

TH HEAVY ENGINEERING BERHAD (634775-D)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Dec-16 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-15 Unaudited RM'000	CURRENT YEAR TO DATE 31-Dec-16 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-15 Unaudited RM'000
Revenue	4,653	7,603	17,775	100,501
Cost of sales	2,184	(4,008)	(36,308)	(106,852)
Gross profit/(loss)	6,837	3,595	(18,533)	(6,351)
Other income	401	3,423	6,001	5,452
Administration expenses	(8,745)	(11,806)	(45,841)	(53,709)
Other expenses	(291,937)	(31,998)	(356,739)	(31,998)
Operating loss	(293,444)	(36,786)	(415,112)	(86,606)
Unrealised foreign exchange (loss)/gain, net	(2,525)	22,842	(11,165)	43,757
Finance cost	(3,562)	(3,867)	(12,675)	(9,526)
Share of loss of equity-accounted associate, net of tax	-	(1,216)	(13,136)	(882)
Share of loss of equity-accounted joint venture, net of tax	-	(325)	-	(1,365)
Loss before taxation	(299,531)	(19,352)	(452,088)	(54,622)
Taxation	12,375	406	12,375	298
Loss after taxation	(287,156)	(18,946)	(439,713)	(54,324)
Other comprehensive income for the period, net of tax	3,256	8,997	3,256	15,877
Total comprehensive loss for the period	(283,900)	(9,949)	(436,457)	(38,447)
Loss attributable to:				
Owners of the Company	(193,910)	(15,171)	(365,841)	(45,335)
Non-controlling interests	(93,246)	(3,775)	(73,872)	(8,989)
	(287,156)	(18,946)	(439,713)	(54,324)
Total comprehensive loss attributable to:-				
Owners of the Company	(210,028)	(6,174)	(362,585)	(29,458)
Non-controlling interests	(73,872)	(3,775)	(73,872)	(8,989)
	(283,900)	(9,949)	(436,457)	(38,447)
Loss attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic loss per share	(17.30)	(1.36)	(32.63)	(4.05)
ii) Fully diluted loss per share	(8.73)	(1.05)	(16.47)	(3.14)
Gross interest income	61	1,266	465	1,335
Gross interest expense	3,562	3,867	12,675	9,526

(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 DECEMBER 2016**

	As at 31-Dec-16 Unaudited RM'000	As at 31-Dec-15 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	958,276	995,573
Intangible assets	455	481
Investment in associate	368	139,306
Investment in joint ventures	-	-
Deferred tax assets	3,061	-
	962,160	1,135,360
Current Assets		
Inventories	7,480	9,706
Trade and other receivables	83,525	207,708
Prepayments	492	1,798
Current tax asset	792	446
Cash and cash equivalents	33,268	78,119
	125,557	297,777
	1,087,717	1,433,137
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	280,269	280,269
Islamic Irredeemable Convertible Preference Shares (‘ICPS-i’)	275,000	275,000
Share premium	95,029	95,029
Revaluation reserves	66,317	28,317
Currency translation reserves	3,119	20,369
Accumulated losses	(499,820)	(62,249)
	219,914	636,735
Non-controlling interests	(46,288)	27,584
Total Equity	173,626	664,319
Non Current Liabilities		
Deferred tax liabilities	-	214
Borrowings	55,530	65,781
	55,530	65,995
Current Liabilities		
Trade and other payables	539,057	361,260
Borrowings	319,504	341,563
	858,561	702,823
Total Liabilities	914,091	768,818
TOTAL EQUITY AND LIABILITIES	1,087,717	1,433,137
Net assets per share (sen)	20	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 DECEMBER 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	-	-	-	-	3,256	-	3,256	-	3,256
Loss for the period	-	-	-	-	-	(365,841)	(365,841)	(73,872)	(439,713)
Total comprehensive loss for the period	-	-	-	-	3,256	(365,841)	(362,585)	(73,872)	(436,457)
Changes in interest by non controlling interest	-	-	-	-	-	(71,730)	(71,730)	-	(71,730)
Disposal of investment in associates	-	-	-	-	(20,506)	-	(20,506)	-	(20,506)
Revaluation during the year	-	-	-	38,000	-	-	38,000	-	38,000
Total transaction with owners of the Company	-	-	-	38,000	(20,506)	(71,730)	(54,236)	-	(54,236)
Balance at 31 December 2016	280,269	275,000	95,029	66,317	3,119	(499,820)	219,914	(46,288)	173,626

	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	15,573	403,748
Other comprehensive income for the period	-	-	-	-	15,877	-	15,877	-	15,877
Loss for the period	-	-	-	-	-	(45,335)	(45,335)	(8,989)	(54,324)
Total comprehensive loss for the period	-	-	-	-	15,877	(45,335)	(29,458)	(8,989)	(38,447)
Issuance of shares	2,500	275,000	693	-	-	-	278,193	-	278,193
Share issuance expenses	-	-	(175)	-	-	-	(175)	-	(175)
Total transaction with owners of the Company	2,500	275,000	518	-	-	-	278,018	-	278,018
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	21,000	21,000
Balance at 31 December 2015	280,269	275,000	95,029	28,317	20,369	(62,249)	636,735	27,584	664,319

