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**INDEPENDENT AUDITORS' 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 APRIL 2015 TO 30 JUNE 2015**

We have reviewed the accompanying condensed consolidated statement of financial position of TH Heavy Engineering Berhad ("the Group") as at 30 June 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 second quarter ended 30 June 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) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted by Malaysian Institute of Accountants. ISRE 2410 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 2410 is a limited assurance engagement. The auditor 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.

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## 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 consolidated statement of profit or loss and other comprehensive income of the Group for the second quarter ended 30 June 2014 and cumulative period ended 30 June 2014 were unaudited and are 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 30 June 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 second quarter ended 30 June 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 and should not be used for any other purposes without our prior written consent.

*Deloitte*  
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AF 0080  
Chartered Accountants

27 August 2015

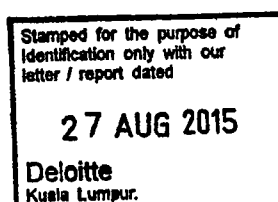
**TH HEAVY ENGINEERING BERHAD (634775-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-14 Unaudited RM'000	CURRENT YEAR TO DATE 30-Jun-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-14 Unaudited RM'000
Revenue	18,924	64,699	66,725	206,813
Cost of sales	(22,360)	(52,964)	(77,169)	(182,203)
Gross (loss)/profit	(3,436)	11,735	(10,444)	24,610
Other income	4,749	(223)	7,189	837
Administration expenses	(11,259)	(18,045)	(28,265)	(38,205)
Other expenses	-	30	-	(68)
Operating loss	(9,946)	(6,503)	(31,520)	(12,826)
Finance cost	(2,522)	(475)	(4,163)	(1,829)
Share of profit / (loss) of equity-accounted associate, net of tax	1,489	(2,756)	(134)	5,445
Share of loss of equity-accounted joint venture, net of tax	(545)	(257)	(1,024)	(257)
Loss before taxation	(11,524)	(9,991)	(36,841)	(9,467)
Taxation	(41)	108	(81)	108
Loss after taxation	(11,565)	(9,883)	(36,922)	(9,359)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	(11,565)	(9,883)	(36,922)	(9,359)
Loss attributable to:				
Owners of the Company	(6,091)	(6,187)	(24,941)	(4,462)
Non-controlling interests	(5,474)	(3,696)	(11,981)	(4,897)
	(11,565)	(9,883)	(36,922)	(9,359)
Total comprehensive loss attributable to:-				
Owners of the Company	(6,091)	(6,187)	(24,941)	(4,462)
Non-controlling interests	(5,474)	(3,696)	(11,981)	(4,897)
	(11,565)	(9,883)	(36,922)	(9,359)
Loss attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic (loss)/earnings per share	(0.55)	(0.61)	(2.24)	(0.44)
ii) Fully diluted (loss)/earnings per share	(0.55)	(0.52)	(2.24)	(0.37)
Gross interest income	24	175	53	380
Gross interest expense	2,522	542	4,163	1,504

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

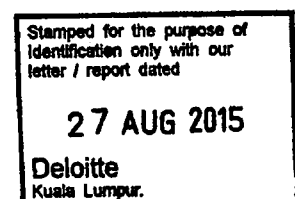


**TH HEAVY ENGINEERING BERHAD (634775-D)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED 30 JUNE 2015**

	As at 30-Jun-15 Unaudited RM'000	As at 31-Dec-14 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	592,061	586,356
Intangible assets	501	526
Investment in associate	122,090	103,174
Investment in joint ventures	16	715
	<u>714,668</u>	<u>690,771</u>
<b>Current Assets</b>		
Inventories	11,302	6,317
Trade and other receivables	422,893	310,782
Prepayments	2,072	1,631
Cash and cash equivalents	106,405	109,412
	<u>542,672</u>	<u>428,142</u>
	<u>1,257,340</u>	<u>1,118,913</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	280,269	277,769
Share premium	95,204	94,511
Revaluation reserves	28,317	28,317
Other reserves	4,492	4,492
Accumulated losses	(41,855)	(16,914)
	<u>366,427</u>	<u>388,175</u>
<b>Non-controlling interests</b>	14,090	15,571
<b>Total Equity</b>	<u>380,517</u>	<u>403,746</u>
<b>Non Current Liabilities</b>		
Deferred tax liabilities	214	214
Borrowings	267,196	270,943
	<u>267,410</u>	<u>271,157</u>
<b>Current Liabilities</b>		
Trade and other payables	342,022	369,883
Borrowings	267,391	74,127
	<u>609,413</u>	<u>444,010</u>
<b>Total Liabilities</b>	<u>876,823</u>	<u>715,167</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,257,340</u>	<u>1,118,913</u>
<b>Net assets per share (sen)</b>	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 2014)



