

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-16 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-15 Unaudited RM'000	CURRENT YEAR TO DATE 31-Mar-16 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 Unaudited RM'000
Revenue	14,524	47,801	14,524	47,801
Cost of sales	(7,426)	(54,809)	(7,426)	(54,809)
Gross loss	7,098	(7,008)	7,098	(7,008)
Other income	3,563	2,440	3,563	2,440
Administration expenses	(13,389)	(17,006)	(13,389)	(17,006)
Other expenses	-	-	-	-
Operating loss	(2,728)	(21,574)	(2,728)	(21,574)
Unrealised foreign exchange loss, net	(26,866)	-	(26,866)	-
Finance cost	(4,258)	(1,641)	(4,258)	(1,641)
Share of loss of equity-accounted associate, net of tax	(7,581)	(1,623)	(7,581)	(1,623)
Share of loss of equity-accounted joint venture, net of tax	-	(479)	-	(479)
Loss before taxation	(41,433)	(25,317)	(41,433)	(25,317)
Taxation	-	(40)	-	(40)
Loss after taxation	(41,433)	(25,357)	(41,433)	(25,357)
Other comprehensive loss for the period, net of tax	(2,490)	-	(2,490)	-
Total comprehensive loss for the period	(43,923)	(25,357)	(43,923)	(25,357)
Loss attributable to:				
Owners of the Company	(33,442)	(18,850)	(33,442)	(18,850)
Non-controlling interests	(7,991)	(6,507)	(7,991)	(6,507)
	(41,433)	(25,357)	(41,433)	(25,357)
Total comprehensive loss attributable to:-				
Owners of the Company	(35,932)	(18,850)	(35,932)	(18,850)
Non-controlling interests	(7,991)	(6,507)	(7,991)	(6,507)
	(43,923)	(25,357)	(43,923)	(25,357)
Loss attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic loss per share	(2.98)	(1.70)	(2.98)	(1.70)
ii) Fully diluted loss per share	(1.51)	(1.70)	(1.51)	(1.70)
Gross interest income	481	29	481	29
Gross interest expense	4,258	1,641	4,258	1,641

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 MARCH 2016**

	As at 31-Mar-16 Unaudited RM'000	As at 31-Dec-15 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,148,280	995,573
Intangible assets	475	481
Investment in associate	131,725	139,306
Investment in joint ventures	-	-
	1,280,480	1,135,360
Current Assets		
Inventories	10,537	9,706
Trade and other receivables	189,733	207,708
Prepayments	2,717	1,798
Current tax asset	583	446
Cash and cash equivalents	47,998	78,119
	251,568	297,777
	1,532,048	1,433,137
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	280,269	280,269
Islamic Irredeemable Convertible Preference Shares ('İCPS-i')	275,000	275,000
Share premium	95,029	95,029
Revaluation reserves	28,317	28,317
Currency translation reserves	17,879	20,369
Accumulated losses	(95,691)	(62,249)
	600,803	636,735
Non-controlling interests	19,593	27,584
Total Equity	620,396	664,319
Non Current Liabilities		
Deferred tax liabilities	214	214
Borrowings	83,661	65,781
	83,875	65,995
Current Liabilities		
Trade and other payables	503,212	361,260
Borrowings	324,565	341,563
	827,777	702,823
Total Liabilities	911,652	768,818
TOTAL EQUITY AND LIABILITIES	1,532,048	1,433,137
Net assets per share (sen)	54	57

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	Share Capital (RM'000)	ICPS-i (RM '000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Currency Translation Reserves (RM'000)	Accumulated Losses (RM'000)	Total (RM'000)	Non-controlling interest (RM'000)	Total Equity (RM'000)
Balance at 1 January 2016	280,269	275,000	95,029	28,317	20,369	(62,249)	636,735	27,584	664,319
Other comprehensive loss for the period	-	-	-	-	(2,490)	-	(2,490)	-	(2,490)
Loss for the period	-	-	-	-	-	(33,442)	(33,442)	(7,991)	(41,433)
Total comprehensive loss for the period	-	-	-	-	(2,490)	(33,442)	(35,932)	(7,991)	(43,923)
Balance at 31 March 2016	280,269	275,000	95,029	28,317	17,879	(95,691)	600,803	19,593	620,396

	Share Capital (RM'000)	ICPS-i (RM '000)	Share Premium (RM'000)	Revaluation Reserves (RM'000)	Currency Translation Reserves (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling interest (RM'000)	Total Equity (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	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(18,850)	(18,850)	(6,507)	(25,357)
Total comprehensive loss for the period	-	-	-	-	-	(18,850)	(18,850)	(6,507)	(25,357)
Balance at 31 March 2015	277,769	-	94,511	28,317	4,492	(35,764)	369,325	9,064	378,389

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

TH HEAVY ENGINEERING BERHAD (634775-D)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016**

