

28 February 2017

To : Shareholders of TH HEAVY ENGINEERING BHD

ERRATA TO THE QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

We refer to the Quarterly Report for the 3rd Quarter ended 30 September 2016 which was released on 24 November 2016.

We write to inform that the following amendments are required to be made in the said Unaudited Quarterly report.

The amendments to Quarterly Report for the 3rd Quarter ended 30 September 2016 are necessary due to the reclassification of revenue recognition in accordance to Paragraph 28, MFRS 111, *Construction Contracts*.

(i) Page 1- The Statement of Comprehensive Income

The changes are as follows:

	INDIVIDUAL QUARTER RM'000	INDIVIDUAL QUARTER RM'000	Changes	CUMULATIVE QUARTER RM'000	CUMULATIVE QUARTER RM'000	Changes
	As restated	As previously stated		As restated	As previously stated	
Revenue	(9,117)	(17,619)	8,502	13,122	4,620	8,502
Cost of sales	(21,608)	(21,608)	-	(38,492)	(38,492)	-
Gross loss	(30,725)	(39,227)	8,502	(25,370)	(33,872)	8,502
Other income	643	643	-	5,600	5,600	-
Administration expenses	(13,337)	(13,337)	-	(37,096)	(37,096)	-
Other expenses	(64,802)	(56,300)	(8,502)	(64,802)	(56,300)	(8,502)
Operating loss	(108,221)	(108,221)	-	(121,668)	(121,668)	-
Unrealised foreign exchange gain/(loss),net	9,440	9,440	-	(8,640)	(8,640)	-
Finance cost	(387)	(387)	-	(9,113)	(9,113)	-
Share of (loss)/profit of equity-accounted associate, net of tax	(3,073)	(3,073)	-	(13,136)	(13,136)	-
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-	-	-
Loss before taxation	(102,241)	(102,241)	-	(152,557)	(152,557)	-

The revised Statement of Comprehensive Income are as follows:

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	THE REVISED STATEMENT OF COMPREHENSIVE INCOME			
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR TO	CORRESPONDING
	QUARTER	QUARTER	DATE	PERIOD
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	As restated	Unaudited	As restated	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	(9,117)	26,173	13,122	92,898
Cost of sales	(21,608)	(25,675)	(38,492)	(102,844)
Gross (loss)/profit	(30,725)	498	(25,370)	(9,946)
Other income	643	-	5,600	2,029
Administration expenses	(13,337)	(13,638)	(37,096)	(41,903)
Other expenses	(64,802)	(1,840)	(64,802)	-
Operating loss	(108,221)	(14,980)	(121,668)	(49,820)
Unrealised foreign exchange gain/(loss), net	9,440	17,595	(8,640)	20,915
Finance cost	(387)	(1,496)	(9,113)	(5,659)
Share of (loss)/profit of equity-accounted associate, net of tax	(3,073)	468	(13,136)	334
Share of loss of equity-accounted joint venture, net of tax	-	(16)	-	(1,040)
(Loss)/Profit before taxation	(102,241)	1,571	(152,557)	(35,270)
Taxation	-	(27)	-	(108)
(Loss)/profit after taxation	(102,241)	1,544	(152,557)	(35,378)
Other comprehensive loss for the period, net of tax	(1,875)	6,880	(1,875)	6,880
Total comprehensive loss for the period	(104,116)	8,424	(154,432)	(28,498)
Loss attributable to:				
Owners of the Company	(131,641)	(5,223)	(171,931)	(30,164)
Non-controlling interests	29,400	6,767	19,374	(5,214)
	(102,241)	1,544	(152,557)	(35,378)
Total comprehensive loss attributable to:-				
Owners of the Company	(123,490)	1,657	(173,806)	(23,284)
Non-controlling interests	19,374	6,767	19,374	(5,214)
	(104,116)	8,424	(154,432)	(28,498)
Loss attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic loss per share	(11.74)	(0.47)	(15.34)	(2.70)
ii) Fully diluted loss per share	(5.93)	(0.40)	(7.74)	(2.32)
Gross interest income	(101)	16	404	69
Gross interest expense	387	1,496	9,113	5,659

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

(ii) Page 7- Note 9. Segmental Reporting

The changes are as follows:

9. SEGMENTAL REPORTING

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

Business Segment	Financial Period Ended 30 September 2016		(Loss)/Profit Before Taxation
	Revenue	Revenue	
	As previously stated (RM'000)	As restated (RM'000)	(RM'000)
Construction Services	1,409	9,911	(71,827)
Offshore Crane Works	4,544	4,544	52
Offshore Services	-	-	(739)
Others	7,582	7,582	(38,596)
Sub Total	13,535	22,037	(111,110)
Consolidation Adjustment	(8,915)	(8,915)	(41,447)
Total	4,620	13,122	(152,557)

Analysis by geographical segments has not been presented as the operations of the Group are principally in Malaysia.

