

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

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---|---|
| | CURRENT YEAR QUARTER 31-Dec-15 Unaudited RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-14 Unaudited RM'000 | CURRENT YEAR TO DATE 31-Dec-15 Unaudited RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-14 Audited RM'000 |
| Revenue | 7,675 | 58,322 | 100,573 | 344,124 |
| Cost of sales | (7,794) | (109,798) | (110,638) | (374,466) |
| Gross profit/(loss) | (119) | (51,476) | (10,065) | (30,342) |
| Other income | 4,138 | 2,985 | 6,167 | 4,286 |
| Administration expenses | (12,033) | (21,322) | (53,936) | (77,279) |
| Other expenses | (650) | (12,261) | (650) | (12,340) |
| Operating loss | (8,664) | (82,074) | (58,484) | (115,675) |
| Foreign exchange (loss)/gain, net | (6,268) | - | 14,647 | - |
| Finance cost | (1,680) | 2,112 | (7,339) | (5,243) |
| Share of (loss)/profit of equity-accounted associate, net of tax | (1,202) | 7,338 | (868) | 15,755 |
| Share of loss of equity-accounted joint venture, net of tax | (325) | (417) | (1,365) | (1,135) |
| Loss before taxation | (18,139) | (73,041) | (53,409) | (106,298) |
| Taxation | (40) | (9,225) | (148) | (7,608) |
| Loss after taxation | (18,179) | (82,266) | (53,557) | (113,906) |
| Other comprehensive loss/(income) for the year, net of tax | (7,017) | 4,579 | (137) | 4,579 |
| Total comprehensive loss for the period | (25,196) | (77,687) | (53,694) | (109,327) |
| Loss attributable to: | | | | |
| Owners of the Company | (14,625) | (71,985) | (44,789) | (76,447) |
| Non-controlling interests | (3,554) | (10,281) | (8,768) | (37,459) |
| | (18,179) | (82,266) | (53,557) | (113,906) |
| Total comprehensive loss attributable to:- | | | | |
| Owners of the Company | (21,642) | (67,405) | (44,926) | (71,867) |
| Non-controlling interests | (3,554) | (10,282) | (8,768) | (37,460) |
| | (25,196) | (77,687) | (53,694) | (109,327) |
| Loss attributable to shareholders of the Company | | | | |
| | sen | sen | sen | sen |
| i) Basic loss per share | (1.31) | (7.15) | (4.01) | (7.60) |
| ii) Fully diluted loss per share | (1.01) | (7.15) | (3.10) | (7.60) |
| Gross interest income | 372 | 232 | 441 | 799 |
| Gross interest expense | 1,680 | (2,112) | 7,339 | 5,243 |

(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 31 DECEMBER 2015**

| | As at 31-Dec-15 Unaudited RM'000 | As at 31-Dec-14 Audited RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 990,232 | 586,356 |
| Intangible assets | 488 | 526 |
| Investment in associate | 123,305 | 103,174 |
| Investment in joint ventures | - | 715 |
| | 1,114,025 | 690,771 |
| Current Assets | | |
| Inventories | 9,706 | 6,317 |
| Trade and other receivables | 183,065 | 310,782 |
| Prepayments | 1,798 | 1,631 |
| Cash and cash equivalents | 77,595 | 109,412 |
| | 272,164 | 428,142 |
| | 1,386,189 | 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 | 95,029 | 94,511 |
| Revaluation reserves | 28,317 | 28,317 |
| Currency translation reserves | (137) | - |
| Other reserves | 4,492 | 4,492 |
| Accumulated losses | (61,703) | (16,914) |
| | 621,267 | 388,175 |
| Non-controlling interests | 27,803 | 15,571 |
| Total Equity | 649,070 | 403,746 |
| Non Current Liabilities | | |
| Deferred tax liabilities | 214 | 214 |
| Borrowings | 64,501 | 270,943 |
| | 64,715 | 271,157 |
| Current Liabilities | | |
| Trade and other payables | 330,502 | 369,883 |
| Borrowings | 341,902 | 74,127 |
| | 672,404 | 444,010 |
| Total Liabilities | 737,119 | 715,167 |
| TOTAL EQUITY AND LIABILITIES | 1,386,189 | 1,118,913 |
| Net assets per share (sen) | 55 | 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 31 DECEMBER 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 year | - | - | - | - | - | (137) | - | (137) | - | (137) |
| Loss for the year | - | - | - | - | - | - | (44,789) | (44,789) | (8,768) | (53,557) |
| Total comprehensive income/(loss) for the year | 277,769 | - | 94,511 | 28,317 | 4,492 | (137) | (61,703) | 343,249 | 6,803 | 350,052 |
| <i>Contributions by owners of the Company</i> | | | | | | | | | | |
| Issuance of shares | 2,500 | 275,000 | 693 | - | - | - | - | 278,193 | - | 278,193 |
| Share issuance expenses | - | - | (175) | - | - | - | - | (175) | - | (175) |
| Changes in interest by non controlling interest | - | - | - | - | - | - | - | - | 21,000 | 21,000 |
| Balance at 31 December 2015 | 280,269 | 275,000 | 95,029 | 28,317 | 4,492 | (137) | (61,703) | 621,267 | 27,803 | 649,070 |