(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)

(Incorporated in Malaysia)

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

	CUMMULATIVE QUARTER	
	CURRENT	CORRESPONDING
	YEAR TO DATE	PRECEDING
	31-Dec-16	31-Dec-15
	(RM'000)	(RM'000)
Loss before taxation	(452,088)	(54,622)
Adjustments for:		
Allowance for inventory obsolescence	-	250
Amortisation of intangible assets	26	45
Bad debts recovered	-	(2,000)
Depreciation of property, plant and equipment	17,862	15,907
Gain on disposal of property, plant and equipment	-	(140)
Impairment loss on receivables	13,237	650
Impairment loss on amount due from customer	35,429	-
Impairment loss on property, plant and equipment	268,246	-
Finance costs	12,675	11,038
Finance income	(465)	(1,336)
Property, plant and equipment written off	774	-
Inventories written off	2,869	8
Loss on disposal of associate	35,794	-
Share of loss/(profit) of associate	13,136	882
Share of loss of joint venture	-	1,365
Unrealised foreign exchange loss/(gain)	11,165	(43,756)
Operating profit/(loss) before changes in working capital	(41,340)	(71,709)
Changes in working capital:		
Inventories	(643)	(3,647)
Trade and other receivables	63,430	104,424
Trade and other payables	177,797	(105,757)
Net cash generated/(used in) from operations	199,244	(76,689)
Interests received	465	1,336
Interests paid	(12,675)	(36,682)
Tax paid	(346)	(148)
Net cash from operating activities	186,688	(112,183)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(202,485)	(236,159)
Acquisition of investment in joint venture	-	(650)
Decrease/(Increase) in pledged deposits placed with licensed banks, net	19,903	(15,410)
Proceeds from disposal of property, plant and equipment	-	364
Net cash from investing activities	(182,582)	(251,855)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	3,018
Proceeds from issuance of ICPS-i	-	275,000
(Repayment)/Proceeds from loans and borrowings, net	(32,310)	83,996
Net cash from financing activities	(32,310)	362,014
Net change in cash and cash equivalents	(28,204)	(2,024)
Effect of exchange rate translation	3,256	(44,680)
Cash and cash equivalents at beginning of period	31,523	78,227
Cash and cash equivalents at end of financial period	6,575	31,523
Cash and cash equivalent at end of the period comprise the followings:-		
Cash and bank balances	5,270	31,524
Deposits placed with licensed banks	27,998	46,595
	33,268	78,119
Less: Deposits pledged	(26,693)	(46,596)
	6,575	31,523

(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 December 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 recognition of impairment loss in FPSO Vessel amounting to RM268.2 million which arose mainly from the lower recoverable amount of the asset as compared to the net carrying amount as at 31 December 2016.

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 except as disclosed in the Note 16.

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.

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9. SEGMENTAL REPORTING

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

	Financial Period Ended	
	31 December 2016	
Business Segment	Revenue	Loss Before
	(RM'000)	Taxation
		(RM'000)
Construction Services	14,326	(110,744)
Offshore Crane Works	4,543	(9,430)
Offshore Services	-	(3,473)
Others	9,723	(307,937)
Sub Total	28,592	(431,584)
Consolidation Adjustment	(10,817)	(20,504)
Total	17,775	(452,088)

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

- (a) THHE Destini Sdn. Bhd. (formerly known as Gigih Integrasi Sdn. Bhd.) (“TDSB”), a joint venture company between THHE Fabricators Sdn. Bhd. and Destini Shipbuilding and Engineering Sdn. Bhd. had on 19 January 2017 accepted a Letter of Award from the Government of Malaysia dated 18 January 2017.

Under the Contract, TDSB is to undertake the Supply, Delivery, Testing and Commissioning of Three (3) units of Offshore Patrol Vessels complete with Fitting and Accessories for Malaysian Maritime Enforcement Agency (“MMEA”) (“the Contract”). The total contract sum is RM738,900,000.00 (inclusive of 6% GST) for a period of forty-two (42) months commencing from the return of the Letter of Award and submission of performance bond and corporate guarantee to the Government whichever is later.

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11. SUBSEQUENT EVENTS (CONTINUED)

- (b) The Company and its subsidiary companies namely THHE Fabricators Sdn Bhd, THHE Offshore Services Sdn Bhd and O&G Works Sdn Bhd (collectively referred to as the “Group”) have been granted a Restraining Order (“RO”) by the High Court of Malaya on 23 February 2017 to restrain any and all proceedings and/or actions and/or further proceedings in any suits and/or proceedings and/or actions against Group, and/or in respect of Group and/or its assets and/or assets employed in its business, including without limitation any winding-up, execution, arbitration proceedings, act of repossession or purported repossession, the appointment of receivers and managers, liquidators, provisional liquidators or otherwise whatsoever, by any creditors and/or purported creditors or any other persons whatsoever, except by leave of the Court, for a period of ninety (90) days from 23 February 2017 to 23 May 2017 pursuant to Section 366, 368 and 369 of The Companies Act, 2016 (“the Act”).