(iii) Page 9- Note 16. Review of performance of third quarter

The changes are as follows:

	Revenue		
	As restated	As previously stated	Changes
Business Segment			
Construction Services	(8,899)	(17,401)	8,502
Offshore CraneWorks	22	22	-
Offshore Services	-	-	-
Others	3,099	3,099	-
Sub Total	(5,778)	(14,280)	8,502
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	-
Share of loss of equity-accounted joint venture, net of tax	-	-	-
Consolidation adjustment	(3,339)	(3,339)	-
Total	(9,117)	(17,619)	8,502

The revised Review of Performance are as follows:

16. REVIEW OF PERFORMANCE OF THIRD QUARTER

	Revenue		(Loss)/Profit Before Tax	
	3rd Quarter ended	3rd Quarter ended	3rd Quarter ended	3rd Quarter ended
	30/9/2016 (RM'000)	30/9/2015 (RM'000)	30/9/2016 (RM'000)	30/9/2015 (RM'000)
	As restated			
Business Segment				
Construction Services	(8,899)	15,353	(52,244)	(11,073)
Offshore Crane Works	22	11,771	(934)	(274)
Offshore Services	-	-	(127)	(672)
Others	3,099	2,411	(18,585)	13,353
Sub Total	(5,778)	29,535	(71,890)	1,334
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	(3,073)	468
Share of loss of equity-accounted joint venture, net of tax	-	-	-	(16)
Consolidation adjustment	(3,339)	(3,362)	(27,278)	(215)
Total	(9,117)	26,173	(102,241)	1,571

The Group recorded negative revenue of RM9.1 million for the third quarter 2016 as compared to RM26.2 million in the previous third quarter of 2015. The decrease in revenue is due to the negative disputed change order resulting in reduction of project scope of an ongoing project.

The Group recorded a loss before tax of RM102.2 million in the current quarter as compared to profit before tax of RM1.6 million in the corresponding quarter of 2015 mainly due to one off loss on disposal of an associate of RM56.3 million, reduction of project scope of an ongoing project as well as lower unrealized forex gain.

(iv) **Page 10 - Note 17. Material change in quarterly results against immediate preceding quarter**

The changes are as follows:

	Revenue		
	As restated	As previously stated	Changes
Business Segment			
Construction Services	(8,899)	(17,401)	8,502
Offshore CraneWorks	22	22	-
Offshore Services	-	-	-
Others	3,099	3,099	-
Sub Total	(5,778)	(14,280)	8,502
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	-
Share of loss of equity-accounted joint venture, net of tax	-	-	-
Consolidation adjustment	(3,339)	(3,339)	-
Total	(9,117)	(17,619)	8,502

The revised Note 17 are as follows:

17. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

	Revenue		(Loss)/Profit Before Tax	
	3rd Quarter ended 30/9/2016 (RM'000)	2nd Quarter ended 30/6/2016 (RM'000)	3rd Quarter ended 30/9/2016 (RM'000)	2nd Quarter ended 30/6/2016 (RM'000)
	As restated			
Business Segment				
Construction Services	(8,899)	6,753	(52,244)	(12,241)
Offshore Crane Works	22	962	(934)	(1,312)
Offshore services	-	-	(127)	(193)
Others	3,099	2,242	(18,585)	7,344
Total	(5,778)	9,957	(71,890)	(6,402)
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	(3,073)	(2,481)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-
Consolidation adjustment	(3,339)	(2,242)	(27,278)	-
Total	(9,117)	7,715	(102,241)	(8,883)

For the current quarter under review, the Group recorded negative revenue of RM9.1 million as compared to RM7.7 million in the immediate preceding quarter ended 30 June 2016. The Group's loss before tax increased to RM102.2 million in the third quarter 2016 as compared to a loss before tax of RM8.8 million for the immediate preceding quarter mainly due to loss on disposal of an associate of RM56.3 million as well as reduction of project scope of an ongoing project.

(v) Page 23 - Note 29. Item to disclose in the statement of comprehensive income

The additional disclosures item are as follows:

29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30/9/2016 (RM'000)	Cummulative Period ended 30/9/2016 (RM'000)
Interest income	(101)	(404)
Interest expense	387	9,113
Impairment of amount due from contract	As restated 8,502	8,502
Amortisation	6	19
Depreciation	4,455	13,571
Loss on disposal of associate	56,300	56,300
Unrealised forex(gain)/loss	(9,440)	8,640
Realised forex gain	(638)	(1,161)

We regret any inconvenience caused.

Yours faithfully,
TH HEAVY ENGINEERING BERHAD


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SUHAIMI BIN BADRUL JAMIL
Chief Executive Officer