| | 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 year | - | - | - | - | 4,579 | - | - | 4,579 | - | 4,579 |
| Loss for the year | - | - | - | - | - | - | (76,447) | (76,447) | (37,459) | (113,906) |
| Total comprehensive income/(loss) for the year | 255,200 | - | 57,256 | 28,317 | 4,492 | - | (36,096) | 309,169 | 13,688 | 322,857 |
| <i>Contributions by owners of the Company</i> | | | | | | | | | | |
| Conversion of warrants to share | 9,370 | - | 9,745 | - | - | - | - | 19,115 | - | 19,115 |
| Issuance of shares | 13,199 | - | 29,038 | - | - | - | - | 42,237 | - | 42,237 |
| Share issuance expenses | - | - | (1,528) | - | - | - | - | (1,528) | - | (1,528) |
| Dilution of interest in subsidiary | - | - | - | - | - | - | 19,182 | 19,182 | 1,883 | 21,065 |
| Total transaction with owners of the Company | 22,569 | - | 37,255 | - | - | - | 19,182 | 79,006 | 1,883 | 80,889 |
| Balance at 31 December 2014 | 277,769 | - | 94,511 | 28,317 | 4,492 | - | (16,914) | 388,175 | 15,571 | 403,746 |

(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 DECEMBER 2015**

| | CUMMULATIVE QUARTER CORRESPONDING | |
|---|--|--|
| | CURRENT YEAR TO DATE 31-Dec-15 (RM'000) | PRECEDING YEAR 31-Dec-14 (RM'000) |
| Loss before taxation | (53,409) | (106,298) |
| Adjustments for: | | |
| Amortisation of intangible assets | 38 | 50 |
| Depreciation of property, plant and equipment | 15,951 | 12,812 |
| Discounts received from third parties | - | (802) |
| Gain on disposal of property, plant and equipment | - | (28) |
| Impairment loss on receivables | 650 | 12,250 |
| Finance costs | 7,339 | 6,425 |
| Finance income | (441) | (799) |
| Inventories written off | 8 | 471 |
| Inventories written down | 250 | - |
| Share of loss/(profit) of associate | 868 | (15,755) |
| Share of loss of joint venture | 1,365 | 1,135 |
| Unrealised foreign exchange gain | (42,064) | (1,164) |
| Operating loss before changes in working capital | (69,445) | (91,703) |
| Changes in working capital: | | |
| Inventories | (3,647) | (1,071) |
| Trade and other receivables | 207,434 | (111,073) |
| Trade and other payables | (39,380) | 216,955 |
| Net cash generated from operations | 94,962 | 13,108 |
| Interests received | 441 | 799 |
| Interests paid | (7,339) | (6,425) |
| Tax paid | (148) | (491) |
| Net cash generated from operating activities | 87,916 | 6,991 |
| Cash flows used in investing activities | | |
| Dilution of interest in subsidiary | - | 21,066 |
| Acquisition of intangible asset | - | (522) |
| Acquisition of property, plant and equipment | (419,827) | (105,567) |
| Acquisition of investment in joint venture | (650) | (1,850) |
| Increase in pledged deposits placed with licensed banks, net | (12,646) | (25,956) |
| Proceeds from disposal of property, plant and equipment | - | 28 |
| Net cash used in investing activities | (433,123) | (112,801) |
| Cash flows from financing activities | | |
| Proceeds from issuance of ordinary shares | 3,018 | 59,824 |
| Proceeds from issuance of ICPS-i | 275,000 | - |
| Proceeds from loans and borrowings, net | 22,727 | 42,603 |
| Net cash from financing activities | 300,745 | 102,427 |
| Net change in cash and cash equivalents | (44,462) | (3,383) |
| Cash and cash equivalents at beginning of year | 78,227 | 81,609 |
| Cash and cash equivalents at end of financial year | 33,765 | 78,226 |
| Cash and cash equivalent at end of the financial year comprise the followings:- | | |
| Cash and bank balances | 33,975 | 60,105 |
| Deposits placed with licensed banks | 43,620 | 49,306 |
| | 77,595 | 109,411 |
| Less: Deposits pledged | (43,830) | (31,185) |
| | 33,765 | 78,226 |

