

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-21 Unaudited RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-20 Unaudited RM'000	CURRENT YEAR TO DATE 31-Mar-21 Unaudited RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-20 Unaudited RM'000
Revenue	1,889	18,937	1,889	18,937
Cost of sales	(2,152)	(7,636)	(2,152)	(7,636)
Gross (loss)/profit	(263)	11,301	(263)	11,301
Other income	8,159	64	8,159	64
Administration expenses	(6,672)	(8,560)	(6,672)	(8,560)
Other operating expenses	-	(7)	-	(7)
Operating profit	1,224	2,798	1,224	2,798
Unrealised foreign exchange loss	(24)	(44)	(24)	(44)
Finance cost	(803)	(929)	(803)	(929)
Share of loss of equity-accounted associate, net of tax	-	(46)	-	(46)
Profit before taxation	397	1,779	397	1,779
Taxation	-	-	-	-
Profit after taxation	397	1,779	397	1,779
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	397	1,779	397	1,779
Profit attributable to:				
Owners of the Company	852	2,502	852	2,502
Non-controlling interests	(455)	(723)	(455)	(723)
	397	1,779	397	1,779
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	852	2,502	852	2,502
Non-controlling interests	(455)	(723)	(455)	(723)
	397	1,779	397	1,779
Profit attributable to shareholders of the Company				
	sen	sen	sen	sen
i) Basic profit per share	0.04	0.22	0.04	0.22
ii) Fully diluted profit per share	0.04	0.11	0.04	0.11
Gross interest income	108	60	108	60
Gross interest expense	803	929	803	929

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 MARCH 2021**

	As at 31-Mar-21 Unaudited RM'000	As at 31-Dec-20 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	199,928	206,582
	199,928	206,582
Current Assets		
Inventories	2	2
Trade and other receivables	12,729	35,741
Prepayments	448	528
Current tax asset	243	145
Cash and cash equivalents	43,406	27,479
	56,828	63,895
TOTAL ASSETS	256,756	270,477
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	650,298	650,298
Revaluation reserves	41,184	41,184
Currency translation reserves	(50,821)	(50,821)
Accumulated losses	(629,187)	(630,039)
	11,474	10,622
Non-controlling interests	(200,012)	(199,557)
Capital Deficiency	(188,538)	(188,935)
Non Current Liabilities		
Borrowings	61,400	61,400
	61,400	61,400
Current Liabilities		
Trade and other payables	280,682	294,586
Borrowings	103,212	103,426
	383,894	398,012
Total Liabilities	445,294	459,412
TOTAL EQUITY AND LIABILITIES	256,756	270,477
Net assets per share (sen)	0.52	0.48

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021**

	Share Capital (RM'000)	ICPS-i (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 2021	650,298	-	41,184	(50,821)	(630,039)	10,622	(199,557)	(188,935)
Other comprehensive profit for the period								
Profit for the period	-	-	-	-	852	852	(455)	397
Balance at 31 March 2021	650,298	-	41,184	(50,821)	(629,187)	11,474	(200,012)	(188,538)
Balance at 1 January 2020	375,353	274,945	46,503	(50,821)	(579,074)	66,906	(195,489)	(128,583)
Other comprehensive profit for the period								
Profit for the period	-	-	-	-	2,502	2,502	(723)	1,779
Balance at 31 March 2020	375,353	274,945	46,503	(50,821)	(576,572)	69,408	(196,212)	(126,804)

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021**

	CUMMULATIVE QUARTER CURRENT YEAR TO DATE 31-Mar-21 (RM'000)	CORRESPONDING PRECEDING YEAR 31-Mar-20 (RM'000)
Cash flows from operating activities		
Profit before taxation	397	1,779
Adjustments for:		
Depreciation of property, plant and equipment	1,693	1,980
Gain on disposal of property, plant and equipment	(7,651)	-
Finance costs	803	929
Finance income	(108)	(60)
Waiver of debt arising from Scheme of Arrangement	(200)	14
Share of loss of associate	-	46
Unrealised foreign exchange loss	24	44
Operating (loss)/profit before changes in working capital	(5,042)	4,732
Changes in working capital:		
Inventories	-	(147)
Trade and other receivables	23,092	(5,847)
Trade and other payables	(13,464)	(3,477)
Net cash used in operations	4,586	(4,739)
Interests received	108	60
Interests paid	(803)	(929)
Tax paid	(98)	(93)
Net cash generated/(used) in operating activities	3,793	(5,701)
Cash flows generated/(used) in investing activities		
Proceeds from disposal of property, plant and equipment	12,348	-
Net cash from investing activities	12,348	-
Cash flows used in financing activities		
Repayment of loans and borrowings, net	(214)	(20)
Net cash used in financing activities	(214)	(20)
Net change in cash and cash equivalents	15,927	(5,721)
Cash and cash equivalents at beginning of period	22,766	21,839
Cash and cash equivalents at end of financial period	38,693	16,118
Cash and cash equivalent at end of the period comprise the followings:-		
Cash and bank balances	9,513	14,808
Deposits placed with licensed banks	33,893	6,023
	43,406	20,831
Less: Deposits pledged	(4,713)	(4,713)
	38,693	16,118