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 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
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(24,941)	(24,941)	(11,981)	(36,922)
<b>Total comprehensive income/(loss) for the period</b>	277,769	94,511	28,317	4,492	(41,855)	363,234	3,590	366,824
Issuance of shares	2,500	693	-	-	-	3,193	-	3,193
Changes in interest by Non Controlling Interest	-	-	-	-	-	-	10,500	10,500
<b>Balance at 30 June 2015</b>	280,269	95,204	28,317	4,492	(41,855)	366,427	14,090	380,517

	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
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(4,462)	(4,462)	(4,897)	(9,359)
<b>Total comprehensive income/(loss) for the period</b>	255,200	57,256	28,317	(87)	35,889	376,575	46,250	422,825
Dilution of interest in subsidiary	-	-	-	-	19,181	19,181	1,885	21,066
<b>Balance at 30 June 2014</b>	255,200	57,256	28,317	(87)	55,070	395,756	48,135	443,891

(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)

Stamped for the purpose of  
identification only with our  
letter / report dated  
**27 AUG 2015**  
Deloitte  
Kuala Lumpur.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2015**

	CUMMULATIVE QUARTER CORRESPONDING	
	CURRENT YEAR TO DATE 30-Jun-15 (RM'000)	PRECEDING YEAR 30-Jun-14 (RM'000)
Loss before taxation	(36,841)	(9,467)
Adjustments for:		
Amortisation of intangible assets	25	-
Depreciation of property, plant and equipment	7,405	6,266
Finance costs	4,163	1,354
Finance income	(53)	(205)
Inventories written off	8	9
Share of loss/(profit) of associate	134	(5,445)
Share of loss of joint venture	1,024	257
Unrealised forex gain	(3,320)	-
<b>Operating loss before changes in working capital</b>	<b>(27,455)</b>	<b>(7,231)</b>
Changes in working capital:		
Inventories	(4,993)	(1,372)
Trade and other receivables, and prepayments	(105,645)	(102,892)
Trade and other payables	(36,411)	138,873
Net cash (used in)/generated from operations	(174,504)	27,378
Interests received	53	205
Interests paid	(4,163)	(1,354)
Tax paid	(81)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(178,695)</b>	<b>26,229</b>
<b>Cash flows used in investing activities</b>		
Dilution of interest in subsidiary	-	21,066
Acquisition of intangible asset	-	(266)
Acquisition of property, plant and equipment	(13,110)	(42,357)
Acquisition of investment in joint venture	(325)	(1,850)
Increase in pledged deposits placed with licensed banks, net	(10,319)	(33,663)
<b>Net cash used in investing activities</b>	<b>(23,754)</b>	<b>(57,070)</b>
<b>Cash flows from financing activity</b>		
Proceeds from issuance of shares	3,193	-
Proceeds from loans and borrowings, net	182,610	12,166
<b>Net cash from financing activity</b>	<b>185,803</b>	<b>12,166</b>
Net change in cash and cash equivalents	(16,646)	(18,675)
Effect of exchange rate fluctuations on cash held	3,320	-
Cash and cash equivalents at beginning of period	78,227	81,609
Cash and cash equivalents at end of financial period	<b>64,901</b>	<b>62,934</b>
Cash and cash equivalent at end of the financial period comprise the followings:-		
Cash and bank balances	47,133	62,934
Deposits placed with licensed banks	59,272	38,891
	106,405	101,825
less: Deposits pledged	(41,504)	(38,891)
	<b>64,901</b>	<b>62,934</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)

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letter / report dated

**27 AUG 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 30 June 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 30 June 2015 was not qualified.

**4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

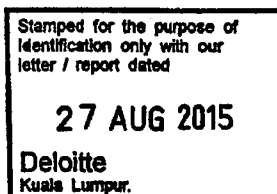
Besides the vagaries of the Engineering business, the Group’s fabrication business performance is also dependent upon the infrastructure spending by upstream oil and gas companies namely the production sharing contractors, which in turn is pegged amongst others to the outlook on the global oil prices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



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**7. DEBT AND EQUITY SECURITIES**

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

a) Share Capital

Issuance of 10,000,000 new ordinary shares of RM0.25 each pursuant to private placement at RM0.30 per share for cash.