(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 31 December 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 | (4,845) |
| 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

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 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

There were no other issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities:

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 | |
|--------------------------|-------------------------------|--------------------|
| | 31 December 2015 | |
| | Revenue | Loss Before |
| | (RM'000) | Taxation |
| | | (RM'000) |
| Construction Services | 74,710 | (57,585) |
| Offshore Crane Works | 41,828 | (13) |
| Offshore Services | 2,004 | 1,248 |
| Others | 8,965 | 10,584 |
| Sub Total | 127,507 | (45,766) |
| Consolidation Adjustment | (26,934) | (7,643) |
| Total | 100,573 | (53,409) |

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

| | Group (RM'000) |
|---|---------------------------------|
| Potential liquidated damages claim by customer | <u>62,664</u> |

There are no other contingent liabilities and contingent assets during the financial period under review.

14. CAPITAL COMMITMENTS

| | Group (RM'000) |
|-----------------------------------|---------------------------------|
| - Approved and contracted for | 555,739 |
| - Approved but not contracted for | <u>204,494</u> |
| | <u>760,233</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)

(Incorporated in Malaysia)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**15. REVIEW OF PERFORMANCE OF FOURTH QUARTER**

| | Revenue | | Loss before tax | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 4th Quarter ended 31/12/2015 (RM'000) | 4th Quarter ended 31/12/2014 (RM'000) | 4th Quarter ended 31/12/2015 (RM'000) | 4th Quarter ended 31/12/2014 (RM'000) |
| Business Segment | | | | |
| Construction Services | 5,365 | 43,340 | (11,763) | (63,946) |
| Offshore Crane Works | 7,761 | 15,467 | (448) | 365 |
| Offshore Services | 2,004 | 20,067 | 4,566 | (11,669) |
| Others | 2,639 | 2,617 | (4,784) | 7,392 |
| Sub Total | 17,769 | 81,491 | (12,429) | (67,858) |
| Share of (loss)/profit of equity-accounted associates, net of tax | - | - | (1,202) | 7,338 |
| Share of loss of equity-accounted joint venture, net of tax | - | - | (325) | (417) |
| Consolidation adjustment | (10,094) | (23,169) | (4,183) | (12,104) |
| Total | 7,675 | 58,322 | (18,139) | (73,041) |

The Group recorded revenue of RM7.6 million for the fourth quarter 2015 as compared to RM58.4 million in the previous fourth 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 loss before tax of RM18.1 million in the current quarter as compared to loss before tax of RM73.0 million in the corresponding quarter of 2014 mainly due to lower impairment loss on receivable as well as lower losses from on-going fabrication projects.