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021)

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (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 March 2021

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 2020. 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 2020.

The Directors have concluded that the combination of the circumstances highlighted in the Independent Auditor’s Report in the audited financial statement for the financial year ended 31 December 2020 indicate material uncertainties that may cast significant doubt over the ability of the Group and of the Company to continue as going concern and therefore, may be unable to realise their assets and discharge their liabilities in the normal course of business. However, the financial statements of the Group have been prepared on a going concern basis.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities which may arise.

The Proposed Regularisation Plan will primarily comprise the following (i) Proposed capital reconstruction exercise involving the proposed issuance of new ICPS-i, and a capital reduction and amalgamation exercise for which the quantum has not been finalised (ii) Proposed acquisition of a subsidiary and/or asset which will be identified later. Please refer to the Note 23 on the status of corporate proposal in relation to the Regularisation Plan.

The Group believes that the Regularisation Plan once implemented, will enable the Group and the Company to generate sufficient cash flows to meet their obligations. For these reasons, the Directors are of the opinion that the Group and the Company will be able to continue in operational existence for the foreseeable future and to realise their assets and settle their liabilities in the ordinary course of business.

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 2020 except as disclosed below:

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)
(Incorporated in Malaysia)

As of 1 January 2021, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

MFRS and amendments effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above pronouncements has no material financial impact to the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

Due to the significance of the matters described in Note 1 Basis of Preparation, the Auditors have expressed a disclaimer of opinion in the Company's latest audited financial statements for the financial year ended 31 December 2020.

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 issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities:

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

8. DIVIDENDS PAID

There were no dividends paid during the current financial period.

9. SEGMENTAL REPORTING

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

Business Segment	Financial Period Ended	
	31 March 2021	
	Revenue	Profit Before
	(RM'000)	Taxation
		(RM'000)
Construction Services	2,912	3,800
Offshore Crane Works	299	(369)
Holding company & Others	4,432	(3,034)
Sub Total	7,643	397
Consolidation Adjustment	(5,754)	-
Total	1,889	397

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) On 21 April 2021, THHE Fabricators Sdn. Bhd. (“THFSB”), a wholly-owned subsidiary of THHE had entered into a conditional share sale agreement (“SSA”) with Destini Shipbuilding and Engineering Sdn. Bhd. (“DSBE”) for the acquisition of DSBE’s entire shareholding in THHE Destini Sdn. Bhd. (“TDSB”) amounting to 382,500 ordinary shares (“Sale Shares”), representing 51% equity interest in TDSB, for a cash consideration of RM121,131.12 (“Purchase Consideration”) (“Proposed Acquisition”).
- (b) On 22 April 2021, the Company submitted an application for extension of time to submit the regularisation plan (“EOT Application”) to Bursa Malaysia. The EOT Application is subject to Bursa Malaysia’s approval.

On 20 May 2021, Bursa Malaysia granted the Company an extension of time of 6 months from 23 April 2021 to 22 October 2021 for the Company to submit the regularisation plan (“EOT Application”) to Bursa Malaysia and/or other regulatory authorities.

There were no other subsequent events during the quarter under review.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

12. SIGNIFICANT EVENTS

There were no other significant events after the end of the current quarter.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the quarter under review.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Group (RM'000)
Potential liabilities claims by Scheme Creditors	27,031

In prior year, Scheme Creditors submitted claims under the Scheme of Arrangement (“Scheme”). However, the said amount is being disputed and pursuant to the Scheme, should there be any disputes or differences that may arise between the Scheme Companies and the Scheme Creditors with regards to the claims which are unable to be settled amicably, shall be referred to and settled by way of arbitration. The award of the arbitrator shall be final and binding.