	CUMMULATIVE QUARTER CURRENT YEAR TO DATE 31-Mar-16 (RM'000)	CORRESPONDING PRECEDING YEAR 31-Mar-15 (RM'000)
Loss before taxation	(41,433)	(25,317)
Adjustments for:		
Amortisation of intangible assets	6	18
Depreciation of property, plant and equipment	4,607	4,053
Finance costs	4,258	1,641
Finance income	(481)	(29)
Share of loss of associate	7,581	-
Share of loss of joint venture	-	1,623
Unrealised foreign exchange loss	26,866	479
Operating profit/(loss) before changes in working capital	1,404	(17,524)
Changes in working capital:		
Inventories	(831)	(1,028)
Trade and other receivables	(9,810)	18,123
Trade and other payables	141,953	(14,649)
Net cash generated/(used in) from operations	132,716	(15,078)
Interests received	481	29
Interests paid	(4,258)	(1,641)
Tax paid	(137)	(40)
Net cash from operating activities	128,802	(16,730)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(125,281)	(6,764)
Acquisition of investment in associate	-	(19,050)
Increase in pledged deposits placed with licensed banks, net	5,489	(10,577)
Net cash from investing activities	(119,792)	(36,391)
Cash flows from financing activities		
(Repayment)/Proceeds from loans and borrowings, net	882	5,731
Net cash from financing activities	882	5,731
Net change in cash and cash equivalents	9,892	(47,390)
Effect of exchange rate translation	(34,523)	-
Cash and cash equivalents at beginning of period	31,523	78,227
Cash and cash equivalents at end of financial period	6,892	30,837
Cash and cash equivalent at end of the period comprise the followings:-		
Cash and bank balances	6,770	39,010
Deposits placed with licensed banks	41,228	33,588
	47,998	72,598
Less: Deposits pledged	(41,106)	(41,761)
	6,892	30,837

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

TH HEAVY ENGINEERING BERHAD (634775-D)
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The Board of Directors of TH Heavy Engineering Berhad is pleased to announce the financial results of the Group for the period ended 31 March 2016

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 2015. 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 2015.

2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS

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 2015.

New and revised Standards in issue but not yet effective

At the date of authorisation for issue of the interim financial report, the new and revised Standards which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in October 2010)
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 as issued by IASB in November 2009 and October 2010) and Transition Disclosure
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

*Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective. The Group and the Company are currently assessing the impact of adoption of the above new Standards and Amendments.

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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 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 other than the unrealised loss on foreign exchange amounting to RM26,865,507 which arose mainly from the change of functional currency of a subsidiary company located in Labuan during the last financial year.

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:

	Financial Period Ended	
	31 March 2016	
Business Segment	Revenue	Loss Before
	(RM'000)	Taxation
		(RM'000)
Construction Services	12,057	(7,343)
Offshore Crane Works	3,560	2,299
Offshore Services	-	(419)
Others	2,241	(27,357)
Sub Total	17,858	(32,820)
Consolidation Adjustment	(3,334)	(8,613)
Total	14,524	(41,433)

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.

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13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Group (RM'000)
Potential liquidated damages claim by customer	<u>9,640</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	259,696
- Approved but not contracted for	<u>133,659</u>
	<u>393,355</u>

The capital commitments consist mainly costs to be incurred for the upgrading of the Pulau Indah yard and conversion for the FPSO Layang 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 FIRST QUARTER

	Revenue		Loss before tax	
	1st Quarter ended 31/3/2016 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	1st Quarter ended 31/3/2016 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)
Business Segment				
Construction Services	12,057	38,147	(7,343)	(19,573)
Offshore Crane Works	3,560	10,319	2,298	(383)
Offshore Services	-	-	(419)	(1,925)
Others	2,241	2,194	(27,356)	(1,326)
Sub Total	17,858	50,660	(32,820)	(23,207)
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	(7,580)	(1,623)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	(479)
Consolidation adjustment	(3,334)	(2,859)	(1,033)	(8)
Total	14,524	47,801	(41,433)	(25,317)

The Group recorded revenue of RM14.5 million for the first quarter 2016 as compared to RM47.8 million in the previous first quarter of 2015. 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 RM41.4 million in the current quarter as compared to loss before tax of RM25.3 million in the corresponding quarter of 2015 mainly due to unrealized foreign exchange loss of RM26.8 million. The Ringgit strengthened against the US Dollar during the three months ended March 31, with the US Dollar/Ringgit exchange rate closing at 3.92 as of end-March 2016 as compared to 4.29 as of the end-December 2015. The Ringgit appreciation has resulted in a non-cash flow net foreign currency translation loss. However, when excluding the foreign exchange loss, the loss before tax for the Group decreased from RM14.6 million for the current quarter as compared to a loss before tax of RM25.3 million for the same period last year.

