THHEAVY ENGINEERING BERHAD

(formerly known as Ramunia Holdings Berhad)
An associate company of Tabung Haji
(634775-D)

Annual Report 2012

COVER RATIONALE

This year's Annual Report prominently features the company's new logo and a fresh new design which focus on highlighting the new corporate colour and a clean outlook which signifies a brand new beginning for the company.

The three boxed image significantly represents the rebranding exercise the company has gone through. From a single semi solid form to a more prominent 'oil drop' entity and finally the creation of a liquid 'i' clearly demonstrates the infinite possibilities and capabilities of TH Heavy as a prominent industry mover.

As water signifies life, the liquid form also symbolizes the group's ability to adapt and take on any form of responsibilities in order to fulfil our clients' requirements and is poised to undertake more demanding and niche projects, while generating a visibly steady flow of income and earnings, thus increasing value to shareholders.

This is underscored by TH Heavy's expertise involving high skilled workforce and a steady willpower to become the preferred Engineering and Marine EPCIC Contractor in the Region

VISION

To be the preferred oil and gas EPCIC contractor

MISSION

To provide total quality products and services to the satisfaction of stakeholders

ABOUT TH Heavy Engineering Berhad

TH Heavy Engineering Berhad (TH Heavy) (formerly known as Ramunia Holdings Berhad) was listed on the Bursa Malaysia in January 2005 after having placed itself in the oil and gas industry since 2002. The main activities of TH Heavy Group are centralised around the heavy engineering industry principally in the fabrication of offshore steel structures and the provision of other related offshore oil and gas engineering services in Malaysia. Through its wholly owned subsidiary, THHE Fabricators Sdn. Bhd. (THFSB), TH Heavy is one of the few PETRONAS licensed major fabricators in Malaysia.

Over the past few years, TH Heavy has managed to secure and complete numerous major offshore facilities fabrication contracts awarded by world renowned oil and gas players such as PETRONAS Carigali, Shell, Talisman, Murphy, ExxonMobil, Newfield and Woodside.

TH Heavy specialises in fabrication of major offshore steel structures like jackets, substructures and topsides including well head platforms, central processing platforms, compression platforms, modules, decks, living quarters, process skids, modular compression skids, booms, inter-platform bridges together with other related engineering packages.

Backed by a string of successfully delivered projects under its credentials, TH Heavy is poised to rejuvenate and reposition itself as an integrated EPCIC contractor that provides a comprehensive list of services based on these principal activities:

- Fabrication, construction and maintenance of offshore structures
- Construction and maintenance of onshore plants
- Offshore and onshore crane manufacturing and servicing
- Marine operations and support services
- Hook-up & commissioning (HUC)
- Engineered packages

CONTENTS

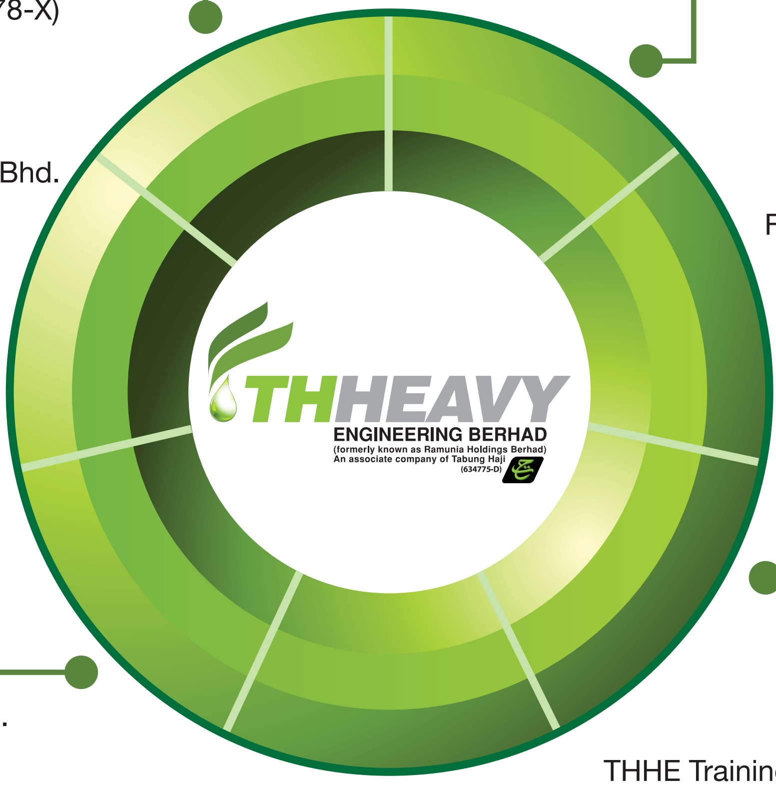
CORPORATE STRUCTURE

100%
THHE Fabricators Sdn. Bhd.
(537178-X)

100%
Globe World Realty Sdn. Bhd.
(721948-A)

100%
O&G Works Sdn. Bhd.
(732045-A)

100%
Floatech (M) Sdn. Bhd.
(963331-V)



100%
Floatech (L) Ltd.
(LL 08400)

100%
THHE Training Services Sdn. Bhd.
(730421-K)

100%
THHE Optima Sdn. Bhd.
(720110-M)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Azizan Bin Abd. Rahman
Non-Independent Non-Executive Director / Chairman

Nor Badli Munawir Bin Mohamad Alias Lafti
Managing Director & Chief Executive Officer
(appointed on 25/5/2012)

Dato' Azizul Rahman Bin Abd. Samad
Non-Independent Non-Executive Director
(retired on 23/5/2012)

Dato' Md. Zahari Bin Md. Zin
Senior Independent Non-Executive Director

Dato' Mohamad Norza Bin Haji Zakaria
Independent Non-Executive Director

Dato' Mohzani Bin Datuk Dr. Abdul Wahab
Non-Independent Non-Executive Director
(resigned on 18/10/2012)

Leou Thiam Lai
Independent Non-Executive Director
(retired on 23/5/2012)

Too Kok Leng
Independent Non-Executive Director

Roslan Bin Mohd. Latif
Independent Non-Executive Director

Dato' Md Yusop Bin Omar
Independent Non- Exexutive Director
(appointed on 25/5/2012)

Dr. Samad Bin Solbai
Independent Non-Executive Director
(appointed on 25/5/2012)

AUDIT COMMITTEE
Leou Thiam Lai (Chairman) (retired on 23/5/2012)
Dato' Mohamad Norza Bin Haji Zakaria (Chairman)
(appointed on 23/5/2012)
Dato' Md. Zahari Bin Md. Zin
Too Kok Leng

SECRETARY
Chua Siew Chuan
(MAICSA 0777689)

AUDITORS
KPMG
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor
Malaysia
Tel : (+603) 7721 3388
Fax : (+603) 7721 3399

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : (+603) 2084 9000
Fax : (+603) 2094 9940

CORPORATE OFFICE
Level 23, Tower B
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
Malaysia
Tel : (+603) 2787 9000
Fax : (+603) 2787 9001

PRINCIPAL BANKERS
Malayan Banking Berhad
AmBank (M) Berhad
Bank Kerjasama Rakyat Malaysia Berhad

SOLICITORS
Muthu & Partners
Shearn Delamore & Co.
Vaasan Chan & Chandran
Mohanadass Partnership
Cheang & Ariff
Mah-Kamariyah & Philip Koh

SHARE REGISTRAR
Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : (+603) 2084 9000
Fax : (+603) 2094 9940

STOCK EXCHANGE LISTING
Listed on the Main Market of Bursa Malaysia
Stock Name : THHEAVY
Stock Code : 7206
ANALYST TICKERS AND CODE
Reuters THHE.KL

BOARD OF DIRECTORS

From Left To Right :

Dato' Md. Zahari Bin Md. Zin
Senior Independent Non-Executive Director

Nor Badli Munawir Bin Mohamad Alias Lafti
Managing Director and Chief Executive Officer

Dato' Md Yusop Bin Omar
Independent Non-Executive Director

Datuk Azizan Bin Abd Rahman
Non Independent/Chairman

Dato' Mohamad Norza Bin Haji Zakaria
Independent Non-Executive Director

Mr. Too Kok Leng
Independent Non-Executive Director

Dr. Samad Bin Solbai
Independent Non-Executive Director

Roslan Bin Mohd Latif
Independent Non-Executive Director

** All the members do not have any family relationship with the other Directors and/or major shareholders of the Company. They do not have any conflict of interest towards the Company and has no conviction of any offences, other than traffic offences, if any, within the past ten (10) years.*

DIRECTORS' PROFILE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

Datuk Azizan Bin Abd Rahman, a Malaysian, aged 63, was appointed Chairman and Director of the Company on 11 June 2009.

Datuk Azizan obtained his Bachelor of Arts degree from University of Malaya in 1973. He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn. Bhd. He joined MISC in 1975 and served as Branch Manager in Johor and Penang before becoming the Marketing Manager in Kuala Lumpur. In 1981, he then became the Marketing Manager in the Tanker Department and was later attached to Pan Ocean Tankers Ltd. in London as their Chartering Manager.

He joined JF Apex Securities Berhad in 1982 as an Executive Director and launched his career in stock broking industry. He left JF Apex in 1995 to pursue his private business but remained as a Director of Apex Equity Holdings Berhad. He was an active member of the stockbrokers fraternity and had held the post of Chairman of the Association of Stockbroking Companies of Malaysia from 1994 to 1995. Since then, he has held directorships in Apex Equity Holdings Berhad and TH Plantations Berhad. He is also currently the Chairman of Eastern & Oriental Berhad, Gefung Holdings Berhad and Chairman of the Investment Panel of Lembaga Tabung Haji.

NOR BADLI MUNAWIR BIN MOHAMAD ALIAS LAFTI
Managing Director and Chief Executive Officer

En. Nor Badli Munawir Bin Mohamad Alias Lafti, aged 47, a Malaysian, was appointed as the Managing Director and Chief Executive Officer of TH Heavy Engineering Berhad on 1st June 2010. He holds a Bachelor of Science (B.Sc.) Accountancy (Cum Laude) degree from Case Western Reserve University, Cleveland, Ohio, USA and a Master in Business Administration (MBA) degree from the Arkansas State University, Arkansas, USA. Prior to this appointment he was the Group Managing Director & CEO of Lityan Holdings Berhad (now known as "Theta Edge Berhad"), a listed technology and telecommunications subsidiary company of Lembaga Tabung Haji from October 2007 up to June 2010.

Previously he held directorships in several private companies which he co-founded, involved in various activities ranging from the supply of specialised production, process and safety equipment; HSE consultancy and marine logistics which currently service both the upstream and downstream sectors of the oil and gas industry in Malaysia.

En. Badli was also previously the Chief Financial Officer of FPSO Ventures Sdn. Bhd. a joint- venture and subsidiary company of MISC Berhad, the blue-chip energy shipping company's offshore business arm. He was a pioneer member of the management team until September 2006.

Prior to this, En. Badli served in the financial services industry for over 10 years where he accumulated significant merchant banking and financial advisory experiences. He was also with Arab-Malaysian Merchant Bank Berhad ("AMMB") Corporate Finance Division since 1992. He was later promoted to Assistant General Manager and transferred to the Privatisation & Project Finance Advisory Department in 1995. Prior to AMMB, En Badli started as an Associate Consultant with Arthur Andersen & Co, a leading International public Accounting and Management Consultancy firm. He rose to the rank of Senior Consultant before joining AMMB in 1992.

DIRECTORS' PROFILE (cont'd)

DATO' MD. ZAHARI BIN MD. ZIN
Senior Independent Non-Executive Director

Dato' Md. Zahari Bin Md. Zin, a Malaysian, aged 65, was appointed Director of the Company on 1 September 2004.

He graduated from University of Malaya in 1971 with a Bachelor of Arts. Dato' Zahari served the Johor State Government for thirty two (32) years and was responsible for the implementation of the State Government's objective pertaining to the respective departments and districts.

Dato' Zahari joined the Johor Civil Service as Assistant District Officer from 1971 to 1978 and was later promoted to District Land Administrator from 1978 to 1989 and subsequently promoted to District Officer (Kota Tinggi) from 1989 to 1993. He was also the Land and Local Government Manager (Kejora) from 1993 to 1995 and District Officer of Mersing for a year until 1996. From 1996 to 2000, Dato' Zahari was the Deputy Director of Land and Mines. The last position held by Dato' Zahari was as the Johor State Director of Land and Mines from 2001 to 2003.

Dato' Zahari has received numerous Awards for his contribution and dedication to the Government, which include the Darjah Paduka Mahkota Johor (DPMJ), the Pingat Lama dan Baik Dalam Perkhidmatan, the Bintang Sultan Ismail (BSI) and the Pingat Ibrahim Sultan (PIS).

Dato' Zahari sits as a member in the Audit Committee. He is also the Chairman of the Nomination Committee of the Company.

MR. TOO KOK LENG
Independent Non-Executive Director

Mr. Too Kok Leng, a Malaysian, aged 53, was appointed a Director of the Company on 28th January 2008.

He holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies.
He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr. Too was appointed as an Independent Non-Executive Director of Menang Corporation (M) Bhd. on 1st August 1995. He is the Chairman of the Remuneration Committee and is a member of the Audit Committee and Nominating Committee of Menang Corporation (M) Bhd.

DIRECTORS' PROFILE (cont'd)

ROSLAN BIN MOHD LATIF
Independent Non-Executive Director

En. Roslan Bin Mohd Latif, a Malaysian, aged 58, was appointed to the Board as an Independent Non Executive Director on 11 June 2009.

He holds a Diploma in Business Studies from ITM in 1977 before pursuing a Bachelor and MBA degrees in USA from 1979 to 1983. He attended the Advance Management Program in Denver, Colorado in 1985 and the Advance Masters in Business Practice from the University of South Australia in 2009.

He has more than 30 years working experience in Marketing, Education, Project Management, and training with several organisations namely MARA, PNB, Kontena Nasional, MESB and Klang Valley College.

Roslan also served as an Independent Non-Executive Director of AWC Berhad, Board of Trustee of ALMA Education Foundation and President of ALMA.He is currently attached to the Office of Minister of Youth and Sports as Special Officer to the Minister.

DATO' MOHAMAD NORZA BIN HAJI ZAKARIA
Independent and Non-Executive Director

Dato' Mohamad Norza Bin Haji Zakaria, a Malaysian, aged 47, was appointed Director of the Company on 24 March 2011.