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	
	30 June 2015	
	Revenue	Loss Before
	(RM'000)	Taxation
		(RM'000)
<b>Business Segment</b>		
Construction Services	53,992	(34,749)
Offshore Crane Works	22,296	709
Offshore Services	-	(2,646)
Others	3,915	2,007
<b>Sub Total</b>	<b>80,203</b>	<b>(34,679)</b>
Consolidation Adjustment	(13,478)	(2,162)
<b>Total</b>	<b>66,725</b>	<b>(36,841)</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.



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**11. SUBSEQUENT EVENTS**

There were no 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**

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	471,719
- Approved but not contracted for	<u>170,030</u>
	<u>641,749</u>

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

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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 SECOND QUARTER**

	Revenue		Profit/(Loss) Before Tax	
	2nd Quarter ended 30/6/2015 (RM'000)	2nd Quarter ended 30/6/2014 (RM'000)	2nd Quarter ended 30/6/2015 (RM'000)	2nd Quarter ended 30/6/2014 (RM'000)
<b>Business Segment</b>				
Construction Services	15,845	63,785	(15,176)	(12,976)
Offshore Crane Works	11,977	7,673	1,092	175
Offshore Services	-	9,761	(721)	222
Others	1,721	2,159	3,333	(97)
<b>Sub Total</b>	<b>29,543</b>	<b>83,378</b>	<b>(11,472)</b>	<b>(12,676)</b>
Share of profit/(loss) of equity-accounted associates, net of tax	-	-	1,489	(2,756)
Share of loss of equity-accounted joint venture, net of tax	-	-	(545)	(257)
Consolidation Adjustment	(10,619)	(18,679)	(996)	5,698
<b>Total</b>	<b>18,924</b>	<b>64,699</b>	<b>(11,524)</b>	<b>(9,991)</b>

The Group recorded revenue of RM18.9 million for the second quarter 2015 as compared to RM64.7 million in the previous second quarter of 2014. The decrease was due to completion of prior year projects and the decrease in the number ongoing projects.

The Group recorded a loss before tax of RM11.5 million in the current quarter as compared to loss before tax of RM9.9 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; and
- slower fabrication business activities in the current quarter.

**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	
	2nd Quarter ended 30/6/2015 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	2nd Quarter ended 30/6/2015 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)
<b>Business Segment</b>				
Construction Services	15,845	38,147	(15,176)	(19,573)
Offshore Crane Works	11,977	10,319	1,092	(383)
Offshore services	-	-	(721)	(1,925)
Others	1,721	2,194	3,333	(1,326)
<b>Total</b>	<b>29,543</b>	<b>50,660</b>	<b>(11,472)</b>	<b>(23,207)</b>
Share of profit/(loss) of equity-accounted associates, net of tax	-	-	1,489	(1,623)
Share of loss of equity-accounted joint venture, net of tax	-	-	(545)	(479)
Consolidation Adjustment	(10,619)	(2,859)	(996)	(8)
<b>Total</b>	<b>18,924</b>	<b>47,801</b>	<b>(11,524)</b>	<b>(25,317)</b>

For the current quarter under review, the Group's revenue decreased to RM18.9 million as compared to RM47.8 million in the first quarter 2015. The decrease was due to completion of prior year projects and the decrease in the number of ongoing projects. However, the Group's loss before tax decreased to RM11.5 million as compared to RM25.3 million for immediate preceding quarter mainly due to lower gross loss recognized from fabrication projects.

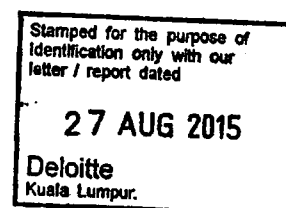
**17. COMMENTARY ON PROSPECTS**

As at 30 June 2015, the Group has an outstanding main fabrication order books of RM220 million; minor fabrication, crane manufacturing & repairs and supply of equipment order books of RM45.5 million and FPSO Leasing Award of around USD372 million or approximately RM1.5 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.

The Group will also expand into the crane rental, refurbishment and crane maintenance, which is expected to provide a more stable and recurring income to the Group.