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 | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | 4th Quarter ended 31/12/2015 (RM'000) | 3rd Quarter ended 30/9/2015 (RM'000) | 4th Quarter ended 31/12/2015 (RM'000) | 3rd Quarter ended 30/9/2015 (RM'000) |
| Business Segment | | | | |
| Construction Services | 5,365 | 15,353 | (11,763) | (11,073) |
| Offshore Crane Works | 7,761 | 11,771 | (448) | (274) |
| Offshore services | 2,004 | - | 4,566 | (672) |
| Others | 2,639 | 2,411 | (4,784) | 13,353 |
| Total | 17,769 | 29,535 | (12,429) | 1,334 |
| Share of (loss)/profit of equity-accounted associates, net of tax | - | - | (1,202) | 468 |
| Share of loss of equity-accounted joint venture, net of tax | - | - | (325) | (16) |
| Consolidation adjustment | (10,094) | (3,362) | (4,183) | (215) |
| Total | 7,675 | 26,173 | (18,139) | 1,571 |

For the current quarter under review, the Group's revenue decreased to RM7.6 million in the current quarter from RM26.1 million in the immediate preceding quarter. The Group also recorded a loss before tax of RM18.1 million 2015 as compared to a profit before tax of RM1.5 million in the immediate preceding quarter due to mainly unrealised foreign currency translation gain recognised in immediate preceding quarter.

17. COMMENTARY ON PROSPECTS

As at 31 December 2015, the Group has an outstanding main fabrication order books of RM142.1 million; minor fabrication, crane manufacturing & repairs and supply of equipment order books of RM24.0 million and FPSO Leasing Award of around USD372 million or approximately RM1.6 billion.

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 refurbishment and maintenance works 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

| | 4th Quarter ended 31/12/2015 (RM'000) | 4th Quarter ended 31/12/2014 (RM'000) | Cummulative period ended 31/12/2015 (RM'000) | Cummulative period ended 31/12/2014 (RM'000) |
|---|--|--|---|---|
| <u>Tax Expense</u> | | | | |
| Current year | 40 | (6) | 148 | 190 |
| Under/(Over) provision in prior year | - | 6 | - | (1,699) |
| <u>Deferred tax expense</u> | | | | |
| Origination and reversal of temporary differences | - | 9,225 | - | 9,117 |
| Total Tax Expenses | 40 | 9,225 | 148 | 7,608 |

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 December 2015.

22. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report:

TH HEAVY ENGINEERING BERHAD (634775-D)
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23. BORROWINGS AND DEBT SECURITIES

| | Group | |
|---|--------------------|--------------------|
| | As at | As at |
| | 31 December | 31 December |
| | 2015 | 2014 |
| | (RM'000) | (RM'000) |
| <u>Long Term Borrowings</u> | | |
| - Finance lease liabilities | 609 | 1,012 |
| - Sukuk | 49,428 | 239,162 |
| - Secured term loan | 14,464 | 30,769 |
| Sub Total | 64,501 | 270,943 |
| <u>Short Term Borrowings</u> | | |
| - Sukuk | 189,772 | - |
| - Secured term loan | 8,358 | - |
| - Overdraft- unsecured | 11,560 | - |
| - Bridger loan - unsecured | 60,000 | - |
| - Revolving credit facilities - unsecured | 68,750 | 68,692 |
| - Trust receipt - secured | 3,190 | 5,163 |
| - Finance lease liabilities | 272 | 272 |
| Sub Total | 341,902 | 74,127 |
| Total borrowings | 406,403 | 345,070 |

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 December 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:

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.

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

(b) **Dynac Sdn Bhd v THHE Fabricators Sdn Bhd (Kuala Lumpur High Court Suit No. 22NCVC-589-11/2015)**

Dynac Sdn Bhd (DYNAC) has brought an action against THHE Fabricators Sdn Bhd (THF) seeking a judgment in relation to supplies and services rendered for the Murphy’s Sarawak SK 311 Permas Development Project (“**PERMAS Project**”) and Bertam Field Development Project (“**BERTAM Project**”) for the sum of RM 4,021,935.42, including interests and costs.

On 11 December 2015, THF filed an application to stay the action on the basis of proceeding to arbitration to resolve DYNAC’s claims pursuant to the terms of an arbitration agreement in relation to the letter of awards made for the PERMAS Project and BERTAM Project.

On 4 February 2016, the High Court ordered this action to be stayed pending reference to arbitration.