He holds a Bachelor of Commerce (Major in Accounting) from University of Wollongong, New South Wales, Australia. A qualified Chartered Accountant from Malaysian Institute of Accountant (MIA), Dato' Norza is also a Fellow of Certified Public Accountants (FCPA), CPA Australia.

Dato' Norza started his career in Arthur Anderson & Co. / Hanafiah, Raslan & Mohamad as a Senior Audit Assistant from September 1988 to January 1990 before joining Bank Negara Malaysia as the Executive of Bank Regulation Department in Feb 1990 until October 1991. Later he became the Senior Executive, Finance & Administration in Gas & Petrochemical Development Division, PETRONAS from November 1991 until April 1994.

He moved up the corporate ladder as the Group Financial Controller in SPK Sentosa Corporation Berhad from May 1994 to March 1995 before he became the Group General Manager of Audit in Mun Loong Berhad from April 1995 to December 1997. From January 1998 to March 2004, Dato' Norza was the CEO at Gabungan Strategik Sdn Bhd.

He moved up the corporate ladder as the Group Financial Controller in SPK Sentosa Corporation Berhad from May 1994 to March 1995 before he became the Group General Manager of Audit in Mun Loong Berhad from April 1995 to December 1997. From January 1998 to March 2004, Dato' Norza was the CEO at Gabungan Strategik Sdn Bhd.

Dato' Norza's direct contribution in the government sector was when he became the Political Secretary to the Minister of Finance II from April 2004 to March 2008, before becoming the President of Citaglobal Sdn Bhd since April 2008. Dato' Norza is also a director of Bintulu Port Holdings Berhad since 1 Dec 2005.

DR. SAMAD BIN SOLBAI
Independent Non-Executive Director

Dr. Samad Solbai is a registered Professional Engineer and an Independent, Non-Executive Director of TH Heavy Engineering Bhd. He has a wide, hands-on experience in the fabrication of oil & gas platforms projects. Dr. Samad's employment career included 13 years in academia (including as an Associate Professor and Dean of Mechanical Engineering, Universiti Teknologi Malaysia) and about 20 years in the Oil & Gas Industry. He holds a Ph.D. in Chemical Engineering from the University of Cambridge, M.Eng.Sc. in Materials Engineering from Monash University, B.Eng. (Mechanical) from Caulfield Institute of Technology and Graduate Diploma in Islamic Studies from the International Islamic University, Malaysia. He also attended Advanced Management (Executive Programs) courses at the Wharton School of Business at the University of Pennsylvania and GE's training centre at Crotonville, New York.

Prior to his retirement from full-time employment, Dr. Samad was the CEO of PT. Gunanusa Utama Fabricators, Indonesia from 2005 to 2011. He also held a number of key positions within the oil & gas related companies in Malaysia including 9 years in the Sime Darby Group as Group General Manager of the Oil & Gas Division of Sime Darby Berhad and CEO of Sime Sembcorp Engineering Sdn. Bhd. Dr. Samad was the Group Managing Director of Shapadu Corporation for a brief period of 18 months from mid-1999.

Dr. Samad is a Fellow of the Institution of Engineers and regularly lectures in Management to engineering graduates aspiring to qualify as Professional Engineers. He has been a member of the academic advisory panels of a number of local universities and was an adjunct Professor in Physics at Universiti Putra Malaysia in 2001. He was also a member of the "Dewan Juri" of the Business Innovation Centre, Jakarta to evaluate innovations by Indonesian Scientists from 2009 to 2011. Dr Samad is currently a director of a number of private companies in Malaysia including Carrier International (M) Sdn. Bhd. and EIL Asia Pacific Sdn. Bhd.

DATO' MD. YUSOF BIN OMAR
Independent Non-Executive Director

Dato' Md. Yusop Bin Omar, a Malaysian, aged 61, was appointed Director of the Company on 25 May 2012. He graduated from University Malaya in 1975 with a Bachelor of Arts and obtained his certificate in Public Administration in 1976. Dato' Md. Yusop served as Administration and Diplomatic Officer in the Government sector for twenty (20) years.

Dato' Md. Yusop was a Director of Asie Sdn Bhd from 1994 to 1997 and was Director of Premier Ayer Sdn. Bhd. from 1997 to 2000. He was then appointed as Executive Director of Konsortium Abbas Sdn Bhd from 2000 to 2006.

Dato' Md. Yusop is currently the Chairman of Sitamas Environmental Systems Sdn Bhd, AWS Sdn. Bhd. and Musyarakah Venture Capital Sdn. Bhd. He is also the Director of Politic & Election Studies of Malaysia Leadership & Strategy Foundation.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

The year 2012 marks a remarkable start for TH Heavy as many key plans which were initiated last year are now starting to bear fruit. After working relentlessly in ensuring that the company's regularization plan comes to completion, I am happy to announce that we have been successfully uplifted from Bursa's PN17 status and the Group can now be looking forward to better prospects to come. Coupled with our new branding; as we are now known as TH Heavy Engineering Berhad (TH Heavy), we are confident that we will be able to chart our way forward as a leading player in the oil and gas industry again. Furthermore, with the expansion plans of our Fabrication Yard in Pulau Indah currently on going, we are also preparing ourselves to gear up for future business undertakings of greater complexity.

Another significant event for the year is the proposed Joint Venture (JV) with Berlian McDermott Sdn. Bhd. (BMD), the local arm of McDermott International Inc. of the United States which will bolster our EPCI capabilities and promote more participation in our country's extensive oil and gas fields development. BMD was identified as the ideal joint venture partner for TH Heavy as we share common vision, organization culture and outlook. We are confident that we can leverage on their knowledge and technology in carrying out complex EPCI projects in their leadership positions globally.

We believe that by redistributing our resources through focused and joint efforts, we would be able to increase our knowledge and expertise in fabrication technique and know-how which will eventually contribute directly to the Group's competitive position, hence our earnings in the years to come.

OPERATING ENVIRONMENT

TH Heavy intends to focus on the Malaysian EPCI market and, the window of opportunity cannot be more appropriate than at this very right moment.

With both Government and Petronas announcements of increasing its oil & gas production, through various initiatives such as Enhanced Oil Recoveries (EOR), brownfield development, marginal oilfields as well as new discoveries, we expect the industry to face capacity constraints. Against this backdrop, we expect our operating environment to be highly competitive, and perhaps be even open to regional competition.

FINANCIAL PERFORMANCES

The Group had successfully generated total revenue amounting to RM 190 million for the year, a major improvement as compared to our revenue in 2011 which is RM 23 million.

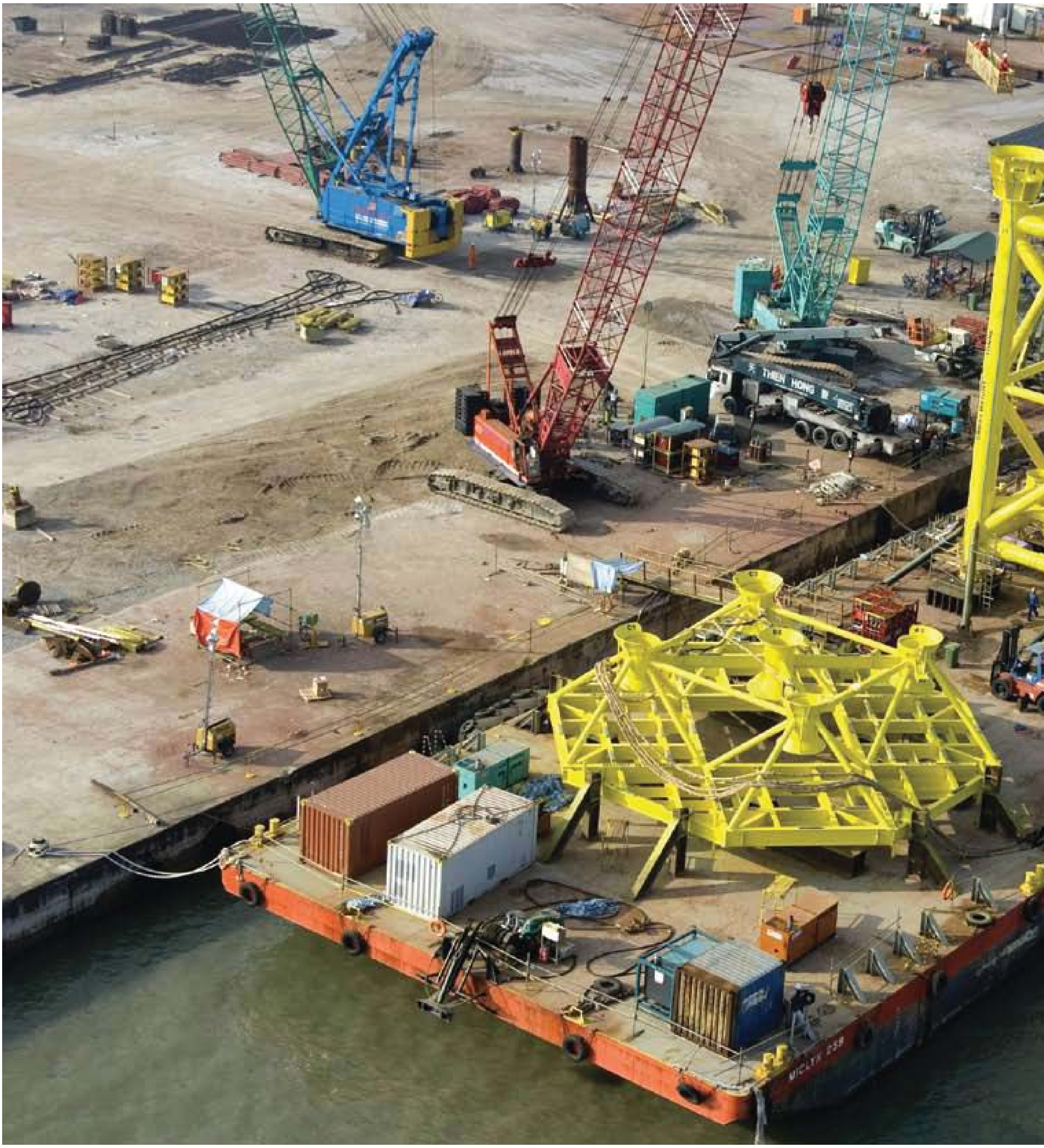
The net profits for the Group dramatically increased from a reported net loss of RM 11.4 million in 2011 to posting a net profit of RM 24.2 million in 2012. This is a positive signal of our Group's financial turnaround.

OPERATIONAL REVIEW

We were awarded with the Aquaterra Energy Ltd project for West Desaru wellbay module and substructures, worth RM 60 million in earlier part of the year. This was our first test of a fast track fabrication contract, and it was a challenging project to manage given the dependencies and numerous interface issues. Another much awaited good news was received in June, which catapulted our company's performance with the award of the Sarawak Shell project for D12 and LA-DR Laila substructures and topsides worth RM178 million.

We are also aggressively bidding for new projects with the other Production Sharing Contractors (PSCs) in Malaysia and around the region.

Moving forward, all our efforts here been focused on promoting and utilising the Pulau Indah Yard towards reaching full capacity, with new ventures and business development work we have undertaken in 2011.


THIEN HONG
MICLYN 259

QUALITY AND SAFETY

With major redevelopment within the Pulau Indah Yard already taking place, we continue to improve our safety record where we have clock-in work 15.8 million of man-hours to date without Lost Time Injuries (LTI), proving our commitment to Quality, Health, Safety and Environment (QHSE). Moreover, our initiative to integrate of the Quality, Health, Safety and Environment to the central Integrated Management System (IMS) proved to be successful as it has allowed us to streamline all business documentation, policies, procedures and processes. The IMS implementation will allow us to effectively and efficiently deliver our business objectives to meet the ever demanding needs of our Clients.

A BRIGHTER OUTLOOK

A number of key milestones were achieved within the last year that signalled a positive atmosphere in our organisation. With a more stable base of operations and a more steady increase in returning clients and new businesses, we are confident that we now able to weather any storm ahead.

With all the right pieces in place, we must be mindful and vigilant even in our aggression to move forward. As quoted by Pablo Picasso, action is the foundation key to all success. In short, we have to continuously act on every task and challenge, working in tandem with everyone else, so that the cumulative effect is “success”.

ACKNOWLEDGEMENT

As always, I would not have been able to fulfil my responsibilities as Chairman without the support, contribution and steadfast spirits of my fellow board members, to whom I extend my sincere thanks. I would also like to take this opportunity to welcome Dr. Samad Solbai and Dato' Yusop Omar as incoming board members during the year. A big thank you goes to the management, employees, vendors, clients and bankers for your continued support towards the Group. Similarly, I would like to thank all shareholders for their continued confidence in us through past challenges and I only hope to repay your trust in the years to come.

DATUK AZIZAN BIN ABD RAHMAN,
Chairman

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S REVIEW

Dear

Valued Shareholders,

FINANCIAL PERFORMANCES

I am happy to note that with great dedication and hard work, the Group held back no punches when we effectively utilised our Pulau Indah fabrication facility which saw two major projects being awarded and undertaken by our project team; namely the Aquaterra Energy Limited project for West Desaru wellbay module and substructures, and the Sarawak Shell project for D12 and LA-DR Laila substructures and topsides.

As a direct result, the Group had successfully increased this year's total revenue to RM 190 million, registering a net profit after tax of RM 24.2 million, a significant achievement in comparison to our revenue in 2011 of RM 23 million, which reflected a net loss of RM 11.4 million being posted then.

CORPORATE DEVELOPMENTS

Amongst the notable milestones in the company is the rebranding initiative that was held in mid-2012 where it encapsulated the changes in our fabrication yard location, management and shareholding structure. As of June 2012, we are now proudly known as TH Heavy Engineering Berhad (TH Heavy) where our major shareholder is Lembaga Tabung Haji (“TH”), which is the nation’s leading Islamic fund management institution established since 1969.

We believe that this rebranding exercise is indeed timely. With the completion of our regularization plan and the solid backing of TH, the Group is now in an excellent financial position to execute small and large scale contracts on a full Engineering, Procurement, Construction, Installation & Commissioning (EPCIC) basis in partnerships with all the Production Sharing Contractors (PSCs) and Engineering companies in Malaysia and around the region.

After planning and strategizing for over two years, the much awaited news for us is the removal of our PN17 classification in October 2012. This is a breath of fresh air to us as we can now surge forward and move our plans ahead for the journey towards achieving our ultimate pinnacle.