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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**

	2nd Quarter ended 30/6/2015 (RM'000)	2nd Quarter ended 30/6/2014 (RM'000)	Cummulative period ended 30/6/2015 (RM'000)	Cummulative period ended 30/6/2014 (RM'000)
<b><u>Tax Expense</u></b>				
Current year	41	-	81	-
<b><u>Deferred tax expense</u></b>				
Origination and reversal of temporary differences	-	(108)	-	(108)
<b>Total Tax Expenses/(Income)</b>	<b>41</b>	<b>(108)</b>	<b>81</b>	<b>(108)</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 30 June 2015.

**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 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, 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

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(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.

**23. BORROWINGS AND DEBT SECURITIES**

	Group	
	As at 30 June 2015 (RM'000)	As at 31 December 2014 (RM'000)
<b><u>Long Term Borrowings</u></b>		
- Finance lease liabilities	1,071	1,012
- Sukuk term loan	239,168	239,162
- Secured term loan	26,957	30,769
<b>Sub Total</b>	<b>267,196</b>	<b>270,943</b>
<b><u>Short Term Borrowings</u></b>		
- Bridger loan - unsecured	168,351	-
- Revolving credit facilities - unsecured	68,693	68,692
- Trust receipt - secured	30,075	5,163
- Finance lease liabilities	272	272
<b>Sub Total</b>	<b>267,391</b>	<b>74,127</b>
<b>Total borrowings</b>	<b>534,587</b>	<b>345,070</b>

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 30 June 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:

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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) 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.

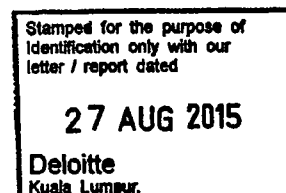
A Consent Judgment was entered into by both THF and GFSB on 23 November 2011 where THF admitted to owing GFSB an amount of RM200,795.12 in relation to the Pluto Project. Pursuant to the Consent Judgment, GFSB issued a Notice of Arbitration dated 13 March 2012 against THF in relation to both the Kumang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

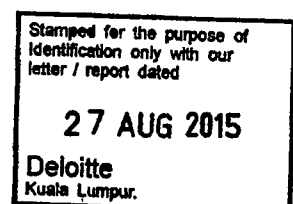
- (d) **Ramunia Holdings Bhd (now known as THHE) v PFCE [Kuala Lumpur High Court Civil Suit No. 22NCvC-1117-09/2012 (filed as Kuala Lumpur Sessions Court, Summons No. 52-17409-05/2012)]**

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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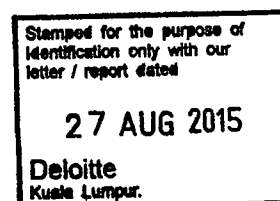
**27. LOSS PER SHARE**

Loss per share "(LPS)"	SECOND QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Current Financial Period	Preceding Corresponding
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
Loss for the purpose of basic earnings per share (RM'000)	(6,091)	(6,187)	(24,941)	(4,462)
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	1,113,214	1,020,798	1,113,214	1,020,798
<b>Basic LPS (sen)</b>	<b>(0.55)</b>	<b>(0.61)</b>	<b>(2.24)</b>	<b>(0.44)</b>
Adjusted loss for the purpose of diluted earnings per share (RM'000)	(6,091)	(6,187)	(24,941)	(4,462)
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	1,113,214	1,194,513	1,113,214	1,206,145
<b>Diluted (LPS)/EPS (sen)</b>	<b>(0.55)</b>	<b>(0.52)</b>	<b>(2.24)</b>	<b>(0.37)</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 30-Jun-15 (RM'000)	As at 31-Dec-14 (RM'000)
Total accumulated losses of the Company and its subsidiaries:-		
- realised	(314,486)	(281,898)
- unrealised	(9,225)	(9,225)
Total Group accumulated losses	(323,711)	(291,123)
Add: Consolidation adjustments	281,856	274,209
<b>Total Group accumulated losses as per consolidated accounts</b>	<b>(41,855)</b>	<b>(16,914)</b>





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**29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME**

	<b>Quarter ended 30/6/2015 (RM'000)</b>	<b>Cummulative Period ended 30/6/2015 (RM'000)</b>
Interest income	(24)	(53)
Interest expense	2,522	4,163
Depreciation and amortisation	3,359	7,430
Inventories written off	-	8
Unrealised forex gain	(3,320)	(3,320)
Realised forex gain	(1,208)	(442)

**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.