There is no court action pending given the order to stay is granted. No arbitration proceeding had been commenced by THF or DYNAC in relation to both the PERMAS Project and the BERTAM Project till-to date.

The Group’s solicitor could not conclude an opinion for this case as the arbitration proceedings has not been initiated.

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25. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (c) **Alaf Pentawaris Sdn Bhd v THHE Fabricators Sdn Bhd (Shah Alam High Court Suit No. 22C-16-08/2015)**

Alaf Pentawaris Sdn Bhd ('ALAF') has brought an action against THHE Fabricators Sdn Bhd ("THF") seeking a judgment for work carried out in relation to the Construction of a New Bulkhead, Wharf, Shoreline Protection, Skid Track And Relieve Platform ("Construction Project") for the sum of RM 17,967,946.47 or alternatively damages and/or compensation, including interests and costs.

On 23 September 2015, THF filed an application to stay ALAF's action on the basis of proceeding to arbitration to resolve ALAF's claims pursuant to the terms of an arbitration agreement in relation to the Letter of Award upon THF's award of the "Construction Project" to ALAF.

There is no court action pending given the order to stay is granted. No arbitration proceeding had been commenced by THF or ALAF in relation to the Construction Project till-to date.

The Group's solicitor could not conclude an opinion for this case as the arbitration proceedings has not been initiated.

- (d) **Justrite Construction Sdn Bhd v THHE Offshore Services Sdn Bhd (Miri High Court Suit No.: MYY-22NCVC-16/8-2015)**

Justrite Construction Sdn Bhd ("JUSTRITE") has brought an action in the Miri High Court for providing supplies to THHE Offshore Services Sdn Berhad. ("THHEOS"). THHEOS filed an application to transfer the case to Kuala Lumpur but this application was not allowed.

THHEOS has since filed its defence and this matter is now fixed for further mention on 2 March 2106.

The Group's solicitor is of the view that THHEOS has a fair chance of defending this action.

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') | FOURTH QUARTER | | CUMULATIVE QUARTER | |
|--|------------------|--------------------------------------|--------------------------|-------------------------|
| | Current Quarter | Preceding Year Corresponding Quarter | Current Financial Period | Preceding Corresponding |
| | 31-Dec-15 | 31-Dec-14 | 31-Dec-15 | 31-Dec-14 |
| Loss for the purpose of basic earnings per share (RM'000) | (14,625) | (71,985) | (44,789) | (76,447) |
| Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000) | 1,118,255 | 1,006,533 | 1,118,255 | 1,006,533 |
| Basic LPS (sen) | (1.31) | (7.15) | (4.01) | (7.60) |
| Adjusted loss for the purpose of diluted earnings per share (RM'000) | (14,625) | (71,985) | (44,789) | (76,447) |
| Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000) | 1,118,255 | 1,006,533 | 1,118,255 | 1,006,533 |
| Conversion of ICPS-i | 325,479 | - | 325,479 | - |
| Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000) | 1,443,735 | 1,006,533 | 1,443,735 | 1,006,533 |
| Diluted LPS (sen) | (1.01) | (7.15) | (3.10) | (7.60) |

28. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 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-Dec-15 (RM'000) | As at 31-Dec-14 (RM'000) |
|--|--------------------------------|--------------------------------|
| Total accumulated losses of the Company and its subsidiaries:- | | |
| - realised | (370,004) | (281,898) |
| - unrealised | 32,839 | (9,225) |
| Total Group accumulated losses | (337,165) | (291,123) |
| Add: Consolidation adjustments | 275,462 | 274,209 |
| Total Group accumulated losses as per consolidated accounts | (61,703) | (16,914) |

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29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

| | Quarter ended 31/12/2015 (RM'000) | Cummulative Period ended 31/12/2015 (RM'000) |
|-------------------------------|--|---|
| Interest income | (372) | (441) |
| Interest expense | 1,680 | 7,339 |
| Impairment of receivables | 650 | 650 |
| Depreciation and amortisation | 4,853 | 15,989 |
| Inventories written off | - | 8 |
| Inventories written down | 251 | 251 |
| Unrealised forex gain | (21,149) | (42,064) |
| Realised forex loss | 25,023 | 27,416 |

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.