Apart from that, the completion of the acquisition and the subsequent upgrading of the Pulau Indah fabrication yard have resultantly increased the Group’s operations and capabilities to a new enhanced level. This strategic move has now enabled us to pursue new business opportunities and business ventures which can offer better prospects for the Group.

OPERATIONS OVERVIEW

The year 2012 was a turnaround year as it marked the resurgence of the Group. A lot of effort was expended to ensure that we spring back into action after a lull period. The award of the Aquaterra and Sarawak Shell projects in the first half of 2012, could not have come at a better time. We are pleased and most honoured to be given the trust and confidence to execute both these important projects by these prestigious Clients. Currently, both projects are on-going and are scheduled to be completed in March and June 2013 respectively.

Last but not least, we sought to venture overseas in order to balance our geographic revenue mix. In December 2012, our ventures with India based companies, Afcon Infra Ltd and Technip KT India Ltd had also received notification award from Oil and Natural Gas Corp Ltd. The award, which is to work on the Heera Redevelopment project on a turnkey basis, although not that sizeable, also adds an interesting portfolio to our capabilities.

In an effort to catapult the Group to greater heights, we have in late December 2012 proposed a Joint Venture (JV) with a US based global company, McDermott International Ltd, by offering cross ownership in both our local units i.e. THHE Fabricators Sdn. Bhd. and Berlian McDermott Sdn. Bhd. to leverage on McDermott’s almost century old experience in this field. This working relationship and tie-up will give us the opportunity to expand our business reach and expertise in the entire EPCI value chain, in particular, engineering design and fabrication know-how, and, hence directly contributing to the Group’s earnings in the years to come.

Corporate Governance

TH Heavy Engineering Berhad ("the company") has adopted the eight (8) principles and 26 recommendations laid down in the Malaysian Code of Corporate Governance 2012 in achieving excellence in corporate governance.

These will be achieved through implementation of self and market discipline, promoting good compliance and corporate governance culture in the existing framework.

Quality, Health, Safety and Environment

We are proud to report that we received the certification for our Integrated Management System ("IMS") as a direct result from our efforts to re-engineer our business practices. This Integrated Management System is being utilised to ensure that all works and processes follow strictly to the standards that have been outlined by the ISO9001:2008, ISO14001 and OHSAS18001. This certification bodes well with the company's new direction and business focus.

Our initiative to integrate the Quality, Health, Safety and Environment to the central IMS proved to be a successful venture as it has allowed us to streamline all business documentation, policies, procedures and processes and has allowed us to ensure the highest standards of safety requirements in the working environment, and proper safety practices by our employees.

We are proud of our certified safety programs and practices which were initiated in 2011. These practices have resulted in a steady and smoother working environment which has been reflected in the growing accident-free man-hours which was initially marked at 14.7 million man hours in 2011 to 15.8 million man-hours as at end of December 2012. These commendable statistics will offer reassurance to existing as well as prospective Clients of our highest standards and impeccable safety culture.

MOVING FORWARD

Post PN17, the Group is now in an improved position to move aggressively into the years to come. I call upon the Group to heed our Chairman's call to increase our efforts to provide the best service to our customers and to always maintain the highest level of professionalism amongst our vendors and subcontractors to ensure that we embrace its meaning and emulate it into each and every action we take on behalf of the Group. We have been through some of our toughest times and must now take this new found strength and vigour to drive the Group forward cohesively as one.

The industry is expected to be on an upturn and is poised for a bull run. The Group is ready to seize the abundant opportunities that await us and consequently reap their rewards. I am confident and optimistic that the Group would be successful in covering and serving more and more Clients in 2013 onwards.

ACKNOWLEDGEMENT

I would like to take this opportunity to welcome Dr. Samad Solbai and Y.Bhg. Dato' Yusop Omar, as the newly appointed independent members of the Board. I am confident that these new members would be able to contribute positively and impart valuable experience and pointers to make us stronger and ever resilient.

This year's acknowledgment is especially dedicated to all staffs of the Group that have persevered and stuck together with the Board and management, through thick and thin. I am happy and proud to acknowledge your dedication and loyalty towards ensuring the survival and continued progression of the Group. I would also like to thank our Chairman and members of the Board for their confidence and guidance which has brought us to where we are today. Together, we have successfully weathered the last storm. A new storm surely awaits, and with the experience gained, I believe we can now better understand what it takes to weather and confront the next one.

I would also like to take this opportunity to thank all vendors', subcontractors, Clients and bankers for your continued support towards the Group. A special vote of thanks and gratitude also to TH, our major shareholder, for the confidence and unwavering support given to the Board and management to date. I could have never wished for a more supportive group to be together with us in this journey towards achieving success and excellence in what we do.

NOR BADLI MUNAWIR BIN MOHD ALIAS LAFTI,
Managing Director & Chief Executive Officer

LIST OF EVENTS

8th ANNUAL GENERAL MEETING AND EGM

The Eighth Annual General Meeting and Extraordinary General Meeting were held successfully on 23 May 2012 at Bukit Kiara Equestrian & Country Resort with the attendance of the Board of Directors, the management team and nearly 200 shareholders.

The AGM ended with positive views and feedback from the shareholders.

REBRANDING

The rebranding event of Ramunia Holdings Berhad was held on Thursday, 28 June 2012 at the Main Hall of Lembaga Tabung Haji building where we announced our new name and logo.

TH Heavy Engineering Berhad was chosen as the Company's name due to our involvement in oil and gas sector and heavy industry plus our association with Lembaga Tabung Haji.

The event was officiated by YBhg. Tan Sri Dato Sri Abi Musa Asa'ari, Chairman of Lembaga Tabung Haji and attended by the Company's business partners as well as members of the media.

WORLD GAS CONFERENCE & EXHIBITION 2012

The World Gas Conference was held for five days from 4th – 8th June 2012 in Kuala Lumpur Convention Centre. Ramunia Holdings Berhad took part in the exhibition along with other oil and gas companies.

MEMORANDUM OF UNDERSTANDING (MoU) BETWEEN THHE & MOCA

THHE has signed a memorandum of understanding (MoU) with Malaysian Offshore Contractors Association (MOCA) on 13 July 2012 at Pulau Indah Yard, Klang. Amongst those who witnesssd the ceremony was Dato' Sri Ir. Dr. Judin Abdul Karim, CIDB's Chief Executive Officer and Ir. Dr. Shahreen Madros, Chief Executive of Malaysia Petroleum Resources Corporation (MPRC).

LIST OF EVENTS (cont'd)

THHE ADIWARNA AIDILFITRI OPEN HOUSE

Impiana Hotel was once again selected as the venue for THHE's open house on 12 September 2012. Located at the Ballroom, THHE welcomed nearly 400 guests consisting of business partners from oil and gas industry, financial institutions and vendors.

With the theme Adiwarna Aidilfitri, it was a splendid noon to celebrate and spent the festive with our counterparts.

JOINT VENTURE AGREEMENTS BETWEEN TH HEAVY ENGINEERING BERHAD & McDERMOTT INTERNATIONAL INC.

The Signing Ceremony between TH Heavy Engineering Berhad and McDermott International Inc. was held on 21 December 2012 in Pullman Hotel, Putrajaya. The signing was witnessed by YB Dato' Seri Jamil Khir bin Baharom, Minister in the Prime Minister's Department.

The joint venture would enable THHE to position itself as a complete "E-P-C-I" company, able to offer "end to end" services, and to compete more comprehensively and effectively locally, as well as regionally.

HEALTH, SAFETY & ENVIROMENT DAY (HSE)

The HSE Day was organised on 10 July 2012 at Workshop No. 1 to celebrate PIY's Anniversary and the company's achievement of securing 500,000 Man-hours without LTI and IMS Certification Accreditation by DNV.

HEALTH, SAFETY & ENVIROMENT DAY (WEST DESARU)

The Wild Wild West HSE Day was organised at the office building B parking lot on the 19 December 2012 to celebrate the company's achievement of obtaining 250,000 Man-hours without LTI.

LIST OF EVENTS (cont'd)

HSE CAMPAIGN (HAND & FINGER INJURY)

One out of many initiatives of the company was to educate its staff with safety tips and guidelines. The HSE Campaign entitled "STOP HAND & FINGERS INJURY BEGINS WITH ME!" was conducted on 22 October 2012.

The campaign which involves all the staff and workers at PIY, was designed as a 'marketing campaign' which included the use of sticker logo's where participants have to paste on the right side of the safety helmet, Spot Quizzes, Training and poster creation competition.

ROAD SAFETY AWARENESS CAMPAIGN

THHE embarked on a road safety awareness campaign that was spanned from 13 August until 3 September 2012 in conjunction with the festive seasons.

The campaign was aimed to promote safety on the road back to hometown amongst staff and subcontractor personnel during Eidul Fitri Celebration and holiday season.

HSE team also extended the Road Safety Campaign to HQ as an internal communication effort to include all workers to practice safety on the road especially on their journey back to hometown.

PPE AWARENESS CAMPAIGN

The PPE Awareness Campaign, initiated on 26 November 2012 was aimed at creating awareness and to encourage proper wearing of PPE while entering the yard area. The program included Weekly Quizzes, Training, Poster Creation Competition and Best Worker Awards.

HEALTH, SAFETY & ENVIROMENT DAY (SARAWAK SHELL BERHAD)

Due to the achievement of 250,000 Man-hours without LTI a celebration was organised on 5 December 2012 at SSB client's office.

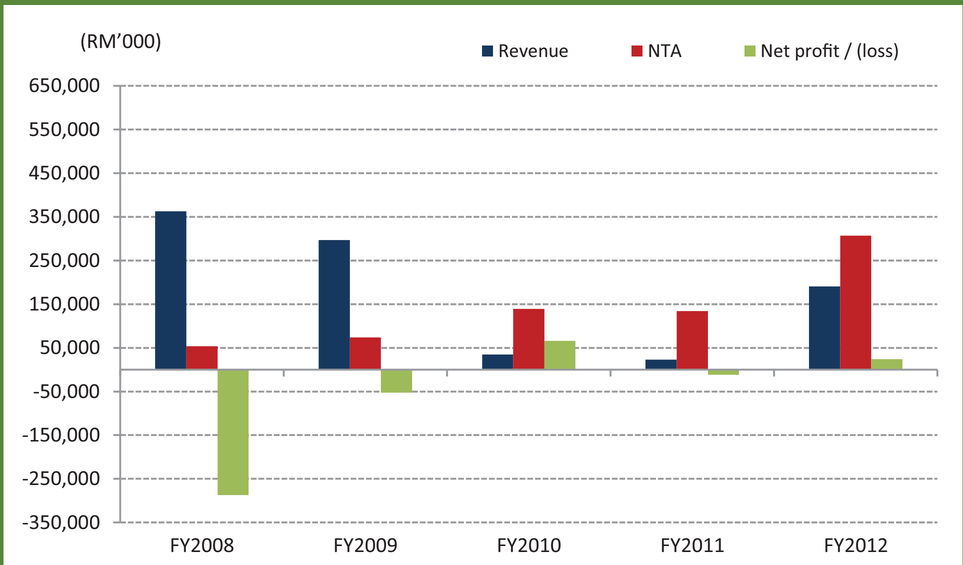
PERFORMANCE HIGHLIGHTS

The year saw the teething up of the subsidiaries in their activities. The delivery on time and even ahead of the schedules for some, kept the yard in Pulau Indah and the Operation teams occupied for the year. The Group via its subsidiaries secured about RM250 million worth of new contracts from onshore fabrication sectors. The fabrication contracts secured were mainly from Sarawak Shell Berhad and Aquaterra Energy Limited.

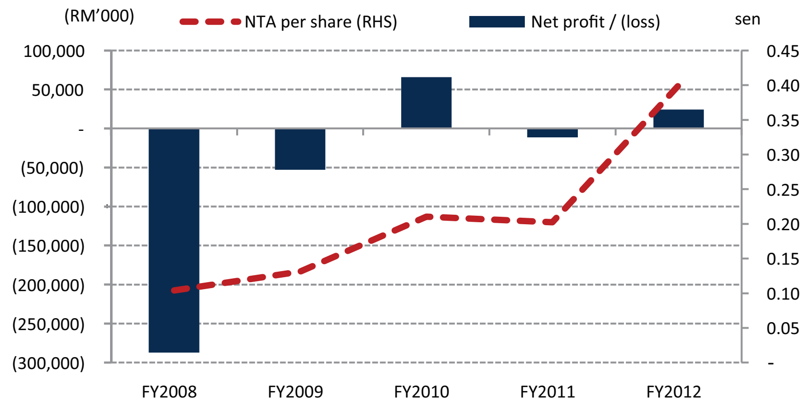
With the new contracts being secured during the year, the Group registered Revenue of RM190.27million and Net Profit after Tax of RM24.17million.

	Group (RM'000)	Company (RM'000)
Profit for the financial year	24,172	89,955
Accumulated losses brought forward	(275,394)	(369,058)
Credit arising from share premium reduction	97,528	97,528
Credit arising from change in par value	165,710	165,710
Accumulated profits/(losses) carried forward	12,016	(15,865)

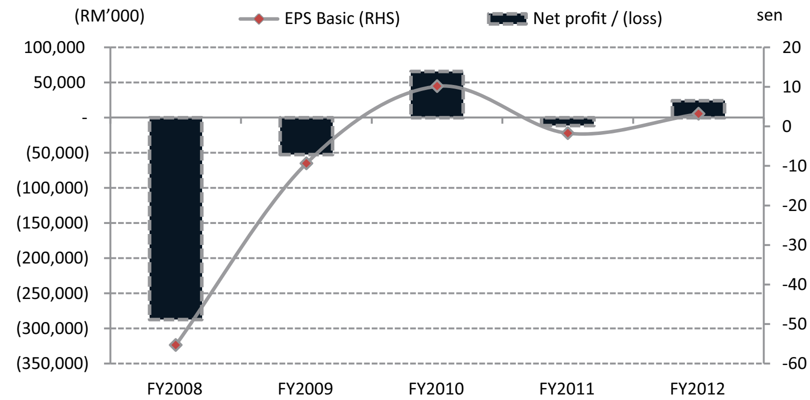
With the recent upliftment of the PN17 status and with new projects flowing in to the Group, the Group promised to deliver a better performance in terms of the results in financial year ended 31 December 2013.



5-year financial performance of the Group exhibits a turnaround period since financial year ended 2008.



Net profit has gradually improved pursuant to the projects which had been flowing in to the Group.



As a result, the Earnings per share ("EPS") had improved in accordance with the profit of the Group.