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16. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

	Revenue		Profit/(Loss) Before Tax	
	1st Quarter ended 31/3/2016 (RM'000)	4th Quarter ended 31/12/2015 (RM'000)	1st Quarter ended 31/3/2016 (RM'000)	4th Quarter ended 31/12/2015 (RM'000)
Business Segment				
Construction Services	12,057	5,365	(7,343)	(12,482)
Offshore Crane Works	3,560	7,688	2,298	(454)
Offshore services	-	2,004	(419)	4,551
Others	2,241	2,639	(27,356)	(5,269)
Total	17,858	17,696	(32,820)	(13,654)
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	(7,580)	(1,215)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	(325)
Consolidation adjustment	(3,334)	(10,094)	(1,033)	(4,157)
Total	14,524	7,602	(41,433)	(19,351)

For the current quarter under review, the Group's revenue increased to RM14.5 million in the current quarter from RM7.6 million in the immediate preceding quarter. The Group also recorded a loss before tax of RM41.4 million in the first quarter 2016 as compared to a loss before tax of RM19.3 million in the immediate preceding quarter due mainly to unrealised foreign currency translation loss.

17. COMMENTARY ON PROSPECTS

As at 31 March 2016, the Group has an outstanding main fabrication order book of RM132.5 million and outstanding minor fabrication, crane manufacturing & repairs and supply of equipment order books of RM9.4 million.

The Group is exploring various ways to raise funds required to complete the FPSO Layang conversion works and to monetize and unlock the value of the Group's assets to generate cash flows and improve its working capital.

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.

The Group plans to expand into the refurbishment and maintenance works and non-oil and gas related fabrication 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

	1st Quarter ended 31/3/2016 (RM'000)	1st Quarter ended 31/3/2015 (RM'000)	Cummulative period ended 31/3/2016 (RM'000)	Cummulative period ended 31/3/2015 (RM'000)
<u>Tax Expense</u>				
Current year	-	(40)	-	(40)
Under/(Over) provision in prior year	-	-	-	-
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	-	-	-	-
Total Tax Expenses	-	(40)	-	(40)

20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no dealings by the Group in quoted securities for the current quarter and financial year. The Group did not hold any investments in quoted shares as at 31 March 2016.

22. STATUS OF CORPORATE PROPOSALS

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

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23. BORROWINGS AND DEBT SECURITIES

	Group	
	As at 31 March 2016 (RM'000)	As at 31 December 2015 (RM'000)
<u>Long Term Borrowings</u>		
- Finance lease liabilities	552	577
- Sukuk	69,743	49,775
- Secured term loan	13,366	15,429
Sub Total	83,661	65,781
<u>Short Term Borrowings</u>		
- Sukuk	169,850	189,772.00
- Secured term loan	8,358	8,358.00
- Overdraft- unsecured	12,134	11,561.00
- Bridger loan - unsecured	60,000	60,000.00
- Revolving credit facilities - unsecured	68,750	68,750
- Trust receipt - secured	5,201	2,818
- Finance lease liabilities	272	304
Sub Total	324,565	341,563
Total borrowings	408,226	407,344

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2016.

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 Tenggara 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.

- (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 trial from 15th to 19th August 2016.

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

- (e) **Rotating Offshore Solutions Pte. Ltd. v TH Heavy Engineering Berhad (Kuala Lumpur High Court Suit No: WA-22NCC-149-04/2016)**

Rotating Offshore Solutions Pte. Ltd. ("ROS") has brought an action against TH Heavy Engineering Berhad ("THHE") in the Kuala Lumpur High Court for supply and design of the 'Booster Compression Package' with regard to the LAYANG FPSO Project for a sum of USD 1,622,500.00.

THHE has since entered appearance and would file its defence accordingly. The matter has been fixed for case management as at 9th of June, 2016.

The Group's solicitor is of the view that THHE 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 31-Mar-16	Preceding Year Corresponding Quarter 31-Mar-15	Current Financial Period 31-Mar-16	Preceding Corresponding 31-Mar-15
Loss for the purpose of basic earnings per share (RM'000)	(33,442)	(18,850)	(33,442)	(18,850)
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	1,121,077	1,111,077	1,121,077	1,111,077
Basic LPS (sen)	(2.98)	(1.70)	(2.98)	(1.70)
Adjusted loss for the purpose of diluted earnings per share (RM'000)	(33,442)	(18,850)	(33,442)	(18,850)
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	1,121,077	1,111,077	1,121,077	1,111,077
Conversion of ICPS-i	1,100,000	-	1,100,000	-
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	2,221,077	1,111,077	2,221,077	1,111,077
Diluted LPS (sen)	(1.51)	(1.70)	(1.51)	(1.70)

28. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 March 2016 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31-Mar-16 (RM'000)	As at 31-Dec-15 (RM'000)
Total accumulated losses of the Company and its subsidiaries:-		
- realised	(355,583)	(390,767)
- unrealised	(17,641)	52,981
Total Group accumulated losses	(373,224)	(337,786)
Add: Consolidation adjustments	277,533	275,537
Total Group accumulated losses as per consolidated accounts	(95,691)	(62,249)

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29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31/3/2016 (RM'000)	Cummulative Period ended 31/3/2016 (RM'000)
Interest income	(481)	(481)
Interest expense	4,258	4,258
Amortisation	6	6
Depreciation	4,607	4,607
Unrealised forex loss	26,866	26,866
Realised forex gain	(473)	(473)

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.