The RO was applied for as part of the Group’s proposed scheme of arrangement to regularise its affairs. The Group will next convene a meeting with its creditors for the purpose of seeking their consent pursuant to Section 366, 368 and 369 of the Act in respect of the proposed scheme of arrangement for the Group. Full details of the proposed scheme of arrangement will be contained in an Explanatory Statement which will be issued to the scheme creditors in due course. The RO is not expected to have any material impact on the financial and operational matters of the Company, as the RO is to facilitate and finalise the Group’s scheme of arrangement. There were no other corporate proposals announced but not completed as at the date of this report.

12. SIGNIFICANT EVENTS

- (a) The Company had on 23 September 2016 entered into a framework agreement with McDermott Holdings (M) Sdn. Bhd., McDermott Capital Malaysia Sdn. Bhd., J.Ray McDermott, S.A, Berlian McDermott Sdn. Bhd. (“BMD”), THHE Fabricators Sdn. Bhd. (“THF”), THHE McDermott Projects Services Sdn. Bhd. (“TMPS”) and THHE McDermott Engineering Sdn. Bhd. (“TME”) to mutually unwind the joint ventures in respect of BMD and THF and termination of the joint ventures in BMD, THF, TME and TMPS (“Framework Agreement”), upon and subject to the conditions set out in the Framework Agreement. The termination of JV has been completed on 30 September 2016.
- (b) The Company has on 27 October 2016 entered into a Joint Venture Agreement (“JVA”) with Destini Berhad to establish an unincorporated joint venture to procure the award of contract in relation to the works related to the supply, delivery, testing and commissioning of three (3) units of approximately 80 metres Offshore Patrol Vessels (“OPV”) complete with fittings and accessories for the Malaysian Maritime Enforcement Agency (“MMEA”), including the performance of an Industrial Collaboration Program as required by the Government of Malaysia and thereafter to undertake the execution and completion of the works in relation to the Project on a negotiated proposal basis. The JVA follows a Letter of Intent dated 27 July 2016, received by the Company, for the supply, delivery, testing and commissioning of the OPV for MMEA.

13. 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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14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Group (RM'000)
Potential liquidated damages claim by customer	83,439

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

15. CAPITAL COMMITMENTS

	Group (RM'000)
- Approved and contracted for	322,456
- Approved but not contracted for	75,835
	<u>398,291</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

16. REVIEW OF PERFORMANCE OF FOURTH QUARTER

	Revenue		Loss Before Tax	
	4th Quarter ended 31/12/2016 (RM'000)	4th Quarter ended 31/12/2015 (RM'000)	4th Quarter ended 31/12/2016 (RM'000)	4th Quarter ended 31/12/2015 (RM'000)
Business Segment				
Construction Services	4,415	5,366	(38,917)	(12,483)
Offshore Crane Works	(1)	7,688	(9,482)	(454)
Offshore Services	-	2,004	(2,734)	4,551
Others	2,141	2,639	(269,341)	(5,269)
Sub Total	6,555	17,697	(320,474)	(13,655)
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	13,136	(334)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	1,040
Consolidation adjustment	(1,902)	(10,094)	7,807	(6,403)
Total	4,653	7,603	(299,531)	(19,352)

The Group recorded lower revenue of RM4.6 million for the fourth quarter 2016 as compared to RM7.6 million in the previous fourth quarter of 2015. The decrease in revenue is due to the lower fabrication activities and most of the project at the tail end.

The Group recorded a loss before tax of RM299.5 million in the current quarter as compared to loss before tax of RM19.4 million in the corresponding quarter of 2015 mainly due to impairment loss of FPSO Vessel of RM268 million, impairment loss of amount due from contract customer of RM26.9 million and impairment loss of receivable of RM13.1 million.

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17. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

	Revenue		Loss Before Tax	
	4th Quarter ended 31/12/2016 (RM'000)	3rd Quarter ended 30/9/2016 (RM'000)	4th Quarter ended 31/12/2016 (RM'000)	3rd Quarter ended 30/9/2016 (RM'000)
Business Segment				
Construction Services	4,415	(8,899)	(38,917)	(52,244)
Offshore Crane Works	(1)	22	(9,482)	(934)
Offshore services	-	-	(2,734)	(127)
Others	2,141	3,099	(269,341)	(18,585)
Total	6,555	(5,778)	(320,474)	(71,890)
Share of (loss)/profit of equity-accounted associates, net of tax	-	-	13,136	(3,073)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-
Consolidation adjustment	(1,902)	(3,339)	7,807	(27,278)
Total	4,653	(9,117)	(299,531)	(102,241)

For the current quarter under review, the Group recorded revenue of RM4.6 million as compared to negative revenue of RM9.1 million in the immediate preceding quarter. The Group's loss before tax increased to RM299.5 million in the fourth quarter 2016 as compared to a loss before tax of RM102.2 million for the immediate preceding quarter mainly due to impairment loss of FPSO Vessel of RM268 million, impairment loss of amount due from contract customer of RM26.9 million and impairment loss of receivable of RM13.1 million.