In RM'000 unless otherwise stated	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	362,651	296,968	34,865	22,842	190,374
Gross profit / (loss)	(177,704)	35,776	(47,747)	13,051	66,810
Operating cost	130,452	86,990	39,012	43,230	36,359
Net profit / (loss)	(287,328)	(52,720)	65,786	(11,441)	24,172
NTA	53,836	73,703	139,480	134,067	306,743
NTA per share (sen)	0.10	0.13	0.21	0.20	0.40
EPS Basic (sen)	(55.36)	(9.38)	10.14	(1.73)	3.15

AUDIT COMMITTEE REPORT

The members of the Audit Committee of TH Heavy Engineering Berhad (formerly known as Ramunia Holdings Berhad) are pleased to present the report of the Audit Committee for the financial year ended 31 December 2012.

1. MEMBERS

As at the date of this annual report, the members of the Audit Committee all of whom are Independent Non-Executive Directors are as follows:-

Name	Designation	Appointment Date
Dato' Mohamad Norza Bin Haji Zakaria *(Chairman)*	Independent Non-Executive Director	24th March 2011
Dato' Md. Zahari Bin Md. Zin	Senior Independent Non-Executive Director	1st September 2004
Too Kok Leng	Independent Non-Executive Director	28th January 2008

2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Audit Committee held six (6) meetings during the financial year ended 31 December 2012. The details of the attendance of the meetings are as follows:-

Name	Total Meetings Attended	Percentage (%)
Dato' Mohamad Norza Bin Haji Zakaria *(Chairman)*	4 of 4	100
Dato Md. Zahari Bin Md. Zin	5 of 6	83
Too Kok Leng	6 of 6	100

During the six (6) meetings held for the financial year ended 31 December 2012, the Committee carried out the following activities:-

(i) Reviewed the quarterly unaudited financial statements of the Group to recommend to the Board for approval;

(ii) Reviewed the annual audited financial statements of the Company with the external auditors prior to submission to the Board of Directors for their approval. The review was, inter-alia, to ensure compliance with:

- Provision of the Companies Act, 1965;
- Listing Requirements of Bursa Malaysia Securities Berhad;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit;

(iii) Reviewed the audit report prepared by the Internal Auditor and monitored the implementation of the audit recommendations in the subsequent meetings to ensure corrective actions were taken in addressing the risk issues reported.

(iv) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its works.

2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR (CONT'D)

(vi) Reviewed with the external auditors:

- their audit plan, audit strategy and scope of work for the year;
- the results of the annual audit, their audit report and management letter together with management's response to the findings of the external auditors.

(vii) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance and the Statement on Internal Controls as well as the Directors' Responsibility Statement for inclusion in the Company's Annual Report.

(viii) Discussed the implications of any latest changes and pronouncements on the Company and the Group issued by the statutory and regulatory bodies.

3. TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

(i) Composition of Members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer that (3) directors, all of whom shall be non-executive. All of the Audit Committee members shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Sercurities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Commiittee shall be financially literate and at least one (1) member of the Audit Committee must be:

(a) A member of the Malaysian Institute of Accountants ("MIA"); or

(b) If he is not a member of MIA, he must have at least (3) years of working experience and:

(c) (i) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
(i) He must be a member of one (1) of the associations of the accountants specified in Part II of theFirst Schedule of the Accountant Act 1967.

(d) No alternate director of the Board shall be appointed as a member of the Audit Committee.

3. TERMS OF REFERENCE (CONT'D)

Retirement and Resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 1 above, the Board shall within three (3) months of the event appoint such member of the new members as may be required to fill the vacancy.

(ii) Chairman

The Chairman of the Audit Committee, elected from amongst the Audit Committee members, shall be an independent director. The Chairman of the Committee shall be approved by the Board of Directors.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent directors to chair the meeting.

(iii) Secretary

The Secretary of the Aduit Committee shall be the Company Secretary. The Secretary shall be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to members fo the Audit Committee and to the other members of the Board of Directors and for following up outstanding matters.

(iv) Terms of Office

The Board of Directors of the Company shall review the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

(v) Meetings

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director & Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

The Managing Director & Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

(vi) Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report one each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

3. TERMS OF REFERENCE (CONT'D)

(vii) **Quorum**

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

The Audit Committee shall report to the Board of Directors or any specific matters referred to it by the Board for investigation and report.

(viii) **Reporting**

The Audit Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit Committee shall report to the Board of Directors or any specific matters referred to it by the Board for investigation and report.

(ix) **Objectives**

The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of condut; and
- determine the quality, adequacy and effectiveness of the Group's control environement.

(x) **Authority**

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company.

(a) Authorised to investigate any activity within its terms of reference, the resources to do so, and full acess to information. All employees shall be directed to c-operate as requested by members of the Audit Committee.

(b) Authorised to investigate any activity within its terms of reference, the resources to do so, and full acess to information. All employees shall be directed to cooperate as requested by members of the Audit Committee.

(c) Obtain at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

(d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

(e) Where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

3. TERMS OF REFERENCE (CONT'D)

(xi) Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditor his evaluation of the system of internal controls and his audit report;

(d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:–

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditor's management letter and management's response;

(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function and to ensure that they have the standing to exercise independence and professionalism in discharging their duties;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

3. TERMS OF REFERENCE (CONT'D)

(xi) Duties and Responsibilities (cont'd)

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) To report its findings on the financial and management performance, and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To determine the task of the internal audit function;

(m) To consider other topics as defined by the Board; and

(n) To consider and examine such other matters as the Audit Committee considers appropriate.

4. EMPLOYEES' SHARE OPTION SCHEME("ESOS")

There were no options over ordinary shares offered to the Directors and employees during the financial year ended 31 December 2012.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Internal Audit Division whose internal audit function is independent of the activities or operations of the Group operating units. The Division reports directly to the Audit Committee and undertakes the audit of the Group's operating sections and departments, including its corporate functions at Head Office. Compliance to the internal control procedures was reviewed and weaknesses were highlighted with appropriate recommendations for improvement.

The principal activity of the Internal Audit Division is to conduct regular and systematic reviews of the key controls and processes within the group. The Internal Audit Division also conducts investigation and special reviews at the instruction and request of the Audit Committee and the Management respectively. The Internal Audit Division also assessed:

- the Group's compliance to its established policies and procedures, limit of authority, guidelines and statutory requirements;
- reliability and integrity of financial and operational information;
- safeguarding of assets; and
- operational effectiveness and efficiency.

The Head of Internal Audit Division attends the Audit Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern within the Group. The Management would be required to provide explanations during the Audit Committee meeting on the findings raised by the Internal Audit Head, together with the corrective action plan in resolving the audit findings. In addition, the Internal Audit Division also conducts follow-up audit review quarterly to monitor and ensure that all audit recommendations have been effectively implemented.

The cost incurred in undertaking the Internal Audit function for the financial year is approximately RM180,000.00

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of TH Heavy Engineering Berhad (formerly known as Ramunia Holdings Berhad) ("the Company") is supportive of the adoption of the principles and best practices of corporate governance as set out in the Malaysian Code of Corporate Governance 2012 ("the Code") throughout the Group.

The Board will review the existing corporate governance practices through the Group and will undertake appropriate action in embedding the eight (8) principles and 26 recommendations laid down in the Code in the existing framework.

The following statement states and affirms the means and manner which the Group has applied the principles and state the extent of compliance to the best practices of the Code during the financial year under review.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management
The Board provides overall stewardship over the management of the Group. Key matters reserved for the Board's approval include the following:

- strategic, financial and organisational matters for its collective decision,
- key matters such as approval of annual and quarterly results,
- acquisitions and disposals;
- material investments;
- material agreements;
- major capital expenditures,
- budgets and long-term plans and
- succession planning for top management.

Clear Roles and Responsibilities
The Board amongst others assumes the following duties and responsibilities:

- reviewing, monitoring and approving the overall strategies, direction and policies of the Company and Group;
- overseeing and evaluating the conduct and performance of the Company and Group;
- identifying principal risks and ensuring the implementation of appropriate system to manage risk;
- establish succession planning and review remuneration packages of senior management;
- considering management recommendations on key issues including acquisition, disposal, restructuring and significant capital expenditure; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

The Board has delegated certain functions to several committees namely:

- The Audit Committee;
- The Nomination Committee;
- The Remuneration Committee; and
- The Executive Committee.

The functions and terms of reference of the respective committees, as well as the authority delegated by the Board to these committees have been clearly defined by the Board. The Chairman of the respective committee reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Composition of the Committees

(i) Audit Committee

The Audit Committee is made up of three (3) Non-Executive Directors of whom all are independent as follows:

Chairman	:	Leou Thiam Lai (Independent Non-Executive Director) (retired on 23/5/2012)
		Dato' Mohamad Norza Bin Haji Zakaria (Independent Non-Executive Director)
Members	:	Dato' Md. Zahari Bin Md. Zin (Senior Independent Non-Executive Director)
		Too Kok Leng (Independent Non-Executive Director)

The Audit Committee assists and supports the Board in its responsibility to oversee the Company's operations.

The terms of reference of the Audit Committee and the activities are set out on pages 25 to 30 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee comprises entirely Independent Non-Executive Directors as follows:

Chairman	:	Dato' Md. Zahari Bin Md. Zin (Senior Independent Non-Executive Director)
Members	:	Dato' Azizul Rahman Bin Abd. Samad (Non-Independent Non-Executive Director) (retired on 23/5/2012)
		Too Kok Leng (Independent Non-Executive Director)
		Dato' Md. Yusop Bin Omar (Independent Non-Executive Director) (appointed 25/5/2012)

The Nomination Committee is responsible for reviewing the Board's structure, size and composition regularly, as well as making recommendations to the Board with regard to changes that are deemed necessary. It also recommends the appointment of Directors to committees of the Board and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to the Board. For this purpose, the Nomination Committee meets at least once a year or at such other times as the Chairman of the Nomination Committee decides.

(iii) Remuneration Committee

The Remuneration Committee is made up entirely of Independent Non-Executive Directors, comprising the following members:

Chairman	:	Dato' Mohzani Bin Datuk Dr. Abdul Wahab (Non-Independent Non-Executive Director) (resigned on 18/10/2012)
Members	:	Leou Thiam Lai (Independent Non-Executive Director) (retired on 23/5/2012)
		Too Kok Leng (Independent Non-Executive Director)
		Dr. Samad Bin Solbai (appointed 25/5/2012)

The Remuneration Committee reviews annually the remuneration packages of the Executive Directors and Senior Management and furnishes recommendations to the Board on specific adjustments in remuneration and/or reward payments.

These adjustments are to reflect their respective continuations for the year based on the framework of principles established by the Company.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Composition of the Committees (cont'd)

(iv) Executive Committee

The Executive Committee comprises the following directors:-

Chairman	:	Datuk Azizan Bin Abd. Rahman (Non-Independent Non-Executive Director)
Members	:	Dato' Azizul Rahman Bin Abd. Samad (Non-Independent Non-Executive Director) (retired on 23/5/2012)
		Dato' Norza Mohamad Bin Haji Zakaria (Independent and Non- Executive Director (appointed 23/5/2012)
		Too Kok Leng (Independent Non-Executive Director)
		Dr. Samad Bin Solbai (Independent and Non-Executive Director) (appointed 25/5/2012)
		Nor Badli Munawir Bin Mohamad Alias Lafti (Managing Director & Chief Executive Officer) (appointed 25/5/2012)

The Executive Committee reports to the Board of Directors and meets at least once a month to discuss and review the operations of the Company. In attendance are Chief Financial Officer, Chief Operating Officer, General Manager-Legal and Secretarial Services, General Manager-Corporate Services and relevant heads of departments (if necessary).

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Formalised Ethical Standards through Code of Ethics

The Company's Codes of Ethics are set out in the Company's Human Resource Policies under the section of Code of Conduct and Code of Ethics which covers every aspect of Company's business operation such as confidentiality, conflict of interest, publications, professional conduct, gifts and graft.

Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company; the benefits are believed to translate into better corporate performance. A detailed report on sustainability activities, demonstrating the Company's commitment to the global environmental, social, governance and sustainability agenda, appears in the Corporate Responsibility Statement of this Annual Report.

Access to Information and Advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman of the Board, depending on the quantum of the fees involved.

Qualified and competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its function. The Company Secretary plays an advisory role to the Board in the discharge of its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board depending on the quantum of the fees involved.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Board Charter

The Board Charter is currently being drafted and will be posted on the Company's website after the Board's approval. In the course of establishing a board charter, the Board recognises the importance to set out the key values and key principles of the Company.

STRENGTHEN COMPOSITION

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The appointments of the Board are the responsibilities of the Nomination Committee, who assesses and recommends to the Board on new appointments.

In accordance with the Articles of Association of the Company, at least one third of the Board shall retire from office at least once in every three (3) years, but shall be eligible for re-election, and that the retiring Director shall retain office until the close of the meeting at which he retires. This is also in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (Bursa Securities Listing Requirements").

Remuneration Policies

The Remuneration Committee's main function is to recommend to the Board, appropriate levels of remuneration for Executive Directors. The objectives are to attract and retain Directors of the calibre needed to manage the Group effectively.

Remuneration Policies and Procedures

The Remuneration Committee recommends to the Board, the framework of the Executive Directors remuneration and the remuneration package for each Executive Director and in framing the Group's remuneration policy. The Board as a whole determines the remuneration of Non-Executive and Executive Directors with the interested Directors abstaining from discussions in respect to their remuneration.

The details of the remuneration of the Directors who served during the financial year ended 31 December 2012 are as follows:

Aggregate Remuneration By Category	Executive Directors (RM)	Non-Executive Directors (RM)
Basic salaries, bonuses and EPF	733,200.00	-
Fees and allowances	510,000.00	671,532.24
Total	1,243,200.00	671,532.24

The numbers of Directors whose total remuneration fall within the respective bands are as follows:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 & below	-	5
RM50,001 - RM100,000	-	3
RM100,001 - RM500,000	-	2
RM500,001 & above	1	-

REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board comprises highly reputable and professional persons of calibre, credibility and has the necessary skills and experience to bring an independent judgment. With their combined experience and knowledge, they provide sound advice and impartial judgment for the benefit of the Company, its shareholders and stakeholders.

The Chairman along with the members of the Board is entrusted with the task of developing, adopting and monitoring overall business strategies and policies. The Independent Non-Executive Directors also contribute to the formulation of policies, providing unbiased and independent views, advice and judgement. They also act to safeguard the interest of the minority shareholders in respect of decisions taken by the Board pertaining to undertaking of the various business initiatives.

