

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 INDIVIDUAL AND CUMULATIVE QUARTERS ENDED 30 SEPTEMBER 2015

We have reviewed the accompanying condensed consolidated statement of financial position of TH Heavy Engineering Berhad ("the Group") as at 30 September 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 individual and cumulative quarters ended 30 September 2015, and the accompanying notes of the Group which have been stamped for identification purposes (collectively referred to as "interim financial information"). Directors are responsible for the preparation and presentation of this interim financial information in accordance with Malaysian Financial Reporting Standards 134 "Interim Financial Reporting" ("MFRS 134"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted by Malaysian Institute of Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 individual quarter ended 30 September 2014 and cumulative quarter ended 30 September 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 accompanying interim financial information is not prepared, in all material respects, in accordance with MFRS 134.

Deloitte

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 individual and cumulative quarters ended 30 September 2015 to Bursa Malaysia Securities Berhad, and should not be used for any other purposes without our prior written consent.

Deloitte
DELOITTE
AF 0080
Chartered Accountants

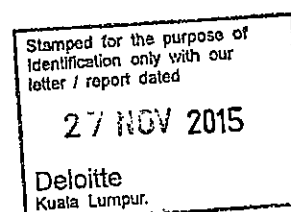
27 November 2015

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Sep-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-14 Unaudited RM'000	CURRENT YEAR TO DATE 30-Sep-15 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-14 Unaudited RM'000
Revenue	26,173	78,989	92,898	285,802
Cost of sales	(25,675)	(82,465)	(102,844)	(264,668)
Gross profit/(loss)	498	(3,476)	(9,946)	21,134
Other income	-	464	2,029	1,301
Administration expenses	(13,638)	(17,752)	(41,903)	(55,957)
Other expenses	(1,840)	(12)	-	(79)
Operating loss	(14,980)	(20,776)	(49,820)	(33,601)
Unrealised foreign exchange gain, net	17,595	-	20,915	-
Finance cost	(1,496)	(5,526)	(5,659)	(7,355)
Share of profit of equity-accounted associate, net of tax	468	2,972	334	8,417
Share of loss of equity-accounted joint venture, net of tax	(16)	(461)	(1,040)	(718)
Profit/(Loss) before taxation	1,571	(23,791)	(35,270)	(33,257)
Taxation	(27)	1,509	(108)	1,617
Profit/(Loss) after taxation	1,544	(22,282)	(35,378)	(31,640)
Other comprehensive income for the year, net of tax	6,880	-	6,880	-
Total comprehensive income/(loss) for the period	8,424	(22,282)	(28,498)	(31,640)
Profit/(Loss) attributable to:				
Owners of the Company	(5,223)	(15,087)	(30,164)	(19,549)
Non-controlling interests	6,767	(7,195)	(5,214)	(12,091)
	1,544	(22,282)	(35,378)	(31,640)
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	1,657	(15,087)	(23,284)	(19,549)
Non-controlling interests	6,767	(7,195)	(5,214)	(12,091)
	8,424	(22,282)	(28,498)	(31,640)
Profit/(Loss) attributable to shareholders of the Company	sen	sen	sen	sen
i) Basic earnings/(loss) per share	(0.47)	(1.48)	(2.70)	(1.91)
ii) Fully diluted earnings/(loss) per share	(0.40)	(1.48)	(2.32)	(1.91)
Gross interest income	16	187	69	567
Gross interest expense	1,496	5,526	5,659	7,355

(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 SEPTEMBER 2015**

	As at 30-Sep-15 Unaudited RM'000	As at 31-Dec-14 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	886,753	586,356
Intangible assets	494	526
Investment in associate	122,558	103,174
Investment in joint ventures	-	715
	1,009,805	690,771
Current Assets		
Inventories	11,813	6,317
Trade and other receivables	147,009	310,782
Prepayments	2,284	1,631
Cash and cash equivalents	332,316	109,412
	493,422	428,142
	1,503,227	1,118,913
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	280,269	277,769
Islamic Irredeemable Convertible Preference Shares ('ICPS-i')	275,000	-
Share premium	95,204	94,511
Revaluation reserves	28,317	28,317
Currency translation reserves	6,880	-
Other reserves	4,492	4,492
Accumulated losses	(47,078)	(16,914)
	643,084	388,175
Non-controlling interests	20,857	15,571
Total Equity	663,941	403,746
Non Current Liabilities		
Deferred tax liabilities	214	214
Borrowings	67,322	270,943
	67,536	271,157
Current Liabilities		
Trade and other payables	228,049	369,883
Borrowings	543,701	74,127
	771,750	444,010
Total Liabilities	839,286	715,167
TOTAL EQUITY AND LIABILITIES	1,503,227	1,118,913
Net assets per share (sen)	57	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)