18. COMMENTARY ON PROSPECTS

Subject to the successful implementation of the proposed Scheme of Arrangement as disclosed in the Note 23 and successful fund raising required to complete the FPSO Layang conversion works, the Group is cautiously optimistic of its business prospects.

As at 31 December 2016, the Group, via THHE Destini Sdn Bhd, a joint venture company between THHE Fabricators Sdn Bhd and Destini Shipbuilding and Engineering Sdn Bhd, has an order book for supply, delivery, testing and commissioning of 3 OPV for MMEA of RM738.9 million.

Moving forward, the Group expects the fabrication business to remain challenging in view of the present competitive environment and CAPEX cut as announced by major oil companies.

The Group is expanding into ship building activities and also 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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19. PROFIT FORECAST

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

20. TAXATION

	4th Quarter ended 12/31/2016 (RM'000)	4th Quarter ended 12/31/2015 (RM'000)	Cummulative period ended 12/31/2016 (RM'000)	Cummulative period ended 12/31/2015 (RM'000)
<u>Tax Expense</u>				
Current year	-	-	-	-
Under/(Over) provision in prior year	-	406	-	298
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	12,375	-	12,375	-
Total Tax Expenses	12,375	406	12,375	298

21. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

22. 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 2016.

23. STATUS OF CORPORATE PROPOSALS

The Company and its subsidiary companies namely THHE Fabricators Sdn Bhd, THHE Offshore Services Sdn Bhd and O&G Works Sdn Bhd (collectively referred to as the "Group") have been granted a Restraining Order ("RO") by the High Court of Malaya on 23 February 2017 to restrain any and all proceedings and/or actions and/or further proceedings in any suits and/or proceedings and/or actions against Group, and/or in respect of Group and/or its assets and/or assets employed in its business, including without limitation any winding-up, execution, arbitration proceedings, act of repossession or purported repossession, the appointment of receivers and managers, liquidators, provisional liquidators or otherwise whatsoever, by any creditors and/or purported creditors or any other persons whatsoever, except by leave of the Court, for a period of ninety (90) days from 23 February 2017 to 23 May 2017 pursuant to Section 366, 368 and 369 of The Companies Act, 2016 ("the Act").

The RO was applied for as part of the Group's proposed scheme of arrangement to regularise its affairs. The Group will next convene a meeting with its creditors for the purpose of seeking their consent pursuant to Section 366, 368 and 369 of the Act in respect of the proposed scheme of arrangement for the Group. Full details of the proposed scheme of arrangement will be contained in an Explanatory Statement which will be issued to the scheme creditors in due course. The RO is not expected to have any material impact on the financial and operational matters of the Company, as the RO is to facilitate and finalise the Group's scheme of arrangement. There were no other corporate proposals announced but not completed as at the date of this report.

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24. BORROWINGS AND DEBT SECURITIES

	Group	
	As at	As at
	31 December	31 December
	2016	2015
	(RM'000)	(RM'000)
<i>Long Term Borrowings</i>		
- Finance lease liabilities	406	577
- Sukuk	49,740	49,775
- Secured term loan	5,384	15,429
Sub Total	55,530	65,781
<i>Short Term Borrowings</i>		
- Sukuk	189,178	189,772
- Secured term loan	9,501	8,358
- Overdraft- unsecured	-	11,561
- Bridger loan - unsecured	60,507	60,000
- Revolving credit facilities - unsecured	60,046	68,750
- Trust receipt - secured	-	2,818
- Finance lease liabilities	272	304
Sub Total	319,504	341,563
Total borrowings	375,034	407,344

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

26. 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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26. 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 THHE Fabricators Sdn Bhd (“THF”)) 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, till date, 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”) brought an action against THHE Fabricators Sdn Bhd (“THF”) seeking judgment in relation to supplies and services rendered for 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 letters of award 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.

DYNAC has issued two Notices of Arbitration against THF on 28th April 2016 for both the BERTAM and PERMAS projects. On 25th May, 2016, THF had requested for a copy of the contract referred to in the Notice of Arbitration.

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

On 26.10.2016, DYNAC had proposed suitable candidate as the arbitrator.

THHE objected to the appointment of the proposed Arbitration and will propose an Arbitrator for DYNAC's consideration.

The Group's solicitor could not conclude an opinion for this case as the arbitration proceedings is at preliminary stage.

(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") brought an action against THHE Fabricators Sdn Bhd ("THF") seeking 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 23rd 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. The High Court allowed THHE's stay application.

ALAF has lodged an appeal to the Court of Appeal against the High Court's decision. ALAF has been instructed by the court to file its Record of Appeal on or before 19th September 2016.

On 10th January 2017, parties were informed by Registrar that the hearing on 10th January 2017 is vacated. The new hearing date is fixed on 28th April 2017.

The Group's solicitor is of the view that THF has a good chance of defending the stay of proceedings awarded by the High Court.

(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 against THHE Offshore Services Sdn Bhd ("THHEOS") in the Miri High Court seeking judgment for providing supplies to THHEOS. THHEOS filed an application to transfer the case to Kuala Lumpur but this application was not allowed.