The Board assesses the independence of the Independent Non-Executive Directors annually. The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

In line with the recommendation of the Code, the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to the re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

Dato' Md. Zahari Bin Md. Zin, who has served the Board for nine (9) years as an Independent Director has expressed his intention to retire as a Director of the Company at the conclusion of the forthcoming Ninth Annual General Meeting to be held on 3 June 2013.

Separation of Positions of the Chairman and Managing Director

The role of the Non-Independent and Non Executive/Chairman and Managing Director & Chief Executive Officer position is distinct and separate to ensure that there is a balance of power and authority. Datuk Azizan Bin Abd. Rahman is the Non-Independent Non-Executive Director/Chairman. The Chairman is responsible for leadership, effectiveness and governance of the Board. En. Nor Badli Munawir Bin Mohamad Alias Lafti was appointed as Managing Director & Chief Executive Officer on 25 May 2012 to be responsible for day to day management of the business and implementation of the Board's policies and decisions.

Composition of the Board

The Company is headed by the Board of Directors ("the Board") who leads and controls the Company. The Board members are equipped with the relevant skills, knowledge and expertise in a wide range of related and unrelated industries and the Board is essential for the effective running of the Company's affairs.

The Board comprises eight (8) Board members, which includes one (1) Non-Independent Non-Executive Director, one (1) Executive Director and six (6) Independent Non-Executive Directors. There is effective check and balance on the Board with three quarter of the Board Members being Independent and Non-Executive Directors.

Composition of the Board members reveals their varied background as outlined on pages 9 to 12 of this Annual Report. The Board collectively has a broad range of experience in areas of public services, administration, law, accounting and finance and engineering.

FOSTER COMMITMENT

Time Commitment

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before beginning of every year, providing scheduled dates for Board and Board Committees Meetings. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Director of the Company.

Board meetings are held quarterly with additional meetings held when necessary. The Board met eight (8) times during the year under review and all Directors attended more than 50% of the total Board meetings held during the financial year ended 31 December 2012. During these meetings, the Board reviews, amongst others, the Group's quarterly financial results, reports and updates on the Group's operations, minutes of meetings of Board Committees and any other strategic issues relating to the Group's businesses.

All proceedings at the Board meetings are minuted and recorded including the issues discussed and decisions arrived at.

Board of Directors Meetings

	Meeting Attendance	%
Datuk Azizan Bin Abd. Rahman	8/8	100
Dato' Azizul Rahman Bin Abdul Samad (Retired on 23 May 2012)	3/3	100
Dato' Md Zahari Bin Md. Zain	7/8	88
Mr. Leou Thiam Lai (Retired on 23 May 2012)	3/3	100
Mr. Too Kok Leng	8/8	100
En. Roslan Bin Mohd Latif	8/8	100
Dato' Mohzani Bin Datuk Dr. Abdul Wahab (Resigned on 18 October 2012)	5/7	71
Dato' Mohamad Norza Bin Haji Zakaria	7/8	88
Nor Badli Munawir Bin Mohamad Alias Lafti (Appointed on 25 May 2012)	4/4	100
Dr. Samad Bin Solbai (Appointed on 25 May 2012)	4/4	100
Dato' Md. Yusop Bin Omar (Appointed on 25 May 2012)	3/4	75

FOSTER COMMITMENT (CONT'D)

Time Commitment (cont'd)

Audit Committee Meetings

Directors	No. of Meeting Attended	Percentage %
Mr. Leou Thiam Lai (Retired on 23 May 2012)	2/2	100
Dato' Mohamad Norza Bin Haji Zakaria	4/4	100
Dato' Md. Zahari Bin Md. Zin	5/6	83
Mr. Too Kok Leng	6/6	100

Training

All directors have successfully completed the Mandatory Accreditation Programme conducted by a body approved by the Bursa Malaysia Securities Berhad ("Bursa Securities") and will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the company operates and the latest developments in order to discharge their duties and responsibilities more effectively.

Updates on the Code of Corporate Governance 2012, Companies Act, 1965 and the Listing Requirements were given by the Company Secretaries to all Directors to facilitate knowledge enhancement in the areas of the Code of Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, trainings, workshops and conference to update themselves the knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

Wherever there is a need, the Board calls for an in house briefing or talk in relation to a topic or a new legislation or current developments in the regulatory and compliance requirement.

For the financial year ended 31 December 2012, the Directors attended these training programmes:-

1. Update on the Corporate Governance Blueprint
2. Building an Effective Media Relationship
3. Malaysia-Philipines Palm Oil Trade Fair and Seminar
4. Offshore Technology Conference

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Company's financial statements were prepared in accordance with the requirements & the provisions of the Companies' Act, 1965 and applicable approved accounting standards in Malaysia. The Board is aware of its responsibilities and the requirements to present a balanced and comprehensive assessment of the Group's financial position, by means of the annual and quarterly report and other published information.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy adequacy and completeness. The composition, summary of activities and terms of reference of the Audit Committee can be found in the Audit Committee Report on pages 25 to 30.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to paragraph 15.26(a) of the Bursa Securities Listing Requirements is set out on page 40 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditor. Audit Committee, having satisfied with the external auditors' performance will recommend their reappointment to the Board and seek shareholder's approval during AGM.

The Company has established a professional and transparent relationship with the external auditors, and the external auditors are given access to books and records of the Company at all times.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risks

The Board of Directors also recognises that effective risk management is an integral part of good business management practice. The Board of Directors is committed to implement an effective risk management framework which will allow management to identify, evaluate and manage risk with defined risk profiles.

Internal Audit Function

The Board has established an internal audit function for the Group to obtain sufficient assurance of regular review and/or appraisal of the effectiveness of the system of internal controls with the Company and the Group.

The overview of the state of internal controls within the Group is presented in the Statement of Internal Control of page 42 to 43 of this Annual Report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company recognises the importance of Corporate Disclosure which emphasis on transparent, consistent and coherent communications with investment community and shareholders. The Company seeks to build relationship with its shareholders and potential investors by providing sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. The Investors Relation section provides bursa announcements, annual reports, investor relation contacts and stock performance of the Company.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meeting

The Annual General Meeting (AGM) is a crucial platform where the Company's shareholders meet and exchange views with the Board. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report twenty-one (21) days before the scheduled meeting.

The Chairman and all other members of the Board will be in attendance to answer all queries that may be raised during the Questions and Answers Session.

Encourage Poll Voting

There will not be any substantive resolution to be put forth shareholders' approval at the forthcoming Annual General Meeting. Nevertheless, the Company would conduct poll voting if demanded by shareholders at the General Meeting.

Effective Communication and Proactive Engagement

The group's senior management views continuous and frequent interaction with its shareholders and investors as a key component of good Corporate Governance. In line with this, the group has diligently practiced relevant and timely disclosure of material corporate developments as stipulated by the disclosure requirements of Bursa's Listing Requirements.

Apart from official announcements through Bursa Securities' website, the group strives to ensure the corporate developments are adequately and correctly conveyed to the general and investing public.

THHE is a corporate member of The Malaysian Investor Relations Association, which is fully sponsored by Bursa Malaysia Securities Berhad. Care is taken to ensure all information being disseminated and conveyed via the group's website, Bursa announcements and press interviews are authorised, accurate and timely.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies' Act, 1965 ("the Act") requires the Directors to lay before the Company ("TH Heavy Engineering Berhad") at its Annual General Meeting, the financial statements, which includes the consolidated statements consisting of the consolidated statement of financial position and the consolidated statement of comprehensive income of the Company and its subsidiaries ("the Group") for each financial year, made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Paragraph 15.26 (a) of Bursa Malaysia Securities Berhad, Main Market Listing Requirements.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year ended 31 December 2012.

The financial statements of the Company and the Group for the financial year in review are set out on pages 44 to 110 of this Annual Report.

In the preparation of the financial statements, the Directors are satisfied that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also confirm that all accounting standards which they consider to be applicable have been complied with.

The Directors are required under the Act to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company, and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

ADDITIONAL COMPLIANCE INFORMATION

1. **Share Buy-Back**

   The Company did not enter into any share buy-backs transactions during the financial year ended 31 December 2012.

2. **Options, Warrants or Convertible Securities**

   On 20 December 2004, the Company issued 237,800,000 warrants pursuant to the Corporate Restructuring Scheme. There was no warrants exercised during the financial year ended 31 December 2012.

   There was no issuance of Options, Warrants or Convertible Securities during the financial year ended 31 December 2012.

3. **Depository Receipt ("DR") Programme**

   The Company did not sponsor any DR programme during the financial year ended 31 December 2012.

4. **Imposition of Sanctions and/or Penalties**

   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory bodies during the financial year ended 31 December 2012.

5. **Non-Audit Fees**

   Non-audit fees incurred during the financial year ended 31 December 2012 amounted to approximately RM1.9 million.

6. **Variation in Results**

   There was no material variation between the audited results for the financial year ended 31 December 2012 and the unaudited results announced by the Company earlier.

7. **Profit Forecast/Projection**

	Actual 31.12.2012 RM'000	Forecast 31.12.2012 RM'000
Revenue	190,375	250,000
Profit before tax	30,303	37,413
Tax expense	(6,130)	(10,891)
Profit after tax	24,173	26,522

   There were no significant variance noted between the forecasted and the actual achieved figures. The variance are mainly due to the timing difference on the award of the secured project.

8. **Material contracts involving Directors and major Shareholders' interest.**

   There was no material contract entered into by the Company or its subsidiaries involving Directors and Major Shareholders' interest in the financial year ended 31 December 2012.

9. **Recurrent Related Party Transactions of Revenue or Trading Nature.**

   There was no recurrent related party transactions during the financial year ended 31 December 2012.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") of TH Heavy Engineering Berhad is pleased to present its Statement on Risk Management and Internal Control of the Group for the year ended 31 December 2012 in line with the Listing Requirements of Bursa Securities.

The Board is committed to fulfilling its responsibility of maintaining a sound risk management framework and system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility and is committed to maintain a sound system of internal control and ensure its adequacy and integrity so as to safeguard shareholders' investments and the Group's assets. The Board and Management have implemented an internal control system designed to identify and manage the risks facing the Group in pursuit of its business objectives.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEM

Independent Audit Committee

The Audit Committee comprises of all Non-Executive Directors, who are also independent of the management. It has an overall responsibility to assist the Board in fulfilling its responsibilities for the financial reporting process, the system of internal control, the audit process and the Group's process for monitoring compliance with laws and regulations.

Internal Audit Department

The Internal Audit Department serves as a corporate resource in support of the Audit Committee to fulfil its responsibilities. It independently review the control processes implemented by the Management and reports the findings and recommendations directly to the Audit Committee.

Risk Management

The Board recognises that having a formal risk management framework in place is essential to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives.

Management reports regularly on the management of risks to the Board on all major business risks faced by the Group and the adequacy of internal controls to manage those risks. Any significant changes in the business and the external environment which may result in significant risks will be reported to the Audit Committee and Board accordingly.

The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measure is serves as an ongoing process. The said process is regularly reviewed by the Board and accords with the Statement on Internal Control – Guidance for Directors of Public Listed Companies.

Approval of Major Decisions

All major decisions require the final approval of the Board and are only made after appropriate in-depth studies have been conducted. Matters that require the Board's approval include acceptance and award of major contracts, major investments and financial decisions.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's system of internal control are as follows:

Clear and Structured Organisational Reporting Lines

The Group has a well-defined organisation structure that is aligned to its business requirements and also to ensure check and balance through segregation of duties. Clear reporting lines and authority limits govern the approval process, driven by Limits of Authority set by the Board. All key strategic, business and investment plans are approved and monitored by the Board. Comprehensive Board papers, which include both financial and non-financial matters such as cash flow forecasts, business strategies, corporate exercise, and any other key matters to consider of the Group, were escalated to the Board for deliberation and approval.

Management Systems, Policies and Procedures

The Group established several management systems to improve its management and operational efficiency. The management systems have been certified to international standards such as ISO 9001:2008 for Quality Management System, ISO 14001:2004 for Environmental Management System and 18001:2007 for Health and Safety Management System both at the corporate office and business units.

Written Policies and Procedures are established at all levels within the Group as part of the various management systems. These policies and procedures are reviewed regularly and updated when necessary. Briefings or trainings are provided to stakeholders such as employees, contractors and customers.

Strategic Business Planning, Budgeting and Reporting

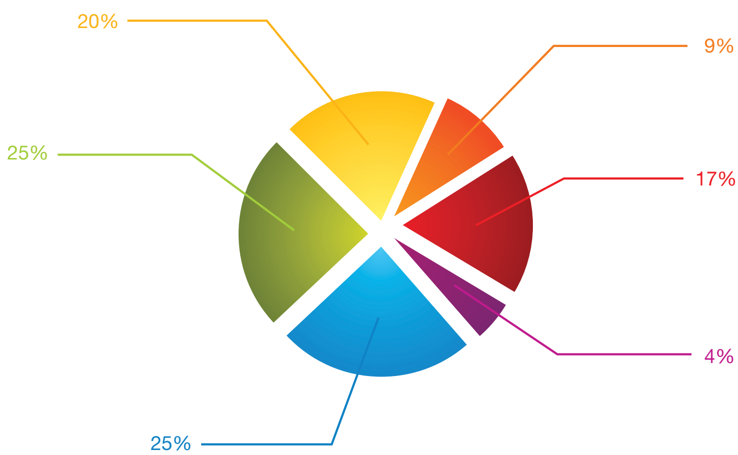
The Group's overall strategic business plan that maps out its objectives and business direction was presented by the Management to the Board for their deliberation and clearance. The Management has provided the Board with regular updates on the corporate activities as well as the progress of work activities within the Group. The Management also regularly reviewed with the Board, issues covering, but not restricted to, strategy, performance, resources and standards of business conduct.

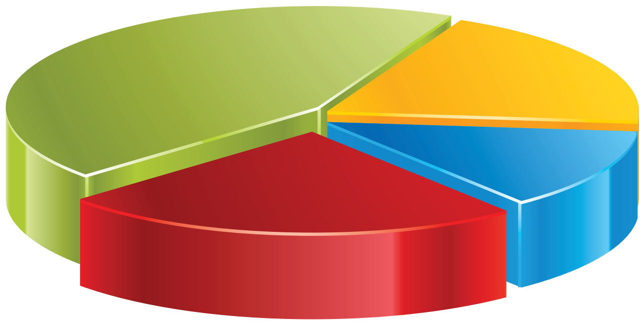
Conclusion

The Statement on Risk Management and Internal Control has been prepared in accordance with the Guidance for Directors of Public Listed Companies and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is of the view that the current statement of internal control of the Group that has been put in place is adequate and satisfactory. Going forward; the Board will continue to monitor all risks faced by the Group including taking appropriate mitigating actions in its efforts to enhance the system of internal control.

