BERHAD (634775-D)**

(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
<b>ASSETS</b>		
<b>Non-current assets</b>		
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
	<b>710,412</b>	<b>690,771</b>
<b>Current Assets</b>		
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
	<b>374,225</b>	<b>428,142</b>
	<b>1,084,637</b>	<b>1,118,913</b>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
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
<b>Non-controlling interests</b>	9,064	15,571
<b>Total Equity</b>	<b>378,389</b>	<b>403,746</b>
<b>Non Current Liabilities</b>		
Deferred tax liabilities	214	214
Borrowings	269,166	270,943
	<b>269,380</b>	<b>271,157</b>
<b>Current Liabilities</b>		
Trade and other payables	355,233	369,882
Borrowings	81,635	74,127
	<b>436,868</b>	<b>444,009</b>
<b>Total Liabilities</b>	<b>706,248</b>	<b>715,166</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,084,637</b>	<b>1,118,912</b>
<b>Net assets per share (sen)</b>	<b>33</b>	<b>35</b>

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



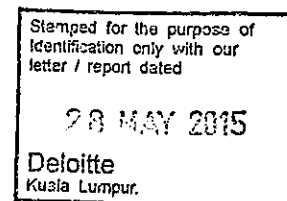
**TH HEAVY ENGINEERING BERHAD (634775-D)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015**

	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)
<b>Balance at 1 January 2015</b>	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)
<b>Total comprehensive income for the period</b>	277,769	94,511	28,317	4,492	(35,764)	369,325	9,064	378,389
<b>Balance at 31 March 2015</b>	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)
<b>Balance at 1 January 2014</b>	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
<b>Total comprehensive income for the period</b>	255,200	57,256	28,317	(87)	42,076	382,762	49,946	432,708
<b>Balance at 31 March 2014</b>	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)



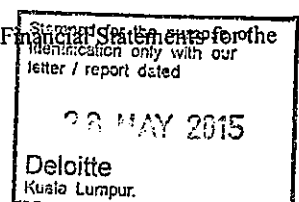
**TH HEAVY ENGINEERING BERHAD (634775-D)**

(Incorporated in Malaysia)

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

	CUMMULATIVE	
	CURRENT QUARTER 31-Mar-15 (RM'000)	CORRESPONDING PRECEDING QUARTER 31-Mar-14 (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 venture	479	-
<b>Operating loss before changes in working capital</b>	<b>(17,524)</b>	<b>(3,450)</b>
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)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(16,730)</b>	<b>2,675</b>
<b>Cash flows used in investing activities</b>		
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)
<b>Net cash used in investing activities</b>	<b>(36,391)</b>	<b>(32,302)</b>
<b>Cash flows from financing activity</b>		
Proceeds from loans and borrowings, net	5,731	2,948
<b>Net cash from financing activity</b>	<b>5,731</b>	<b>2,948</b>
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	<b>30,837</b>	<b>54,930</b>
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)
	<b>30,837</b>	<b>54,930</b>

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



**TH HEAVY ENGINEERING BERHAD (634775-D)**  
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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**

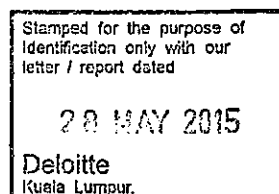
Besides the vagaries of the Engineering business, the Group’s fabrication business performance is also dependent upon the infrastructure spending by upstream oil and gas companies namely the production sharing contractors, which in turn is pegged amongst others to the outlook on the global oil prices 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)**  
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**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	Loss Before
	(RM'000)	Taxation
		(RM'000)
<b>Business Segment</b>		
Construction Services	38,147	(19,573)
Offshore Crane Works	10,319	(383)
Offshore Services	-	(1,925)
Others	2,194	(1,326)
<b>Sub Total</b>	<b>50,660</b>	<b>(23,207)</b>
Consolidation Adjustment	(2,859)	(2,110)
<b>Total</b>	<b>47,801</b>	<b>(25,317)</b>

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.

**TH HEAVY ENGINEERING BERHAD (634775-D)**  
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**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.

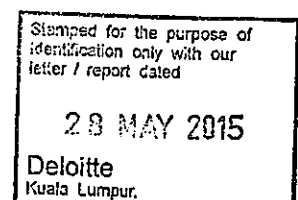
**13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**14. CAPITAL COMMITMENTS**

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

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)**  
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**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)
<b>Business Segment</b>				
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)
<b>Sub Total</b>	<b>50,660</b>	<b>154,127</b>	<b>(23,207)</b>	<b>(7,677)</b>
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)	-
<b>Total</b>	<b>47,801</b>	<b>142,114</b>	<b>(25,317)</b>	<b>524</b>

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)**  
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**16. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER**

	Revenue		Profit/(Loss) Before Tax	
	1st Quarter ended 31/3/2015 (RM'000)	4 <sup>th</sup> Quarter ended 31/12/2014 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	4 <sup>th</sup> Quarter ended 31/12/2014 (RM'000)
<b>Business Segment</b>				
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
<b>Total</b>	<b>50,660</b>	<b>81,491</b>	<b>(23,207)</b>	<b>(60,937)</b>
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)
<b>Total</b>	<b>47,801</b>	<b>58,321</b>	<b>(25,317)</b>	<b>(73,041)</b>

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 3<sup>rd</sup> 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)**  
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**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**

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

**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. The Group did not hold any investments in quoted shares as at 31 March 2015.