The trial date is fixed from 27th April 2017 to 28th April 2017.

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

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

(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”) 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. THHE has since entered appearance and filed its defence accordingly.

The Court had on 23rd August 2016, granted the Plaintiff’s application and summary judgement was entered against THHE for this claim with RM20,000 cost for both application.

THHE filed a stay application on 13th January 2017 and at the hearing for stay application held on 15th February 2017, the Court dismissed THHE’s application to stay the execution of judgement with cost RM 5,000.

THHE filed an appeal against the dismissal of the stay application on 16th February 2017, The Court has yet to fix the case management date.

The Group’s solicitors is of the view that THHE has a fair chance of appealing the dismissal of the stay execution. In the alternative, THHE’s management is considering other alternative settlement/resolution plans.

(f) **Kumpulan Agresif Sdn Bhd v THHE Fabricators Sdn Bhd (Kuala Lumpur High Court Suit No: WA-22NCC-80-02/2016)**

Kumpulan Agresif Sdn Bhd (“KASB”) brought an action against THHE Fabricators Sdn Bhd (“THF”) seeking judgment in relation to supplies and services rendered for Murphy’s Sarawak SK 311 Permas Development Project (“PERMAS Project”), Bertam Field Development Project (“BERTAM Project”) and Laila Field Development Project (“LAILA Project”) for the sum of RM 5,406,312.62.

KASB had on 17th May 2015 obtained summary judgment against THF for the sum of RM5,406,312.62 together with interest at the rate of 5% per annum on the outstanding amount from the date of the filing till settlement date together with costs of RM4,000.00 and further subject to 4% for allocator fees.

KASB had on 16th August 2016, through Execution No. WA-37G-45-07/2016 served THF, Affin Islamic Bank Berhad (“Affin”), Asian Finance Bank Berhad (“AFB”) and Maybank Islamic Berhad (“Maybank”) respectively, Notice of Application of Garnishee Order.

KASB failed to obtain garnishee order absolute against Asian Finance Bank but has obtained garnishee order for Affin Islamic Bank and Maybank Islamic Berhad.

THF has filed an Appeal and extension of time application. The case management for both matter was fixed on 22nd February 2017, when the Court set the date of hearing of THF’s Notice of Motion for extension of time to file Notice of Appeal on 14th April 2017.

A notice of application for stay of execution pending Appeal was filed on 20th January 2017. The case management is fixed on 24th March 2017.

THF has also filed Setting Aside Application and the matter is fixed for case management on 7th March 2017.

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (g) **Next Petroleum Sdn Bhd . v THHE Fabricators Sdn Bhd (Kuala Lumpur High Court Suit No: WA-22NCC-352-06/2016)**

Next Petroleum Sdn Bhd (“NEXTP”) brought an action in the Kuala Lumpur High Court against THHE Fabricators Sdn Bhd. (“THF”). The amount claimed is for providing supplies to THF amounting to RM3,159,400.68 for Murphy’s Sarawak SK 311 Permas Development Project (“PERMAS Project”), Bertam Field Development Project (“BERTAM Project”).

THF has since entered appearance and filed its defence accordingly.

The court dismissed NEXTP’s summary judgment application and fixed the full trial date on 6th July 2017 and 7th July 2017.

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

- (h) **Swift Energy Sdn Bhd . v THHE Fabricators Sdn Bhd (Kuala Lumpur High Court Suit No: WA-22NCC-303-05/2016)**

Swift Energy Sdn Bhd (“SWIFT”) brought an action in the Kuala Lumpur High Court against THHE Fabricators Sdn Bhd. (“THF”). The amount claimed is in relation to supply and delivery of goods and services to THF amounting to RM2, 545,250.59.

THF has since entered appearance and filed its defence accordingly.

The Court has allowed summary judgement be entered against THF for the amount of RM 2,128,740.59. The balance shall be set for full trial fixed on 5th April 2017 and 6th April 2017.

THHE has filed its Notice of Appeal for the amount of summary judgement entered against THF and the mention date was fixed on 22nd February 2017, where the Court has allowed THF to file memorandum of appeal and record of appeal. The mention date for both appeals are fixed on 22nd March 2017.

The Group’s solicitor is of the view that THF has a fair chance of defending and appealing the claim.

- (i) **NKA Energy Ventures Sdn Bhd . v THHE Fabricators Sdn Bhd (High Court, Bintulu Suit No: BTU-22NCC-3/5-2016)**

NKA Energy Ventures Sdn Bhd (“NKA”) brought an action in the High Court, Bintulu against THHE Fabricators Sdn Bhd. (“THF”). The amount claimed is in relation to supply and delivery of goods and services for Murphy’s Sarawak SK 311 Permas Development Project (“PERMAS Project”) amounting to RM5, 302,961.54.

THF has since entered appearance and filed its defence accordingly.

The trial has been adjourned to 21st March 2017.