FINANCIAL STATEMENTS





DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

CHANGE OF COMPANY NAME

During the financial year, the Company changed its name from Ramunia Holdings Berhad to TH Heavy Engineering Berhad.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	24,172,503	89,954,621
Non-controlling interests	-	-
	24,172,503	89,954,621

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

- Datuk Azizan Bin Abd. Rahman (Chairman)
- Dato' Md. Zahari Bin Md. Zin
- Dato' Mohamad Norza Bin Haji Zakaria
- Roslan Bin Mohd Latif
- Too Kok Leng
- Nor Badli Munawir Bin Mohamad Alias Lafti (Appointed on 25.5.2012)
- Dato' Md. Yusop Bin Omar (Appointed on 25.5.2012)
- Dr. Samad Bin Solbai (Appointed on 25.5.2012)
- Dato' Azizul Rahman Bin Abd. Samad (Retired on 23.5.2012)
- Leou Thiam Lai (Retired on 23.5.2012)
- Dato' Mohzani Bin Datuk Dr. Abdul Wahab (Resigned on 18.10.2012)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year and (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.25 each			
	At date of appointment	Bought	Sold	At 31.12.2012
Direct interest				
Nor Badli Munawir Bin Mohamad Alias Lafti	-	1,400,000	-	1,400,000

	Number of warrants			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct interest				
Roslan Bin Mohd Latif	207,906	-	(200,000)	7,906

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares of RM0.25 each were issued:

Date of issue	Purpose of issue	Class of shares	Number of shares	Terms of issue
10.8.2012	Rights issue	Ordinary	265,135,810	Cash

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DETACHABLE WARRANTS 2004/2014

On 20 December 2004, a total of 237,800,000 Detachable Warrants 2004/2014 were issued. The Company has 237,333,371 (31.12.2011: 237,333,371; 1.11.2010: 237,333,371) units of unexercised warrants at the end of the financial year.

The salient features of the Detachable Warrants 2004/2014 are disclosed in Note 12 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the finacial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors, except as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Datuk Azizan Bin Abd. Rahman

....

Nor Badli Munawir Bin Mohamad Alias Lafti

Kuala Lumpur

Date: 15 April 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 110 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Datuk Azizan Bin Abd. Rahman

....

Nor Badli Munawir Bin Mohamad Alias Lafti

Kuala Lumpur

Date: 15 April 2013

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, John George Ritchie, the Chief Financial Officer primarily responsible for the financial management of TH Heavy Engineering Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 15 April 2013.

....

John George Ritchie

Before me:

Commision for Oaths

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TH Heavy Engineering Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 109.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports of the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 on page 110 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 1 (a) to the financial statements, TH Heavy Engineering Berhad adopted Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") on 1 January 2012 with a transition date of 1 November 2010. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 November 2010, and the statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRSs and IFRSs, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang
Approval Number: 2012/11/14(J)
Chartered Accountant

Petaling Jaya

Date: 15 April 2013

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.11.2010 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.11.2010 RM
Assets							
Property, plant and equipment	3	147,009,791	279,361,118	1,909,509	1,669,748	5,385,239	1,569,001
Intangible assets	4	70,998	6,815	14,155	-	-	-
Investment in subsidiaries	5	-	-	-	67,100,006	52,000,008	52,000,000
Other investment	6	-	-	-	-	-	-
Deferred tax assets	7	4,310,951	19,500,000	25,500,000	-	-	-
Trade receivables	9	12,904,413	-	-	-	-	-
Total non-current assets		164,296,153	298,867,933	27,423,664	68,769,754	57,385,247	53,569,001
Inventories	8	830,733	2,571,117	2,291,578	16,636	-	-
Trade and other receivables	9	111,114,074	28,053,799	34,209,308	166,787,957	80,873,691	6,461,996
Prepayments		976,158	1,303,814	136,432	209,734	1,242,611	57,979
Cash and cash equivalents	10	47,011,182	48,483,655	131,549,278	21,392,596	39,222,693	81,509,524
Asset classified as held for sale	11	289,278,260	-	-	-	-	-
Total current assets		449,210,407	80,412,385	168,186,596	188,406,923	121,338,995	88,029,499
Total assets		613,506,560	379,280,318	195,610,260	257,176,677	178,724,242	141,598,500
Equity							
Share capital	12	231,993,834	331,419,763	331,419,763	231,993,834	331,419,763	331,419,763
Share premium		38,690,208	97,527,749	97,527,749	38,690,208	97,527,749	97,527,749
Revaluation reserves	12	28,317,138	-	-	-	-	-
Retained profits/(Accumulated losses)		12,016,102	(275,394,032)	(263,953,285)	(15,865,481)	(369,057,733)	(368,714,204)
Total equity attributable to owners of the Company		311,017,282	153,553,480	164,994,227	254,818,713	59,889,779	60,233,308
Liabilities							
Deferred tax liabilities	7	107,860	21,250	-	-	-	-
Borrowings	13	192,884	196,651,536	-	-	-	-
Total non-current liabilities		300,744	196,672,786	-	-	-	-
Current liabilities							
Trade and other payables	14	102,760,816	29,054,052	30,616,033	2,204,089	118,834,463	81,365,192
Borrowings	13	199,273,691	-	-	-	-	-
Current tax liability		154,027	-	-	154,027	-	-
Total current liabilities		302,188,534	29,054,052	30,616,033	2, 358,116	118,834,463	81,365,192
Total liabilities		302,489,278	225,726,838	30,616,033	2,358,116	118,834,463	81,365,192
Total equity and liabilities		613,506,560	379,280,318	195,610,260	257,176,677	178,724,242	141,598,500

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group Year ended 31.12.2012 RM	Group 1.11.2010 to 31.12.2011 RM Restated	Company Year ended 31.12.2012 RM	Company 1.11.2010 to 31.12.2011 RM Restated
Revenue	15	190,374,299	22,841,640	86,823,020	-
Cost of sales		(123,564,662)	(9,790,791)	-	-
Gross profit		66,809,637	13,050,849	86,823,020	-
Other income		2,914,602	25,449,473	18,835,241	22,035,974
Administrative expenses		(29,627,996)	(34,351,477)	(9,070,055	(20,475,182)
Other expenses		(6,730,829)	(8,879,228)	(6,326,198)	(1,819,168)
Results from operating activities		33,365,414	(4,730,383)	90,262,008	(258,376)
Finance costs	16	(3,062,916)	(637,149)	(14,002)	(85,153)
Profit/(Loss) before tax	17	30,302,498	(5,367,532)	90,248,006	(343,529)
Tax expense	19	(6,129,995)	(6,073,215)	(293,385)	-
Profit/(Loss) for the year/period		24,172,503	(11,440,747)	89,954,621	(343,529)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment	20	28,317,138	-	-	-
Total comprehensive income/(loss) for the year/period		52,489,641	(11,440,747)	89,954,621	(343,529)
Profit attributable to:					
Owners of the Company		24,172,503	(11,440,747)		
Total comprehensive income attributable to:					
Owners of the Company		52,489,641	(11,440,747)		
Basic earnings/(loss) per ordinary share (sen)	20	3.15	(1.73)		

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	← Attributable to owners of the Company				→
	Share capital (Note 12) RM	Share premium RM	Revaluation reserves RM	(Accumulated losses)/ Retained profits RM	Total RM
Group					
At 1 November 2010	**331,419,763**	**97,527,749**	**-**	**(263,953,285)**	**164,994,227**
Loss and comprehensive loss for the period	-	-	-	(11,440,747)	(11,440,747)
At 31 December 2011 / 1 January 2012	**331,419,763**	**97,527,749**	**-**	**(275,394,032)**	**153,553,480**
Credit arising from revaluation reserves	-	-	28,317,138	-	28,317,138
Profit for the year	-	-	-	24,172,503	24,172,503
Total comprehensive income for the year	-	-	28,317,138	24,172,503	52,489,641
Credit arising from share premium reduction	-	(97,527,749)	-	97,527,749	-
Credit arising from change in par value	(165,709,882)	-	-	165,709,882	-
Issue of ordinary shares	66,283,953	39,770,371	-	-	106,054,324
Cost fo issuance of shares	-	(1,080,163)	-	-	(1,080,163)
Total transactions with owners of the company	(99,425,929)	(58,837,541)	-	263,237,631	104,974,161
At 31 December 2012	**231,993,834**	**38,690,208**	**28,317,138**	**12,016,102**	**311,017,282**

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	← Attributable to owners of the Company			→
	Share capital (Note 12) RM	Share premium RM	Accumulated losses RM	Total RM
Company				
At 1 November 2010	**331,419,763**	**97,527,749**	**(368,714,204)**	**60,233,308**
Loss and comprehensive loss for the period	-	-	(343,529)	(343,529)
At 31 December 2011 / 1 January 2012	**331,419,763**	**97,527,749**	**(369,057,733)**	**59,889,779**
Profit and comprehensive income for the year	-	-	89,954,621	89,954,621
Total comprehensive income for the year	-	-	89,954,621	89,954,621
Credit arising from share premium reduction	-	(97,527,749)	97,527,749	-
Credit arising from change in par value	(165,709,882)	-	165,709,882	-
Issue of ordinary shares	66,283,953	39,770,371	-	106,054,324
Cost of issuance of shares	-	(1,080,163)	-	(1,080,163)
Total transactions with owners of the company	(99,425,929)	(58,837,541)	263,237,631	104,974,161
At 31 December 2012	**231,993,834**	**38,690,208**	**(15,865,481)**	**254,818,561**

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Cash flows from operating activities					
Profit/(Loss) before tax		30,302,498	(5,367,532)	90,248,006	(343,529)
Adjustments for:					
Amortisation of intangible assets		13,265	7,340	-	-
Bad debts written off		27,430	137,766	27,430	-
Deposits written off		3,600	133,356	-	-
Depreciation of property, plant and equipment		4,488,696	911,810	372,379	363,245
Discounts granted by Court		-	(2,173,934)	-	-
Discounts received from third party		(145,218)	(241,228)	-	(240,590)
Dividend income	(i)	-	-	(78,856,803)	-
Gain on disposal of property, plant and equipment		(7,999)	(18,763)	-	(1,810)
Impairment loss on:					
- Trade receivables		-	206,804	-	-
- Other receivables		4,723,829	4,553,788	3,998,034	500,070
Finance costs		3,062,916	637,149	14,002	85,153
Finance income		(680,529)	(2,893,302)	(624,732)	(2,158,789)
Inventories written off		-	576,453	-	-
Property, plant and equipment written off		-	78	-	-
Provision for legal claim		-	1,800,000	-	-
Reversal of impairment loss on:					
- Investment in subsidiaries		-	-	(15,000,000)	-
- Other receivables		-	(420,000)	-	-
- Subsidiaries		-	-	(2,527,330)	(1,974,531)
Waiver of debts to subsidiaries		-	-	8,456	1,704,564
Operating profit/(loss) before changes in working capital		**41,788,488**	**(2,150,215)**	**(2,340,558)**	**(2,066,217)**

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital		41,788,488	(2,150,215)	(2,340,558)	(2,066,217)
Changes in working capital:					
Inventories		1,740,384	(855,992)	(16,636)	-
Trade and other receivables and prepayments		(100,217,262)	376,413	(83,027,457)	(75,826,430)
Trade and other payables		73,851,982	(946,819)	(37,773,571)	37,709,861
Net cash generated from/(used in) operations		17,163,592	(3,576,613)	(123,158,222)	(40,182,786)
Interests received		680,529	2,893,302	624,732	2,158,789
Interests paid		(643,053)	(96,630)	(14,002)	(85,153)
Tax paid		(139,358)	(51,965)	(139,358)	-
Net cash generated from/(used in) operating activities		17,061,710	(831,906)	(122,686,850)	(38,109,150)
Cash flows from investing activities					
Acquisition of intangible assets		(77,448)	-	-	-
Acquisition of property, plant and equipment	(ii)	(123,434,443)	(278,374,085)	(17,410)	(4,181,383)
Additional investment in subsidiaries		-	-	(99,998)	(8)
Decrease/(Increase) in pledged deposits placed with licensed banks, net		9,063,788	(39,458,435)	20,513,865	(31,893,000)
Proceeds from disposal of property, plant and equipment		8,000	29,351	-	3,710
Net cash (used in)/generated from investing activities		(114,440,103)	(317,803,169)	20,396,457	(36,070,681)

	Note	Group		Company	
		Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Cash flows from financing activities					
Proceeds from issuance of shares		106,054,324	-	106,054,324	-
Cost of issuance of shares		(1,080,163)	-	(1,080,163)	-
(Repayment)/Drawdown of term loans		(20,000,000)	201,300,000	-	-
Payment for transaction costs		-	(5,188,983)	-	-
Proceed from loans and borrowings		20,000,000	-	-	-
Repayment of finance lease liabilities		(4,453)	-	-	-
Net cash generated from financing activities		104,969,708	196,111,017	104,974,161	-
Net increase/(decrease) in cash and cash equivalents		7,591,315	(122,524,058)	2,683,768	(74,179,831)
Cash and cash equivalents at beginning of year/period		9,025,220	131,549,278	7,329,693	81,509,524
Cash and cash equivalents at end of year/period	**(iii)**	16,616,535	9,025,220	10,013,461	7,329,693

(i) Non - cash transaction

Investing activities

During the financial year, the Company received dividends from a subsidiary amounting to RM78,856,803 (2011:Nil) via offsetting the amount due from the respective subsidiary.

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM123,659,443 (2011: RM278,374,085) of which RM225,000 (2011:Nil) was acquired by means of finance lease.

(iii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	10	16,616,535	2,966,424	10,013,461	1,566,076
Deposit placed with licensed banks	10	30,394,647	45,517,231	11,379,135	37,656,617
		47,011,182	48,483,655	21,392,596	39,222,693
Less: Pledged deposits		(30,394,647)	(39,458,435)	(11,379,135)	(31,893,000)
		16,616,535	9,025,220	10,013,461	7,329,693

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

TH Heavy Engineering Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Level 23, Tower B
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

Registered office
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2012 do not include other entities.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 April 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accodance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 30.

The Group and the Company have early adopted the amendments to MFRS 101, Presentation of Financial Statements which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statements of profit or loss and other comprehensive income.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy for financial assets. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company upon their first adoption.

1. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than those disclosed in the following notes:

(i) Key sources of estimation uncertainty

Deferred tax assets

Deferred tax assets are recognised for unabsorbed re-investment allowances, unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences to the extent that it is probable that taxable profits will be available against which the unabsorbed re-investment allowances, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

(ii) *Critical judgement made in applying accounting policies*

Construction contract

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimate of the stage of contract completion. Using experience gained on each contract and taking into account of the expectation of the time and materials required to complete the contract, management uses budgeting tools to estimate the profitability of the contract at any time.

Construction contract accounting required that variation, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process often takes some time, a judgement is required to be made of its probability and revenue to be recognised accordingly.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 November 2010 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 November 2010

For acquisitions on or after 1 November 2010, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, which the Group incurs in connection with a business combinations are expensed as incurred.

Acquisitions before 1 November 2010

As part of its transition to MFRS, the group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 November 2010. Goodwill arising from acquisition before 1 November 2010 has been carried forward from the previous FRS framework as at the date of transition.

(iii) *Acquisitions of non-controlling interests*

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

(vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) *Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially transferring all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its long-term leasehold land and building and yard infrastructure every five (5) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to the date of revaluation are stated at cost until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserves account. Any deficit arising is offset against the revaluation reserves to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from other equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

•	Building	2%
•	Furniture, fittings and equipment	10%
•	Renovation	10%
•	Plant and machineries	6 - 33.33%
•	Motor vehicles	20%
•	Yard infrastructure	20 - 50%
•	Computers	33.33%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which is substance is a finance lease is classified as property, plant and equipment.

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under an operating lease, the leased assets are not recognised in the statement of financial position of the Group or the Company.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets

(i) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- License fees 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal group are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Amount due from/(to) contract customers

Amount due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Amount due from contract customers is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the trade and other payables in the statement of financial position.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as held for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is not redeemable, or is redeemable but only at the Company's option, and any dividends discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, of if dividends are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue and other income

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(iii) Services

Revenue from manpower services is recognised in profit or loss on the accrued basis based on the services rendered.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and other income (cont'd)

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land and building RM	Yard infrastructure RM	Plant and machineries RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Group									
Cost/Valuation									
At 1 November 2010	-	-	-	274,754	1,401,500	760,946	3,687,668	-	6,124,868
Additions	-	1,974,750	1,698,175	262,055	354,633	-	3,572,465	270,512,007	278,374,085
Disposals	-	-	-	(4,699)	-	(95,282)	(124,503)	-	(224,484)
Written off	-	-	-	-	-	-	(2,381,352)	-	(2,381,352)
Reclassification	-	-	-	748,839	(737,539)	-	(11,300)	-	-
At 31 December 2011/ 1 January 2012	-	1,974,750	1,698,175	1,280,949	1,018,594	665,664	4,742,978	270,512,007	281,893,117
Additions	64,477,590	18,516,414	19,131,509	152,362	-	355,337	2,259,978	18,766,253	123,659,443
Revaluation	35,036,410	2,719,777	-	-	-	-	-	-	37,756,187
Elimination of accumulated depreciation on revaluation	(464,002)	(2,256,827)	-	-	-	-	-	-	(2,720,829)
Disposals	-	-	-	-	-	(85,975)	-	-	(85,975)
Transferred to asset held for sale	-	-	-	-	-	-	-	(289,278,260)	(289,278,260)
At 31 December 2012	99,049,998	20,954,114	20,829,684	1,433,311	1,018,594	935,026	7,002,956	-	151,223,683
Representing items at:									
Cost	-	-	20,829,684	1,433,311	1,018,594	935,026	7,002,956	-	31,219,571
Valuation - 2012	99,049,998	20,954,114	-	-	-	-	-	-	120,004,112
At 31 December 2012	99,049,998	20,954,114	20,829,684	1,433,311	1,018,594	935,026	7,002,956	-	151,223,683

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term leasehold land and building RM	Yard infrastructure RM	Plant and machineries RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Group									
Accumulated depreciation									
At 1 November 2010	-	-	-	118,367	11,680	494,696	3,590,616	-	4,215,359
Depreciation for the period	-	266,667	115,399	132,677	109,642	150,863	136,562	-	911,810
Disposals	-	-	-	(2,545)	-	(86,864)	(124,487)	-	(213,896)
Written off	-	-	-	-	-	-	(2,381,274)	-	(2,381,274)
Reclassification	-	-	-	6,774	(6,146)	-	(628)	-	-
At 31 December 2011/ 1 January 2012	-	266,667	115,399	255,273	115,176	558,695	1,220,789	-	2,531,999
Depreciation for the year	464,002	1,990,160	639,382	138,077	95,713	82,733	1,078,629	-	4,488,696
Disposals	-	-	-	-	-	(85,974)	-	-	(85,974)
Elimination of accumulated depreciation on revaluation	(464,002)	(2,256,827)	-	-	-	-	-	-	(2,720,829)
At 31 December 2012	-	-	754,781	393,350	210,889	555,454	2,299,418	-	4,213,892
Carrying amounts									
At 1 November 2010	-	-	-	156,387	1,389,820	266,250	97,052	-	1,909,509
At 31 December 2011/ 1 January 2012	-	1,708,083	1,582,776	1,025,676	903,418	106,969	3,522,189	270,512,007	279,361,118
At 31 December 2012	99,049,998	20,954,114	20,074,903	1,039,961	807,705	379,572	4,703,538	-	147,009,791

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Total RM
Company					
Cost					
At 1 November 2010	5,185	1,401,500	337,465	52,754	1,796,904
Additions	249,725	360,133	-	3,571,525	4,181,383
Disposals	-	-	(11,400)	-	(11,400)
Reclassification	748,839	(737,539)	-	(11,300)	-
At 31 December 2011/1 January 2012	1,003,749	1,024,094	326,065	3,612,979	5,966,887
Additions	13,405	-	-	4,005	17,410
Reclassification	5,500	(5,500)	-	-	-
Transfer to a subsidiary company	-	-	-	(3,360,522)	(3,360,522)
At 31 December 2012	1,022,654	1,018,594	326,065	256,462	2,623,775

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Computers RM	Total RM
Company					
Accumulated depreciation					
At 1 November 2010	226	11,680	194,681	21,316	227,903
Depreciation for the period	73,283	134,227	74,383	81,352	363,245
Additions through inter-company transfer	-	-	(9,500)	-	(9,500)
Reclassification	26,468	(24,585)	-	(1,883)	-
At 31 December 2011/1 January 2012	99,977	121,322	259,564	100,785	581,648
Depreciation for the year	105,579	95,713	38,000	133,087	372,379
At 31 December 2012	205,556	217,035	297,564	233,872	954,027
Carrying amounts					
At 1 November 2010	4,959	1,389,820	142,784	31,438	1,569,001
At 31 December 2011/1 January 2012	903,772	902,772	66,501	3,512,194	5,385,239
At 31 December 2012	817,098	801,559	28,501	22,590	1,669,748

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Security

The capital work-in progress in the previous period is mortagaged for bank facility granted to a subsidiary.

In the current year, the leasehold land and buildings are charged for a bridging loan granted to a subsidiary (Note 13).

3.1 Properties under revaluation model

Leasehold land and buildings and yard infrastructure were revalued are based on valuation carried out on 5 December 2012 by Mr. Irhamy Ahmad, an independant registered professional value with Irhamy & Co. using the open market valuation method.

Had the leasehold land and buildings and yard infrastructure been carried under the cost model, the carrying amounts would have been RM64,013,588 and RM18,234,337 respectively.

3.2 Assets under finance lease

Included in property, plant and equipment of the Group is the motor vehicles acquired under finance lease agreements with a net carrying amount of RM252,070 (31.12.2011:Nil; 1.11.2010:Nil).

3.3 Included in the Group's capital work-in-progress are capitalisation of financing costs amounting to RM17,417,648 (31.12.2011: RM3,602,443; 1.11.2010: Nil).

4. INTANGIBLE ASSETS

	License fees RM
Group	
Cost	
At 1 November 2010/31 December 2011	18,873
Additions during the year	77,448
At 31 December 2012	96,321
Accumulated amortisation	
At 1 November 2010	4,718
Amortisation for the period	7,340
At 31 December 2011	12,058
Amortisation for the year	13,265
At 31 December 2012	25,323
Carrying amounts	
At 1 November 2010	14,155
At 31 December 2011/1 January 2012	6,815
At 31 December 2012	70,998

5. INVESTMENTS IN SUBSIDIARIES

	Company		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
At cost:			
Unquoted shares	397,100,013	397,000,015	397,000,007
Less: Accumulated impairment loss	(330,000,007)	(345,000,007)	(345,000,007)
	67,100,006	52,000,008	52,000,000

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.11.2010 %
THHE Fabricators Sdn. Bhd. (Formerly known as Ramunia Fabricators Sdn. Bhd.)	Malaysia	Construction services with EPCIC capability for the oil & gas and related industries	100	100	100
O & G Works Sdn. Bhd.	Malaysia	Manufacturing and maintenance of offshore cranes	100	100	100
Globe World Realty Sdn. Bhd.	Malaysia	Dormant	100	100	100
THHE Training Services Sdn. Bhd. (Formerly known as Ramunia Training Services Sdn. Bhd.)	Malaysia	Dormant	100	100	100
THHE Optima Sdn. Bhd. (Formerly known as Ramunia Optima Sdn. Bhd.)	Malaysia	Dormant	100	100	100
Ramunia International Services Ltd.*	Hong Kong	Dormant	100	100	100
Floatech (M) Sdn. Bhd.	Malaysia	Dormant	100	100	-
Floatech (L) Ltd.	Labuan	Ownership in a FPSO^	100	100	-
MS Herkules Sdn. Bhd.	Malaysia	Liquidated	-	90	90
Asian Tubular Sdn. Bhd.	Malaysia	Liquidated	-	70	70
RISL Engineering Sdn. Bhd.	Malaysia	Liquidated	-	100	100

** Not audited by KPMG and was consolidated based on management accounts for the financial year ended 31 December 2012. No audited financial statements are available and the results of the subsidiary is immaterial to the Group.*

^ Floating Production, Storage and Offloading vessel

6. OTHER INVESTMENT

	Group and Company		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Unquoted bond, at cost	-	-	4,000,000
Less: Accumulated impairment loss	-	-	(4,000,000)
	-	-	-

7. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Group									
Property, plant and equipment	-	-	-	-	(60,129)	-	-	(60,129)	-
Provision	-	-	-	(125,605)	13,630	-	(125,605)	13,630	-
Tax loss carry-forward	13,750,000	19,500,000	25,500,000	13,536	9,966	-	13,763,536	19,509,966	25,500,000
Unabsorbed capital allowances	-	-	-	4,209	15,283	-	4,209	15,283	-
Revaluation of property, plant and equipment	(9,439,049)	-	-	-	-	-	(9,439,049)	-	-
Net tax assets/(liabilities)	4,310,951	19,500,000	25,500,000	(107,860)	(21,250)	-	4,203,091	19,478,750	25,500,000

Movement in temporary differences during the year

	At 1.11.2010 RM	Recognised in profit or loss (Note 19) RM	At 31.12.2011 RM	Recognised in profit or loss (Note 19) RM	Recognised in other comprehensive income (Note 19) RM	At 31.12.2012 RM
Group						
Property, plant and equipment	-	(60,129)	(60,129)	60,129	-	-
Provision	-	13,630	13,630	(139,235)	-	(125,605)
Tax loss carry-forward	25,500,000	(5,990,034)	19,509,966	(5,746,430)	-	13,763,536
Revaluation of property, plant and equipment	-	-	-	-	(9,439,049)	(9,439,049)
Unabsorbed capital allowances	-	15,283	15,283	(11,074)	-	4,209
	25,500,000	(6,021,250)	19,478,750	(5,836,610)	(9,439,049)	4,203,091

7. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Unrecognised deferred tax assets/(liabilities)

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Tax loss carry-forward	166,582,000	169,549,000	141,297,000
Unabsorbed capital allowances	-	1,178,000	-
Provision	13,973,000	13,247,000	18,012,000
Property, plant and equipment	(12,960,000)	(782,000)	(29,000)
	167,595,000	183,192,000	159,280,000

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable the future taxable profit will be available against which the Group can utilise the benefits therefrom.

8. INVENTORIES

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Raw materials and consumables	830,733	2,571,117	2,291,578	16,636	-	-
Recognised in profit or loss:						
Inventories recognised as cost of sales	1,740,384	35,755	2,577,452	-	-	-
Inventories wrriten off	-	576,453	156,392	-	-	-
Write down to net realisable value	-	-	1,991,009	-	-	-

9. TRADE AND OTHER RECEIVABLES

	Note	Group			Company		
		31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Non-current							
Trade receivables		12,904,413	-	-	-	-	-
Current							
Trade							
Trade receivables		51,651,932	14,824,407	19,585,622	-	-	-
Less: Impairment loss	9.1	(2,684,774)	(2,684,774)	(9,916,900)	-	-	-
		48,967,158	12,139,633	9,668,722	-	-	-
Amount due from contract customers	9.2	61,022,893	5,137,734	11,162,282	-	-	-
		109,990,051	17,277,367	20,831,004	-	-	-
Non-trade							
Amount due from subsidiaries	9.3	-	-	-	166,206,521	76,529,391	30,244,888
Less: Impairment loss	9.3	-	-	-	-	(5,305,430)	(30,244,888)
		-	-	-	166,206,521	71,223,961	-
Other receivables		9,662,737	11,235,070	16,754,117	4,498,104	5,874,311	6,009,060
Advances		229,252	56,728	31,245	131,286	13,289	4,000
Deposits	9.4	726,170	4,273,980	852,039	450,150	4,263,700	457,156
Less: Impairment loss	9.4	(9,494,136)	(4,789,346)	(4,259,097)	(4,498,104)	(501,570)	(8,220)
		1,124,023	10,776,432	13,378,304	581,436	9,649,730	6,461,996
		111,114,074	28,053,799	34,209,308	166,787,957	80,873,691	6,461,996

9. TRADE AND OTHER RECEIVABLES (CONT'D)

9.1 Bad debts written off against brought forward allowance for impairment losses of the Group's trade receivables amounted to Nil (31.12.2011: RM7,438,930; 1.11.2010: Nil).