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Share Capital (RM'000)	ICPS-i (RM '000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Other Reserves (RM'000)	Currency Translation 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
Other comprehensive income for the period	-	-	-	-	-	6,880	-	6,880	-	6,880
Loss for the period	-	-	-	-	-	-	(30,164)	(30,164)	(5,214)	(35,378)
Total comprehensive income/(loss) for the period	277,769	-	94,511	28,317	4,492	6,880	(47,078)	364,891	10,357	375,248
Issuance of shares	2,500	275,000	693	-	-	-	-	278,193	-	278,193
Changes in interest by Non Controlling Interest	-	-	-	-	-	-	-	-	10,500	10,500
Balance at 30 September 2015	280,269	275,000	95,204	28,317	4,492	6,880	(47,078)	643,084	20,857	663,941

	Share Capital (RM'000)	ICPS-i (RM '000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Other Reserves (RM'000)	Currency Translation 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
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(19,549)	(19,549)	(12,091)	(31,640)
Total comprehensive income/(loss) for the period	255,200	-	57,256	28,317	(87)	-	20,802	361,488	39,056	400,544
<i>Contributions by owners of the Company</i>										
Conversion of warrants to share	8,960	-	9,318	-	-	-	-	18,278	-	18,278
Dilution of interest in subsidiary	-	-	-	-	-	-	19,181	19,181	1,885	21,066
Balance at 30 September 2014	264,160	-	66,574	28,317	(87)	-	39,983	398,947	40,941	439,888

(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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27 NOV 2015

Deloitte
Kuala Lumpur.

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

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27 NOV 2015

Deloitte
Kuala Lumpur.**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	CUMMULATIVE QUARTER	
	CURRENT	CORRESPONDING
	YEAR TO DATE	PRECEDING
	30-Sep-15	30-Sep-14
	(RM'000)	(RM'000)
Loss before taxation	(35,270)	(33,257)
Adjustments for:		
Amortisation of intangible assets	32	-
Depreciation of property, plant and equipment	11,104	9,372
Finance costs	5,659	7,355
Finance income	(69)	(567)
Inventories written off	8	9
Share of profit of associate	(334)	(8,417)
Share of loss of joint venture	1,040	718
Unrealised foreign exchange gain	(20,915)	-
Operating loss before changes in working capital	(38,745)	(24,787)
Changes in working capital:		
Inventories	(5,504)	(2,654)
Trade and other receivables	229,522	(116,144)
Trade and other payables	(150,384)	164,418
Net cash generated from operations	34,889	20,833
Interests received	69	567
Interests paid	(5,659)	(7,355)
Tax paid	(108)	(2,000)
Net cash generated from operating activities	29,191	12,045
Cash flows used in investing activities		
Dilution of interest in subsidiary	-	21,066
Acquisition of intangible asset	-	(232)
Acquisition of property, plant and equipment	(311,501)	(48,641)
Acquisition of investment in joint venture	(325)	(1,850)
Increase in pledged deposits placed with licensed banks, net	(20,537)	(52,894)
Net cash used in investing activities	(332,363)	(82,551)
Cash flows from financing activity		
Proceeds from issuance of ordinary shares	3,193	18,278
Proceeds from issuance of ICPS-i	275,000	-
Proceeds from loans and borrowings, net	227,347	24,548
Net cash from financing activity	505,540	42,826
Net change in cash and cash equivalents	202,368	(27,680)
Cash and cash equivalents at beginning of period	78,227	81,609
Cash and cash equivalents at end of financial period	280,595	53,929
Cash and cash equivalent at end of the financial period comprise the followings:-		
Cash and bank balances	18,337	51,201
Deposits placed with licensed banks	313,979	60,850
	332,316	112,051
Less: Deposits pledged	(51,721)	(58,122)
	280,595	53,929

(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)
(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 September 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.