**TH HEAVY ENGINEERING BERHAD (634775-D)**  
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**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.

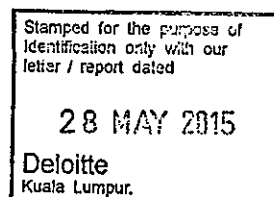
On 13 April 2015, the Company announced that 10,000,000 Placement Shares, had been issued at an issue price of RM0.33 per Placement Share pursuant to the Private Placement.

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)**  
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**23. BORROWINGS AND DEBT SECURITIES**

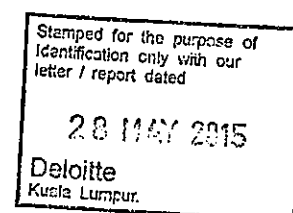
	Group	
	As at 31 March 2015 (RM'000)	As at 31 December 2014 (RM'000)
<b><u>Long Term Borrowings</u></b>		
- Finance lease liabilities	1,125	1,012
- Sukuk term loan	239,105	239,162
- Secured term loan	28,936	30,769
<b>Sub Total</b>	<b>269,166</b>	<b>270,943</b>
<b><u>Short Term Borrowings</u></b>		
-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

**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)**  
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**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.

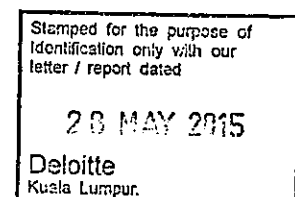
A Consent Judgment was entered into by both THF and GFSB on 23 November 2011 where THF admitted to owing GFSB an amount of RM200,795.12 in relation to the Pluto Project. Pursuant to the Consent Judgment, GFSB issued a Notice of Arbitration dated 13 March 2012 against THF in relation to both the Kumang 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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**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.

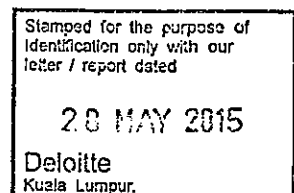
- (d) **Ramunia Holdings Bhd (now known as THHE) v PFCE [Kuala Lumpur High Court Civil Suit No. 22NCvC-1117-09/2012 (filed as Kuala Lumpur Sessions Court, Summons No. 52-17409-05/2012)]**

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.



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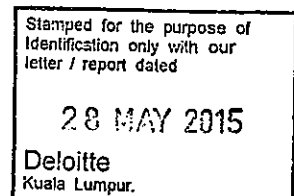
**27. (LOSS)/EARNINGS PER SHARE**

(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
<b>Basic (LPS)/EPS (sen)</b>	<b>(1.70)</b>	<b>0.17</b>	<b>(1.70)</b>	<b>0.17</b>
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
<b>Diluted (LPS)/EPS (sen)</b>	<b>(1.70)</b>	<b>0.14</b>	<b>(1.70)</b>	<b>0.14</b>

**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
<b>Total Group accumulated losses as per consolidated accounts</b>	<b>(35,764)</b>	<b>(16,914)</b>



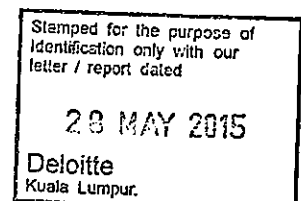
**TH HEAVY ENGINEERING BERHAD (634775-D)**  
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**29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME**

	<b>Quarter ended 31/3/2015 (RM'000)</b>	<b>Cummulative Period ended 31/3/2015 (RM'000)</b>
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.





**INDEPENDENT PRACTITIONER'S REVIEW REPORT TO THE BOARD OF DIRECTORS OF  
TH HEAVY ENGINEERING BERHAD**  
(Incorporated in Malaysia)

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1  
JANUARY 2015 TO 31 MARCH 2015**

We have reviewed the accompanying condensed consolidated statement of financial position of TH Heavy Engineering Berhad ("the Group") as at 31 March 2015 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the first quarter ended 31 March 2015, and the accompanying notes of the Group which have been stamped for identification purposes (collectively referred to as "interim financial information").

**Directors' Responsibility for the Financial Statements**

Directors are responsible for the preparation and fair presentation of the interim financial information in accordance with Malaysian Financial Reporting Standards ("MFRS"), and for such internal control as management determines is necessary to enable the preparation of interim financial information that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying interim financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised) "Engagements to Review Historical Financial Statements" as adopted by Malaysian Institute of Accountants. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial information.

# Deloitte

## Conclusion

The condensed consolidated statement of financial position of the Group as at 31 December 2014 was audited by another firm of auditors and is presented here merely for comparative purpose. Accordingly, the condensed statement of profit or loss and other comprehensive income of the Group for the first quarter ended 31 March 2014 was unaudited and is presented here merely for comparative purpose.

Except for the above, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated statement of financial position of the Group as of 31 March 2015 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the first quarter ended 31 March 2015 does not give a true and fair view in accordance with MFRS.

## Other Matter

We understand that this report is intended solely for the Group in connection with the Group's submission of its unaudited results for the first quarter ended 31 March 2015 to Bursa Malaysia Securities Berhad, and should not be used for any other purposes without our prior written consent.



**DELOITTE**  
AF 0080  
Chartered Accountants

28 May 2015