Other than as disclosed above, 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	13,000

The capital commitments mainly consist of costs to be incurred for the infrastructure of slipway at the Pulau Indah yard for support of the OPV Project.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. REVIEW OF PERFORMANCE OF FIRST QUARTER

	Revenue		Profit Before Tax	
	1st Quarter ended 31/3/2021 (RM'000)	1st Quarter ended 31/3/2020 (RM'000)	1st Quarter ended 31/3/2021 (RM'000)	1st Quarter ended 31/3/2020 (RM'000)
Business Segment				
Construction Services	2,912	18,396	3,800	3,799
Offshore Crane Works	299	438	(369)	(1,985)
Holding company & Others	4,432	11,832	(3,034)	11
Sub Total	7,643	30,666	397	1,825
Consolidation adjustment	(5,754)	(11,729)	-	(46)
Total	1,889	18,937	397	1,779

The Group recorded lower revenue of RM1.8 million for the current quarter under review as compared to RM18.9 million recorded for the same quarter of the preceding year. The decrease in revenue is due to the lower fabrication activities and most of the project at the tail end.

The Group recorded lower profit before tax of RM0.3 million in the current quarter as compared to profit before tax of RM1.7 million in the corresponding quarter of 2020 mainly due to lower revenue from fabrication activities and offset by gain on disposal of property, plant and equipment for the same quarter of the preceding year.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)
(Incorporated in Malaysia)

17. REVIEW OF QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

	Revenue		Profit Before Tax	
	1st Quarter ended 31/3/2021 (RM'000)	4th Quarter ended 31/12/2020 (RM'000)	1st Quarter ended 31/3/2021 (RM'000)	4th Quarter ended 31/12/2020 (RM'000)
Business Segment				
Construction Services	2,912	60,945	3,800	(38,898)
Offshore Crane Works	299	2,505	(369)	(972)
Holding company & Others	4,432	26,884	(3,034)	(18,731)
Total	7,643	90,334	397	(58,601)
Consolidation adjustment	(5,754)	(28,415)	-	123
Total	1,889	61,919	397	(58,478)

For the current quarter under review, the Group recorded revenue of RM1.8 million as compared to revenue of RM61.9 million in the immediate preceding quarter. The decrease in revenue is due to the lower fabrication activities and most of the project at the tail end.

The Group recorded profit before tax of RM0.3 million in the current quarter 2021 as compared to a loss before tax of RM58.4 million for the immediate preceding quarter mainly due to the absence of impairment loss of amount due from contract customer, trade receivables and property, plant and equipment.

18. COMMENTARY ON PROSPECTS

The current global economic activity is expected to gradually recover and improve, supported by the sizeable fiscal and monetary measures provided Governments worldwide. The Board is cautiously optimistic in the Group's ability but anticipate that the fabrication business to remain challenging in view of the present competitive environment. With its current exposure and experience in the marine sector, the Group has expanded into ship repair and ship building activities and also plans to expand into the refurbishment and maintenance works and non-oil and gas related fabrication works. This initiative enables us to broaden our product and service offering.

The demand and long-term outlook for the oil and gas industry remains uncertain, with the emergence of new alternative energy sources and a lower financial institutions risk appetite towards the sector even though oil prices have increased steadily recently. The Board is of the view that with unstable oil prices, uncertain geopolitical conditions and the disruption of the global trade chain caused by Covid-19 pandemic will bring higher downside risks. With uncertainties in the speed of recovery, oil and gas companies have remained conservative in their capex investment decisions. We nevertheless will continue to seek and identify pockets of opportunities that would generate profitability for our business.

The Proposed Acquisition of TDSB is in line with the Group's intention to grow its ship building and ship repair business. The Proposed Acquisition of TDSB would allow the Group to further strengthen its technical capabilities and track record in ship building and ship repair businesses which will open up more business opportunities in ship building and ship repairs sectors.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

The Group intends to seize the shipbuilding and maintenance, repair and overhaul (“MRO”) opportunities from small to medium sized vessels in Malaysia by fulfilling the fleet modernization and MRO requirements of maritime agencies of the Government of Malaysia, such as the MMEA the Marine Department, the Royal Malaysia Customs, the Eastern Sabah Security Command (“ESSCOM”) and the Royal Malaysia Navy (“RMN”).

Moving forward, the Group will continue to leverage on its competitive strengths to achieve satisfactory performance in the coming financial year. In addition, the Group will continue to seek and explore potential opportunities for acquisitions and collaborations in order to enhance our profitability.

19. PROFIT FORECAST

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

20. TAXATION

	1st Quarter ended 31/3/2021 (RM'000)	1st Quarter ended 31/3/2020 (RM'000)	Cummulative period ended 31/3/2021 (RM'000)	Cummulative period ended 31/3/2020 (RM'000)
<u>Tax Expense</u>				
Current year	-	-	-	-
Under provision in prior year	-	-	-	-
Total Tax Expenses	-	-	-	-

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 2020.