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

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

(j) **Orwell Offshore Ltd V TH Heavy Engineering Berhad (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-544-06/2016)**

The winding - up petition against TH Heavy Engineering Berhad (“THHE”) was presented on 30th June 2016 to the Kuala Lumpur High Court of Malaya by Orwell Offshore Ltd (“Orwell”) and a copy was served to THHE’s registered address on 4th July 2016.

It was contended by the Petitioner that THHE owes Orwell the sums claimed for the supply of equipment and machinery for the FPSO Layang project to the Petitioner amounting to USD 7,607,440.74. THHE had instructed its solicitor to file an application to strike out the Petition and stay the Petition pending reference to arbitration. Pending disposal of the above application,

THHE also applied for an interim injunction to restrain Orwell from advertising the Petition and had given notice to Orwell’s solicitor not to advertise as it would tantamount to an interference to due administration of justice. THHE has filed the application for striking out, stay and interim injunction. THHE’s stay application was dismissed with no order as to costs.

THHE will move a stay application in the Court of Appeal. The Court then fixed the next case management on 21st March 2017. THHE has sought for necessary legal advice on the matter with a view of defeating the petition altogether. The Group’s solicitor is of the view that THHE has a fair chance of defending this action

(k) **MIB ITALIANA S.P.A V TH Heavy Engineering Berhad (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-548-07/2016)**

The winding - up petition against TH Heavy Engineering Berhad (“THHE”) was presented on 1st July 2016 to the Kuala Lumpur High Court of Malaya by MIB ITALIANA S.P.A (“MIB”) and a copy was served to THHE’s registered address on 4th July 2016. It was contended by MIB that THHE owes MIB the sums claimed for the supply and installation of quick release hook & mooring hawser for the FPSO Layang project. MIB’s claim is for USD 1,266,496.80.

THHE had instructed its solicitor to file an application to strike out the Petition or alternatively stay the Petition pending reference to arbitration. Pending disposal of the above application, THHE also applied for an interim injunction to restrain MIB from advertising the Petition and had given notice to MIB’s solicitor not to advertise as it would tantamount to an interference to due administration of justice.

MIB had on 26th July 2016 advertised the Petition on The Malay Mail. As a consequence, THHE had instructed its solicitor to ask leave for an order for committal against MIB and its officer. The leave application was heard on 8th August 2016, and the Court had granted leave to THHE to apply for an order for committal against MIB and its Managing Director. THHE has filed for an application for committal proceedings.

The hearing on the issues of contemnor attendance was held on 10th January 2017 and on 27th January 2017, the Court decided that the contemnor must attend the contempt hearing.

The hearing for the contempt application is fixed on 16th March 2017. THHE has sought for necessary legal advice on the matter with a view of defeating the petition altogether. The Group’s solicitor is of the view that THHE has a fair chance of defending this.

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (l) **Bicara Sepakat Sdn Bhd V THHE Fabricators Sdn Bhd (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-623-07/2016)**

The winding-up petition against THHE Fabricators Sdn Bhd (“THF”) was presented on 26th July 2016 to the Kuala Lumpur High Court of Malaya by Bicara Sepakat Sdn Bhd (“BSSB”) and a copy was served to THF’s registered address on 28th July 2016.

It was contended by BSSB that THF owes BSSB the sums claimed for the Provision of Piping Fabrication, Installation, Hydrotest and Reinstatement Works amounting to RM960, 877.98.

Winding up order was granted nevertheless in view of the agreeable creditors, respondent has applied for permanent stay of the order.

The winding up order has been permanently stayed by virtue of the High Court Order dated 23rd November 2016.

- (m) **Nusapetro Sdn Bhd V TH Heavy Engineering Berhad (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-622-07/2016)**

The winding-up petition against TH Heavy Engineering (“THHE”) was presented on 26th July 2016 to the Kuala Lumpur High Court of Malaya by Nusapetro Sdn Bhd (“Nusapetro”) and a copy was served to THHE’s registered address on 28th July 2016.

It was contended by Nusapetro that THHE owes Nusapetro the sums claimed for the Provision for the supply of AP610 centrifugal pumps package for the FPSO Layang project amounting to RM1,605,285.00. The hearing date is fixed on 24th November 2016.

The petition was struck out with no order as to cost.

- (n) **Eftech International Sdn Bhd V THHE Fabricators Sdn Bhd (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-622-07/2016)**

The winding-up petition against THHE Fabricators Sdn Bhd (“THF”) was presented on 29th July 2016 to the Kuala Lumpur High Court of Malaya by Eftech International Sdn Bhd (“EFTECH”) and a copy was served to THF’s registered address on 3rd August 2016.

EFTECH’s claim is for RM1,812,316.00. It was contended by EFTECH that THF owes EFTECH the sums claimed for non payment of invoices for services rendered and pursuant to an order of court dated 26 April 2016 in Kuala Lumpur High Court vide suit no. WA-22NCVC-6-01/2016. The court has ordered that summary judgment be entered against THF for the sum of RM1,812,316.00 together with interest at the rate of 5% per annum on the outstanding amount from the date of the filing of the summary judgment application till settlement date together with costs of RM7000.00.

The Petitioner has withdrawn their Petition with liberty to file a fresh and with no order as to costs.