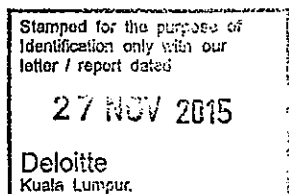
2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

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, except for the change in presentational and functional currency of a subsidiary company, i.e. Floatech (L) Ltd as noted below.

MFRS 121, *The Effect of Changes in Foreign Exchange Rates* describes functional currency as ‘the currency of the primary economic environment in which an entity operates’. Floatech (L) Ltd now expects a significant majority of revenues and costs as well as financing activities to be sourced and incurred in USD. The change in functional currency reflects the accumulation over time of those factors which are the main determinants of functional currency. Having considered the aggregate effect of all relevant factors, the Group concluded that this point was reached in the third quarter of 2015. Accordingly, the Group determined that the functional currency of Floatech (L) Ltd had changed to USD with effect from 1 July 2015. In accordance with MFRS 121, *The Effect of Changes in Foreign Exchange Rates*, this change has been accounted for prospectively from this date.

This change in the functional currency was applied prospectively and had an insignificant impact to the financial position of the Group as at 1 July 2015. The following table summarizes the transitional adjustment made to the statement of financial position upon implementation of the new functional currency in Floatech (L) Ltd:

	Currency Translation Reserve RM’000
Balance as reported at 30 June 2015	-
Effect of changes in the functional currency	<u>(4,845)</u>
Balance as reported at 1 July 2015	<u>(4,845)</u>



TH HEAVY ENGINEERING BERHAD (634775-D)
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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 September 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

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) Equities

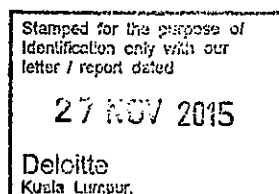
Issuance of 1,100,000,000 Islamic Irredeemable Convertible Preferences Shares ('ICPS-I') of RM0.25 at an issue price of RM0.25 each.

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.



TH HEAVY ENGINEERING BERHAD (634775-D)
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9. SEGMENTAL REPORTING

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

Business Segment	Financial Period Ended	
	30 September 2015	
	Revenue	Loss Before
	(RM'000)	Taxation
		(RM'000)
Construction Services	69,345	(45,822)
Offshore Crane Works	34,067	435
Offshore Services	-	(3,318)
Others	6,326	15,368
Sub Total	109,738	(33,337)
Consolidation Adjustment	(16,840)	(1,933)
Total	92,898	(35,270)

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

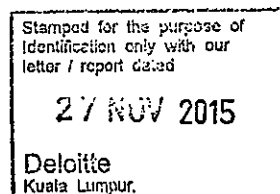
There was no revaluation made during the financial period under review.

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.



TH HEAVY ENGINEERING BERHAD (634775-D)
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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

	Group (RM'000)
- Approved and contracted for	462,036
- Approved but not contracted for	619,474
	<u>1,081,510</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 THIRD QUARTER

	Revenue		Profit/(Loss) Before Tax	
	3rd Quarter ended 30/9/2015 (RM'000)	3rd Quarter ended 30/9/2014 (RM'000)	3rd Quarter ended 30/9/2015 (RM'000)	3rd Quarter ended 30/9/2014 (RM'000)
Business Segment				
Construction Services	15,353	77,597	(11,073)	(20,619)
Offshore Crane Works	11,771	3,130	(274)	(813)
Offshore Services	-	36,683	(672)	(3,283)
Others	2,411	2,591	13,353	(355)
Sub Total	29,535	120,001	1,334	(25,070)
Share of profit of equity-accounted associates, net of tax	-	-	468	2,972
Share of loss of equity-accounted joint venture, net of tax	-	-	(16)	(461)
Consolidation Adjustment	(3,362)	(41,012)	(215)	(1,232)
Total	26,173	78,989	1,571	(23,791)

The Group recorded revenue of RM26.1 million for the third quarter 2015 as compared to RM78.9 million in the previous third quarter of 2014. The decrease in revenue is due to the completion of prior year projects and the decrease in the number of ongoing projects.