23. STATUS OF CORPORATE PROPOSALS

(a) Practice Note 17 and Regularisation Plan

On 28 April 2017, the Company announced that it has become an affected listed issuer pursuant to the amended Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). As an affected issuer, the Company is required to submit a Regularisation Plan to address the PN17 status within 12 months from 28 April 2017 to Bursa Malaysia for approval.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

The Company is currently in the process of formulating the Proposed Regularisation Plan for submission to Bursa Malaysia and the Company has been granted extension of time for six (6) months to 22 October 2021 by Bursa Malaysia to submit the Proposed Regularisation Plan.

The Proposed Regularisation Plan will mainly comprise the following (i) Proposed capital reconstruction exercise involving the proposed issuance of new ICPS-i and a capital reduction and amalgamation exercise for which the quantum has not been finalised (ii) Proposed acquisition of a subsidiary and/or asset which will be identified later.

The Group is also looking and exploring on other asset acquisition with sustainable and viable business to regularise the financial conditions of the Group and immediately enhance the order book of the Group.

(b) Scheme of Arrangement

In 2017, the Company and its two subsidiaries namely THHE Fabricators Sdn. Bhd., (“THFSB”) and O&G Works Sdn. Bhd. (“OGW”) (“Scheme Companies”) had each formulated a Scheme of Arrangement (‘Scheme’) with their respective Scheme Creditors.

The respective Scheme Creditors approved the Company’s Scheme and that of THFSB and OGW (“Approved Scheme Companies”) at Court Convened Creditors Meetings held in December 2017 and the same were subsequently approved by the High Court on 6 February 2018.

Pursuant to the Approved Schemes Companies’ Scheme, the total debt due and owing to the Scheme Creditors will be reduced and be settled by way of cash (‘Cash Portion’), proposed issuance of new ICPS-i in the Company and term out of the existing facility. Any remaining amount owing to the Scheme Creditors after the aforesaid shall be completely waived. Accordingly, all pending litigation proceedings including all winding up petitions are to be withdrawn or terminated as the debts are deemed to have been compromised under the Schemes. The approved Scheme Companies are currently in the process of implementing the Schemes and Cash Portion was substantially completed.

(c) The Novation of JX Nippon Contract

The Company had novated the JX Nippon Contract to YESB which was completed on 1 June 2018 following the full payment of the Novation Consideration.

As of the date of this report, the gross proceeds from the JX Nippon Contract Novation of RM374 million was utilized in the following manner:

Details	Estimated timeframe	Proposed	Actual	Variance	
		utilisation RM'mil	utilisation RM'mil	RM'mil	%
Payment to Scheme Creditors*	1 month	353.0	326.0	27.0	8%
Estimated expenses^	1 month	21.0	3.3	17.7	84%
Working capital	6 months	-	44.7	(44.7)	NA
		374.0	374.0	-	0%

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

* Amount owing to the Scheme Creditors is lower than the amount disclosed in the Circular, due to the following reasons:

- (i) variation in the amount of disputed debt admitted under the proof of debt exercise pursuant to the Schemes, which is currently under negotiation;
- (ii) the amount owing to the Scheme Creditors of THEOS will be separately settled through proceeds from liquidation of THEOS;
- (iii) the final amount owing to the Scheme Creditors of OGW of RM8.8 million will be settled through THFSB's Schemes, hence not included in the above settlement schedule; and
- (iv) lower exchange rate applied on foreign payables admitted under the proof of debt exercise pursuant to the Schemes.

^ The proceeds were utilised for other purposes instead of the initial proposed utilisation for GST cost of RM21.1 million. There was no payment for GST cost as GST was zero rated effective from 1 June 2018.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 29 January 2018.

24. BORROWINGS AND DEBT SECURITIES

	Group	
	As at 31 March 2021 (RM'000)	As at 31 December 2020 (RM'000)
<u>Long Term Borrowings</u>		
- Sukuk	20,000	20,000
- Secured term loan	41,400	41,400
Sub Total	61,400	61,400
<u>Short Term Borrowings</u>		
- Sukuk	64,200	64,200
- Secured term loan	14,361	14,561
- Bridger loan - secured	10,609	10,609
- Revolving credit facilities - unsecured	14,000	14,000
- Finance lease liabilities	42	56
Sub Total	103,212	103,426
Total borrowings	164,612	164,826

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2021.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

26. MATERIAL LITIGATIONS

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:

- (a) **Globalmariner Offshore Services Sdn. Bhd. vs TH Heavy Engineering Berhad & Floatech (L) Ltd. (Civil Suit: WA-22NCC-374-11/2016 was filed at Kuala Lumpur High Court) (“Suit 374”)**

Globalmariner Offshore Services Sdn. Bhd. (“GMOS”) brought an action in the Kuala Lumpur High Court against THHE and Floatech seeking for, amongst others, specific performance of Clauses 5.4, 8.7, and 8.9 of the Shareholders Agreement dated 18 February 2014, transfer of 8 million ordinary shares in Floatech (L) Ltd (“Floatech”) to GMOS at the consideration of RM1.00 (since the Net Tangible Assets of Floatech having been arrested, is purportedly zero in value) and a declaration that THHE is not entitled to sell the FPSO Layang vessel plus damages for breach of Shareholders Agreement (“Original Action”).

THHE has claimed against GMOS and 5 others (through a Counterclaim) for amongst others, the sum of RM17,974,095. Other amounts claimed by THHE (in the Counterclaim) and by GMOS (in the Main Action) are unliquidated as general damages to be assessed by the Court at a later stage.

The trial of both GMOS' action and THHE's counterclaim are scheduled to recommence in June 2021. The Solicitors, Izral Partnership, are in the opinion that the chances of a successful defence and proving the counterclaim to be fair.

- (b) **Globalmariner Offshore Services Sdn. Bhd. vs TH Heavy Engineering Berhad & Floatech (L) Ltd. (Suit No. WA-22NCVC-150-03/2020, Kuala Lumpur High Court)**

In early March 2020, Globalmariner Offshore Services Sdn Bhd (“GMOS”) had initiated this suit against the Company as well as Floatech, a number of past and present directors of the Company, Yinson-related companies and one of its directors, alleging that, amongst others:-

- i. that it was induced into purchasing a 20% stake in Floatech;
- ii. THHE and Floatech created fraudulent accounts to mislead the Court on the viability of THHE's Scheme of Arrangement in 2018;
- iii. the Defendants conspired to defraud and/or misrepresent the Court and GMOS;
- iv. it was misrepresented that the JX Nippon EPCIC would be novated to Floatech, instead of Yinson; and
- v. THHE had been unjustly enriched as a result of the above.

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

26. MATERIAL LITIGATIONS (CONTINUED)

At present all the defendants to this action have filed their respective striking out applications. The position THHE, Floatech and its past and present directors have taken is that all, if not most, of the allegations raised through GMOS's claim are either issues that should and could have been raised or are issues that have already been raised, ventilated and adjudicated upon by the Court in previous proceedings (KLHC Suit No. WA-22NCVC-588-09/2016 & KLHC OS No. WA-24NCC-42-02/2017) and the ongoing proceedings (KLHC Suit No. WA-22NCC-374-11/2016).

On 31 March 2021, the Court decided in favour of the defendants on their striking out applications.

27. PROPOSED DIVIDENDS

No dividends have been proposed for the current reporting quarter.

28. PROFIT/(LOSS) PER SHARE

Earning per share ('EPS')	FIRST QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31-Mar-21	Preceding Year Corresponding Quarter 31-Mar-20	Current Financial Period 31-Mar-21	Preceding Corresponding 31-Mar-20
Profit for the purpose of basic earnings per share (RM'000)	852	2,612	852	2,612
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	2,221,077	1,121,351	2,221,077	1,121,351
Basic EPS (sen)	0.04	0.23	0.04	0.23
Adjusted profit for the purpose of diluted earnings per share (RM'000)	852	2,612	852	2,612
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	2,221,077	1,121,351	2,221,077	1,121,351
Conversion of ICPS-i	-	1,099,726	-	1,099,726
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	2,221,077	2,221,077	2,221,077	2,221,077
Diluted EPS (sen)	0.04	0.12	0.04	0.12

TH HEAVY ENGINEERING BERHAD

Registration No. 200301032354 (634775-D)

(Incorporated in Malaysia)

29. ITEMS TO DISCLOSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31/3/2021 (RM'000)	Cummulative Period ended 31/3/2021 (RM'000)
Interest income	(108)	(108)
Interest expense	803	803
Depreciation of property, plant of equipment	1,693	1,693
Gain on disposal property, plant and equipment	(7,651)	(7,651)
Waiver of debt arising from Scheme of Arrangement	(200)	(200)
Unrealised forex loss recognised in Profit & Loss Account	24	24
Realised forex gain	(30)	(30)

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.