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (o) **Cescotechnologies Sdn Bhd V THHE Fabricators Sdn Bhd (Kuala Lumpur High Court of Malaya Suit No. WA-28NCC-641-08/2016)**

The winding-up petition against THHE Fabricators Sdn Bhd (“THF”) was presented on 2nd August 2016 to the Kuala Lumpur High Court by Cescotechnologies Sdn Bhd (“CESCO”) and a copy was served to THF’s registered address on 11th August 2016. The Statement of Claim dated 14th July 2015 was presented to THF on 21st July 2015. The summary judgment dated 7th December 2015 was served on THF on 4th January 2016. CESCO’s claim is for RM480,830.00 in relation to supply of manpower and sale of goods and consumables.

It was contended by CESCO that THF owes CESCO the sums claimed pursuant to summary judgment dated 7th December 2015 granted in Kuala Lumpur Sessions Court vide suit no. B52NCVC-274-07/2015. The court ordered that summary judgment be entered against THF for the sum of RM480,830.00 together with interest at the rate of 5% per annum on the outstanding amount from the date of the filing of the summary judgment application till settlement date together with costs of RM3000.00.

The Petitioner withdrew the petition on 14th December 2016 with liberty to file afresh and with no order as to costs.

- (q) **Akra Engineering Sdn Bhd V THHE Fabricators Sdn Bhd (Shah Alam High Court Suit No. BA-28NCC-393-09/2016)**

The winding-up petition against THHE Fabricators Sdn Bhd (“THF”) was presented on 6th September 2016 to the Kuala Lumpur High Court by Akra Engineering Sdn Bhd (“AKRA”) and a copy was served to THF’s registered address on 8th September 2016.

The hearing on 4th January 2017 was adjourned to 16th February 2017. On 16th February 2017, the judge was of the view that the parties should attempt to settle the matter out of court amicably. The hearing is now fixed on 13th March 2017.

THF has sought for necessary legal advice on the matter with a view of defeating the petition altogether. The Group’s solicitor is of the view that THF has a fair chance of defending this action.

- (r) **NKA Energy Ventures Sdn Bhd V THHE Offshore Services Sdn Bhd (Civil Suit No.: BTU-22NCC-2/4-2016 (HC) was filed at the Bintulu High Court) (Continued)**

The winding-up petition against THHE Offshore Services Sdn Bhd (“THEOS”) was presented on 10th October 2016 to the Bintulu High Court by NKA Energy Ventures Sdn Bhd (“NKA”) and a copy was served to THEOS’s registered address on 14th October 2016.

The hearing date of the Winding-Up petition was fixed on 13th December 2016.

THEOS has filed an appeal, setting aside and stay application. Stay of winding up petition pending appeal was granted on 6th February 2017. The case management for the appeal has been set for 3rd April 2017.

THHEOS has sought for necessary legal advice on the matter with a view of defeating the petition altogether. The Group’s solicitor is of the view that THHEOS has a fair chance of defending this action

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (s) **Zelican Sdn Bhd V THHE Offshore Services Sdn Bhd (Civil Suit No.: WA-22NCVC-236/04-2016 was filed at the Kuala Lumpur High Court).**

The winding-up petition against THHE Offshore Services Sdn Bhd (“THHEOS”) was presented on 31st October 2016 to the Kuala Lumpur High Court by Zelican Sdn Bhd (“ZELICAN”) and a copy was served to THEOS’s registered address on 9th November 2016.

The hearing date of the Winding-Up petition is fixed on 16th January 2017 but was adjourned pending settlement negotiation. The Court has fixed for clarification and hearing on 28th February 2017.

THHEOS has sought for necessary legal advice on the matter with a view of defeating the petition altogether. The Group’s solicitor is of the view that THHEOS has a fair chance of defending this action.

- (t) **U.C Blasting & Painting Sdn Bhd V O&G Works Sdn Bhd (Civil Suit No.: WA-28NCC-773-09/2016 was filed at the High Court Malaya at Kuala Lumpur)**

The winding-up petition against O&G Works Sdn Bhd (“OGW”) was presented on 19th September 2016 to the High Court Malaya at Kuala Lumpur by U.C Blasting & Painting Sdn Bhd (“U.C”) and a copy was served to OGW’s registered address on 21st September 2016.

The hearing date of the Winding-Up petition was fixed on 25th November 2016.

Both parties have settled the matter amicably.

- (u) **Global Mariner Offshore Services Sdn Bhd V TH Heavy Engineering Berhad (Civil Suit: WA-22NCC-374-11/2016 was filed at Kuala Lumpur High Court).**

Global Mariner Offshore Services Sdn Bhd (“GMOS”) has brought an action in the Kuala Lumpur High Court against TH Heavy Engineering Berhad. (“THHE”). The amount claimed is amounting to RM17,974,095.00. GMOS filed Originating Summon and Notice of Application for Fortuna Injunction to prevent THHE from presenting a winding up petition against GMOS. This is in response to a Notice of Section 218 of the Company Act 1965 served by THHE to GMOS on 8th September 2016.