The Group recorded a profit before tax of RM1.5 million in the current quarter as compared to loss before tax of RM23.8 million in the corresponding quarter of 2014 mainly due to unrealised foreign exchange gain of RM17.6 million. The US dollar strengthened against the Ringgit by 19% during the three months ended Sept 30, with the US Dollar/Ringgit exchange rate closing at a high of 4.4455 as of end-September 2015. The Ringgit depreciation has resulted in a non-cash flow net foreign currency translation gain. However, when excluding the foreign exchange gain, the loss before tax for the Group of RM16.1 million for the current quarter decreased by 32% as compared to a loss before tax of RM23.8 a year ago.

TH HEAVY ENGINEERING BERHAD (634775-D)
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16. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

Business Segment	Revenue		Profit/(Loss) Before Tax	
	3rd Quarter ended 30/9/2015 (RM'000)	2nd Quarter ended 30/6/2015 (RM'000)	3rd Quarter ended 30/9/2015 (RM'000)	2nd Quarter ended 30/6/2015 (RM'000)
Construction Services	15,353	15,845	(11,073)	(15,176)
Offshore Crane Works	11,771	11,977	(274)	1,092
Offshore services	-	-	(672)	(721)
Others	2,411	1,721	13,353	3,333
Total	29,535	29,543	1,334	(11,472)
Share of profit of equity-accounted associates, net of tax	-	-	468	1,489
Share of loss of equity-accounted joint venture, net of tax	-	-	(16)	(545)
Consolidation Adjustment	(3,362)	(10,619)	(215)	(996)
Total	26,173	18,924	1,571	(11,524)

For the current quarter under review, the Group's revenue increased to RM26.2 million in the current quarter from RM18.9 million in the immediate preceding quarter. The Group also recorded a profit before tax of RM1.5 million due to unrealised foreign currency translation gain as compared to a loss before tax of RM11.5 million in the immediate preceding quarter.

17. COMMENTARY ON PROSPECTS

As at 30 September 2015, the Group has an outstanding main fabrication order books of RM195.7 million; minor fabrication, crane manufacturing & repairs and supply of equipment order books of RM32.6 million and FPSO Leasing Award of around USD372 million or approximately RM1.6 billion.

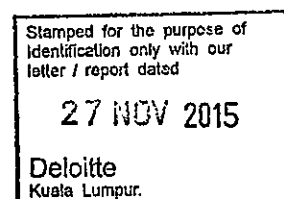
Upon the successful conclusion of financing arrangements, the FPSO Leasing Award from JX Nippon is expected to contribute positively commencing in 4th quarter 2016 towards the earnings and net assets per share of the Group.

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 capitalise on more promising areas in the upstream fabrication business and is exploring other business opportunities especially in the upstream onshore fabrication in the Oil & Gas value chain.

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

18. PROFIT FORECAST

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



TH HEAVY ENGINEERING BERHAD (634775-D)
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19. TAXATION

	3rd Quarter ended 30/9/2015 (RM'000)	3rd Quarter ended 30/9/2014 (RM'000)	Cumulative period ended 30/9/2015 (RM'000)	Cumulative period ended 30/9/2014 (RM'000)
<u>Tax Expense</u>				
Current year	27	196	108	196
Under/(Over) provision in prior year	-	(1,705)	-	(1,705)
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	-	-	-	(108)
Total Tax Expenses/(Income)	27	(1,509)	108	(1,617)

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

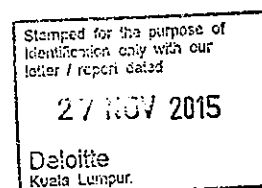
There were no dealings by the Group in quoted securities for the current quarter and financial year. The Group did not hold any investments in quoted shares as at 30 September 2015.

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

On 14 September 2015, the Proposed Rights Issue of ICPS-I, Proposed Increase in Authorised Share Capital and Proposed Amendments was completed.



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23. BORROWINGS AND DEBT SECURITIES

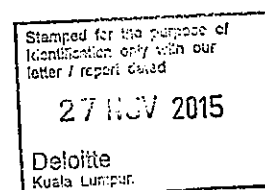
	Group	
	As at 30 September 2015 (RM'000)	As at 31 December 2014 (RM'000)
<u>Long Term Borrowings</u>		
- Finance lease liabilities	1,041	1,012
- Sukuk term loan	49,510	239,162
- Secured term loan	16,771	30,769
Sub Total	67,322	270,943
<u>Short Term Borrowings</u>		
- Sukuk term loan	189,668	-
- Secured term loan	8,168	-
- Bridger loan - unsecured	260,043	-
- Revolving credit facilities - unsecured	68,686	68,692
- Trust receipt - secured	16,864	5,163
- Finance lease liabilities	272	272
Sub Total	543,701	74,127
Total borrowings	611,023	345,070

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 September 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.

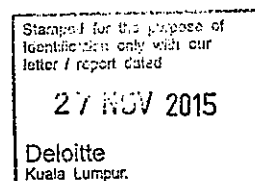
A Consent Judgment was entered into by both THF and GFSB on 23 November 2011 where THF admitted to owing GFSB an amount of RM200,795.12 in relation to the Pluto Project. Pursuant to the Consent Judgment, GFSB issued a Notice of Arbitration dated 13 March 2012 against THF in relation to both the Kumang 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 has been closed and settled pursuant to a consent judgement dated 28.08.2015 entered between THF and PFCE for a full and final settlement, wherein PFCE would furnish 15 instalments through post-dated cheques, for a total amount of RM 2,000,000.00



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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 has been closed and settled pursuant to a consent judgement dated 28.08.2015 entered between THF and PFCE for a full and final settlement, wherein PFCE would furnish 15 instalments through post-dated cheques, for a total amount of RM 2,000,000.00.

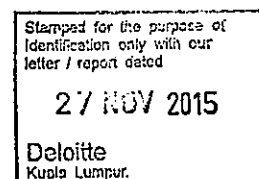
- (d) **Ramunia Holdings Bhd (now known as THHE) v PFCE (Kuala Lumpur High Court Civil Suit No. 22NCvC-1117-09/2012 (filed as Kuala Lumpur Sessions Court, Summons No. 52-17409-05/2012))**

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 has been closed and settled pursuant to a consent judgement dated 28.08.2015 entered between THF and PFCE for a full and final settlement, wherein PFCE would furnish 15 instalments through post-dated cheques, for a total amount of RM 2,000,000.00.

26. PROPOSED DIVIDENDS

No dividends have been proposed for the current reporting quarter.



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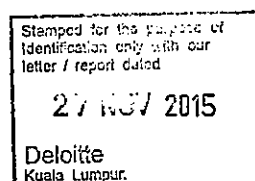
27. LOSS PER SHARE

Loss per share ('LPS')	THIRD QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Current Financial Period	Preceding Corresponding
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Loss for the purpose of basic earnings per share (RM'000)	(5,223)	(15,087)	(30,164)	(19,549)
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	1,115,735	1,021,971	1,115,735	1,021,971
Basic LPS (sen)	(0.47)	(1.48)	(2.70)	(1.91)
Adjusted loss for the purpose of diluted earnings per share (RM'000)	(5,223)	(15,087)	(30,164)	(19,549)
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	1,115,735	1,021,971	1,115,735	1,021,971
Conversion of ICPS-i	183,333	-	183,333	-
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	1,299,068	1,021,971	1,299,068	1,021,971
Diluted LPS (sen)	(0.40)	(1.48)	(2.32)	(1.91)

28. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 September 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-Sep-15 (RM'000)	As at 31-Dec-14 (RM'000)
Total accumulated losses of the Company and its subsidiaries:-		
- realised	(334,193)	(281,898)
- unrealised	11,690	(9,225)
Total Group accumulated losses	(322,503)	(291,123)
Add: Consolidation adjustments	275,425	274,209
Total Group accumulated losses as per consolidated accounts	(47,078)	(16,914)



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29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30/9/2015 (RM'000)	Cummulative Period ended 30/9/2015 (RM'000)
Interest income	(16)	(69)
Interest expense	1,496	5,659
Depreciation and amortisation	3,706	11,136
Inventories written off	-	8
Unrealised forex gain	(17,595)	(20,915)
Realised forex loss	2,835	2,393

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.