Inter-partes hearing initially fixed on 16th November 2016 is vacated and converted to case management for parties to exhaust affidavits and obtain fresh direction on filing of submissions.

Both Originating Summon and Notice of Application for interim injunction which were earlier fixed for hearing on 12th January 2017 was converted to to case management. The hearing is now fixed on 3rd March 2017.

In the meantime, the extension of the ad interim injunction is accordingly granted until the next hearing date

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26. CHANGES IN MATERIAL LITIGATION (CONTINUED)

- (v) **Global Mariner Offshore Services Sdn Bhd V TH Heavy Engineering Berhad (Civil Suit: WA-22NCC-588-09/2016 was filed at Kuala Lumpur High Court).**

Global Mariner Offshore Services Sdn Bhd (“GMOS”) brought an action in the Kuala Lumpur High Court against TH Heavy Engineering Berhad. (“THHE”). The amount claimed is amounting to USD 3,196,952.47 together with interest. GMOS is claiming for purported debt on the technical expertise services in the conversion of Layang FPSO.

THHE has filed memorandum of appearance on 6 October 2016 and on 11th November 2016, filed its defence and counterclaim to the following:-

- i) Globalmariner Offshore Services Sdn Bhd
- ii) Zahar Mohd Hashim Zainuddin
- iii) Abdul Rahman Bin Mohamed Shariff
- iv) Nor Badli Munawir Bin Mohamad Alias Lafti
- v) Global Mariner Offshore Services (L) Ltd
- vi) Dynac Sdn Bhd
- vii) Rotating Offshore Solutions Pte Ltd

The case management was held on 21st February 2017 and GMOS was to file their reply to the Counterclaim by 2nd March 2017. However, the parties have agreed to self-regulating the deadline. The next case management is fixed on 9th March 2017.

THHE has sought for necessary legal advice on the matters. The Group’s solicitor is of the view that THHE has a fair chance of defending this action and a fair chance on the counterclaim.

- (w) **LW Gastech Engineering Sdn Bhd vs THHE Fabricators Sdn Bhd**

LW Gastech Engineering Sdn Bhd (“LW Gastech”) brought an action in the Shah Alam High Court against THHE Fabricators Sdn Bhd (“TFSB”). The claim was served on TFSB on 18th October 2016.

The amount claimed is in relation to project “Provision of Piping Fabrication, Installation, Hydrotest and Reinstatement works for KNPB-B Phase II, Kinabalu Non Associated Gas (NAG) Development Project “ and “Outstanding Works for Piping Fabrication & Installation (Exclude PG Line) HPHT & M6 For Kinabalu Project” amounting RM 3,292,018.74.

TFSB has filed for stay of proceedings application. The Court had on 27th December 2016 allowed TFSB’s application for stay of proceeding with cost and further struck out the case.

27. PROPOSED DIVIDENDS

No dividends have been proposed for the current reporting quarter.

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28. LOSS PER SHARE

Loss per share ('LPS')	FOURTH QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31-Dec-16	Preceding Year Corresponding Quarter 31-Dec-15	Current Financial Period 31-Dec-16	Preceding Corresponding 31-Dec-15
Loss for the purpose of basic earnings per share (RM'000)	(193,910)	(15,171)	(365,841)	(45,335)
Weighted average number of ordinary shares for the purpose of basic earnings share (No. '000)	1,121,077	1,115,735	1,121,077	1,118,255
Basic LPS (sen)	(17.30)	(1.36)	(32.63)	(4.05)
Adjusted loss for the purpose of diluted earnings per share (RM'000)	(193,910)	(15,171)	(365,841)	(45,335)
Weighted average number of ordinary shares for the purpose of diluted earnings share (No. '000)	1,121,077	1,115,735	1,121,077	1,118,255
Conversion of ICPS-i	1,100,000	325,479	1,100,000	325,479
Weighted average number of ordinary shares for the purpose of diluted earnings share (No. '000)	2,221,077	1,441,214	2,221,077	1,443,734
Diluted LPS (sen)	(8.73)	(1.05)	(16.47)	(3.14)

29. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 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-Dec-16 (RM'000)	As at 31-Dec-15 (RM'000)
Total accumulated losses of the Company and its subsidiaries:-		
- realised	(770,063)	(390,768)
- unrealised	10,435	52,982
Total Group accumulated losses	(759,628)	(337,786)
Add: Consolidation adjustments	259,808	275,537
Total Group accumulated losses as per consolidated accounts	(499,820)	(62,249)

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30. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31/12/2016 (RM'000)	Cummulative Period ended 31/12/2016 (RM'000)
Interest income	(61)	(465)
Interest expense	3,562	12,675
Impairment of receivables	13,237	13,237
Impairment of amount due from customer	26,927	35,429
Impairment of property, plant and equipment	268,246	268,246
Amortisation	7	26
Depreciation	4,291	17,862
Loss on disposal of associate	(20,506)	35,794
Inventories written down	(2,869)	(2,869)
Property, plant and equipment written off	774	774
Unrealised forex loss	2,525	11,165
Realised forex gain	(398)	(1,559)

31 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.