9.2 Amount due from contract customers

	Note	Group 31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Aggregate costs incurred		354,394,180	791,055,807	1,242,186,631
Add: Attributable profits/(loss)		98,016,117	15,891,358	(58,024,183)
		452,410,297	806,947,165	1,184,162,448
Less: Progress billings		(391,446,718)	(803,322,914)	(1,185,217,811)
		60,963,579	3,624,251	(1,055,363)
Amount due to contract customers	14	59,314	1,513,483	12,217,645
Amount due from contract customers		61,022,893	5,137,734	11,162,282
Additions to aggregate costs incurred during the financial year/period include:				
Depreciation		463,180	266,667	-
Hire of equipment		4,977,381	1,747,214	18,032,042
Loan interest		174,629	-	5,815,808
Overdraft interest		-	-	30

9.3 The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and are repayable demand.

Bad debts written off against brought forward allowance for impairment losses of the Company amounted to RM2,778,100 (31.12.2011: RM22,964,927; 1.11.2010: Nil).

9.4 Included in deposits of the Group and the Company is a deposit totalling Nil (31.12.2011: RM3,800,000;1.11.2010:Nil) for the acquisition of a fabrication yard.

Bad debts written off against brought forward allowance for impairment losses of the Group's and the Company's other receivables amounted to RM19,039 (31.12.2011: RM3,603,539; 1.11.2010: Nil) and RM1,500 (31.12.2011: RM6,720; 1.11.2010: Nil) respectively.

10. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Cash and bank balances	16,616,535	2,966,424	27,803,499	10,013,461	1,566,076	811,160
Deposits placed with licensed banks	30,394,647	45,517,231	103,745,779	11,379,135	37,656,617	80,698,364
	47,011,182	48,483,655	131,549,278	21,392,596	39,222,693	81,509,524

Included in the deposits placed with licensed banks of the Group and the Company are RM30,394,647 (31.12.2011: RM39,458,435; 1.11.2010: Nil) and RM11,379,135 (31.12.2011: RM31,893,000; 1.11.2010: Nil) respectively which are pledged for bank facilities granted to subsidiaries.

11. ASSET CLASSIFIED AS HELD FOR SALE

	Group		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Capital work-in-progress	289,278,260	-	-

The asset classified as held for sale comprises the capital work-in-progress in relation to the FPSO vessel. The amount was transfered from property, plant and equipment (Note 3) following the commitment of the Group's management to a plan to sell the vessel. Efforts have commenced to sell the vessel, and a sale is expected within the next 12 months. The FPSO vessel is mortgaged for a bank facilities granted to a subsidiary (Note 13).

12. CAPITAL AND RESERVES

(i) Share capital

	Par value RM	Amount RM	Number of share
Group and Company			
Authorised:			
Ordinary shares of RM0.50 each			
At 1 November 2010/31 December 2011	0.50	800,000,000	1,600,000,000
Changes in par value	0.25	(400,000,000)	-
Increase in shares	0.25	400,000,000	1,600,000,000
At 31 December 2012	0.25	800,000,000	3,200,000,000
Issued and fully paid:			
At 1 November 2010/ 31 December 2011	0.50	331,419,763	662,839,526
Credit arising from changes in par value	0.25	(165,709,882)	-
Issue of shares	0.25	66,283,953	265,135,810
At 31 December 2012	0.25	231,993,834	927,975,336

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(ii) Detachable Warrants 2004/2014

The outstanding Detachable Warrants 2004/2014 as at 31 December 2012 amounted to 237,333,371 (31.12.2011: 237,333,371; 1.11.2010: 237,333,371) units of warrants.

The salient features of the Detachable Warrants 2004/2014 are as follows:

(a) each Warrant entitles the registered holders at any time during the exercise year of ten (10) years from the date of first issue of the Warrants to subscribe for one (1) ordinary share of RM0.50 at an exercise price of RM0.51;
(b) the exercise price and/or the number of the Warrants outstanding may be adjusted in accordance with the provisions set out in the Deed Poll; and
(c) upon expiry of exercise period, any unexercised rights will lapse and cease to be valid for any purposes.

(iii) Revaluation reserves (non-distributable)

The revaluation reserves related to the revaluation of the Group's leasehold land and buildings and yard infrastructure.

13. BORROWINGS

	Note	Group 31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Non current				
Term loan - secured	13.1	-	196,651,536	-
Finance lease liabilities	13.2	192,884	-	-
		192,884	196,651,536	-
Current				
Term loan - secured	13.1	179,246,028	-	-
Bridging loan - secured	13.3	20,000,000	-	-
Finance lease liabilities	13.2	27,663	-	-
		199,273,691	-	-
		199,466,575	196,651,536	-

13.1Term loan - secured

	Group 31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Secured term loan	181,300,000	201,300,000	-
Less: Transaction costs	(5,188,983)	(5,188,983)	-
	176,111,017	196,111,017	-
Accreted interest	3,135,011	540,519	-
	179,246,028	196,651,536	-

Term loan of the Group is subject to profit rate at 3.00% (31.12.2011: 3.00%; 1.11.2010: Nil) per annum above the lender's costs of fund per annum. The profit rate is capped at 12.00% per annum. The term loan will be repaid via bullet repayment on October 2013.

Security

The term loan is secured by way of a mortgage over the FPSO vessel (see Note 11) and deposits placed with licensed banks amounting to RM10,408,834 (31.12.2011: RM14,100,000; 1.11.2010: Nil)

13. BORROWINGS (CONT'D)

13.2 Finance lease liabilities

	Group		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Future minimum lease payment	257,987	-	-
Less: Interest expense	(37,440)	-	-
Present value of minimum lease payment	220,547	-	-
Less than one year	27,663	-	-
Between one and five year	162,082	-	-
More than five years	30,802	-	-
	220,547	-	-

13.3 Bridging loan - secured

	Group		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Secured bridging loan	20,000,000	-	-

Security

The bridging loan is secured by way of a charge over all rights, interest, title and benefits of the Pulau Indah Intergrated Fabrication Yard (see Note 3).

14. TRADE AND OTHER PAYABLES

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.11.2010 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.11.2010 RM
Trade							
Trade payables		78,749,327	13,121,173	13,188,388	-	-	-
Amount due to contract customers	9.2	59,314	1,513,483	12,217,645	-	-	-
		78,808,641	14,634,656	25,406,033	-	-	-
Non-trade							
Amount due to subsidiaries	14.1	-	-	-	-	115,958,887	78,865,883
Other payables		17,716,570	5,570,885	3,226,516	1,458,677	695,195	422,864
Accrued expenses		6,235,605	8,848,511	1,983,484	745,412	2,180,381	2,076,445
		23,952,175	14,419,396	5,210,000	2,204,089	118,834,463	81,365,192
		102,760,816	29,054,052	30,616,033	2,204,089	118,834,463	81,365,192

14.1 The amount due to subsidiaries are unsecured, interest-free and repayable on demand.

15. REVENUE

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Revenue				
Construction services	181,849,800	20,208,057	-	-
Offshore crane works	8,524,499	2,633,583	-	-
Management fee	-	-	7,966,217	-
Dividend income	-	-	78,856,803	-
	190,374,299	22,841,640	86,823,020	-

16. FINANCE COSTS

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Finance cost of financial liabilities that are not at fair value through profit or loss:				
- term loan	16,409,697	4,142,962	-	-
- bridging loan	164,384	-	-	-
- other borrowings	174,629	-	-	-
	16,748,710	4,142,962	-	-
- others	304,040	96,630	14,002	85,153
	17,052,750	4,239,592	14,002	85,153
Recognised in profit or loss:				
- finance costs	3,062,916	637,149	14,002	85,153
- cost of sales	174,629	-	-	-
Capitalised on qualifying assets:				
- property, plant and equipment	13,815,205	3,602,443	-	-
	17,052,750	4,239,592	14,002	85,153

17. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of intangible assets	13,265	7,340	-	-
Auditors' remuneration				
- Statutory audit				
Auditors of the Company	135,000	120,000	60,000	55,000
Other auditors	-	2,635	-	4,500
- Other services				
Auditors of the Company	78,000	231,000	78,000	228,000
Bad debts written off	27,430	137,766	27,430	-
Deposits written off	3,600	133,356	-	-
Depreciation on property, plant and equipment	4,488,696	911,810	372,379	363,245
Discounts given to a third party	79,508	-	-	-
Impairment loss on:				
- Trade receivables	-	206,804	-	-
- Other receivables	4,723,829	4,553,788	3,998,034	500,070
Inventories written off	-	576,453	-	-
Property, plant and equipment written off	-	78	-	-
Provision for legal claim	-	1,800,000	-	-
Personnel expenses				
(including key management personnel):				
- Salaries, wages and others	17,862,473	14,536,203	3,721,556	8,480,515
- Contributions to Employees' Provident Fund	2,142,705	1,414,807	505,534	807,642
Rental of computers	153,282	212,054	-	212,054
Rental of office	1,155,000	1,155,000	462,389	1,155,000
Rental of photocopiers and equipment	113,806	192,365	28,750	35,460
Rental of storage	8,946	58,500	8,946	58,500
Rental of motor vehicle	9,629	-	6,239	2,300
Rental expense	840,000	900,000	-	900,000
Waiver debts	-	-	8,456	1,704,564

17. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
and after crediting:				
Bad debts recovered	-	-	614,468	-
Commission received	-	11,757,806	-	11,757,806
Discount granted by Court	-	2,173,934	-	-
Discount received from third party	145,218	241,228	-	240,590
Gain on disposal property, plant and equipment	7,999	18,763	-	1,810
Interest income of financial assets that are not at fair value through profit or loss				
- cash and cash equivalents				
Realised gain on foreign exchange	680,529	2,893,302	624,732	2,158,789
Rental income	15,759	2,437	6,068	1,453
Reversal of impairment loss on:	-	5,318,112	-	5,318,112
- Investment in subsidiaries	-	-	15,000,000	-
- Other receivables	-	420,000	-	-
- Subsidiaries	-	-	2,527,330	1,974,531

18. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Directors				
Fees				
- Current year	295,000	297,932	295,000	297,932
- Under provision in prior period	30,205	-	30,205	-
Contributions to Employees Provident Fund ("EPF")	147,204	-	133,200	-
Remuneration	1,227,493	466,323	1,110,620	466,323
Other key management personnel	1,699,902	764,255	1,569,205	764,255
Short-term employee benefits	2,239,045	3,702,570	1,378,025	3,096,692
Contributions to EPF	273,452	440,425	170,312	367,573
	4,212,399	4,907,250	3,177,362	4,228,520
Estimated monetary value of benefit-in-kind	258,273	218,250	241,802	191,750

Other key management personnel comprise persons other than the Directors of Company and subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

19. TAX EXPENSE

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Tax expense				
Underprovision in prior period/year	293,385	51,965	293,385	-
Deferred tax expense				
Origination and reversal of temporary differences	6,756,221	6,021,250	-	-
Overprovision in prior period	(919,611)	-	-	-
Total tax expense	6,129,995	6,073,215	293,385	-
Reconciliation of tax expense				
Profit/(Loss) excluding tax	30,302,498	(5,367,532)	90,248,006	(343,529)
Income tax calculated using Malaysian tax rates of 25%	7,575,624	(1,341,883)	22,562,002	(85,882)
Non-deductible expenses	3,586,336	4,005,244	1,917,030	725,510
Tax-exempt income	(123,409)	(2,620,111)	(24,096,034)	(639,628)
Tax savings from utilisation of capital allowances	(383,080)	-	(382,998)	-
Changes in changes in unrecognised temporary differences	(3,899,250)	5,978,000	-	-
(Over)/Underprovision in prior period/year	(626,226)	51,965	293,385	-
	6,129,995	6,073,215	293,385	-

20. OTHER COMPREHENSIVE INCOME

	2012			2011		
	Before tax RM	Tax expense RM	Net of tax RM	Before tax RM	Tax expense RM	Net of tax RM
Group						
Items that will not be reclassified subsequently to profit or loss						
Revaluation of property, plant and equipment	37,756,187	(9,439,049)	28,317,138	-	-	-

21. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 December 2012 was based on the profit/(loss) attributable to ordinary shareholders of RM24,172,503 (2011: (RM11,440,747)) and a weighted average number of ordinary shares outstanding during the year of 767,441,051 (2011: 662,839,526).

Weighted average number of ordinary shares

	Group	
	2012	2011
Issued ordinary shares at the beginning of year/period	662,839,526	662,839,526
Effect of rights issue	104,601,525	-
Weighted average number of ordinary shares in issue	767,441,051	662,839,526
Basic earnings/(loss) per ordinary share (sen)	3.15	(1.73)

Diluted earnings/(loss) per ordinary share

There is no dilution in the earnings per share of the Company in the current year/prior period as the average market values of the warrants were lower than the exercise price. Accordingly, there is no assumed full conversion of the warrants to merit adjusting for an increase in the number of ordinary shares which could result in a dilution of the Company's earnings per share.

22. OPERATING SEGMENTS

The Group has three (3) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations of the Group's reportable segments:

- Investment holding, management services and others
- Construction services with engineering, procurement, construction, installation and commissioning capability
- Offshore crane works

Performance is measured based on segment profit before tax, finance costs, depreciation and amortisation, as included in the internal management reports that are reviewed by the Chief Executive Officer, the chief operating decision maker.

Segment profit is used to measure performance as management believes that such information is the most relevant to the results of the segment.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment in the internal management report that are reviewed by the Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Geographical segment

There is no geographical information as the Group is predominantly operating in Malaysia.

22. OPERATING SEGMENTS (CONT'D)

	Construction services RM	Offshore crane works RM	Others RM	Elimination RM	Total RM
Group					
2012					
Segment profit/(loss)					
Total revenue	185,663,938	9,521,019	86,823,020	(91,633,678)	190,374,299
Total cost	(122,507,887)	(5,867,432)	-	4,810,657	(123,564,662)
Other income	1,101,373	20,138	24,968,913	(23,175,822)	2,914,602
Administrative expenses	(21,507,153)	(3,447,256)	(12,639,805)	7,966,218	(29,627,996)
Other expenses	(412,665)	(422)	6,326,198	8,456	(6,730,829)
Finance costs	(458,667)	(1,014)	(2,603,235)	-	(3,062,916)
Tax expenses	(5,750,000)	(86,610)	(293,385)	-	(6,129,995)
	36,128,939	138,423	89,929,310		24,172,503
Segment assets	294,220,337	9,922,003	546,556,948	(237,192,728)	613,506,560
Segment liabilities	163,131,754	8,144,128	301,458,424	(170,245,028)	302,489,278

	Construction services RM	Offshore crane works RM	Others RM	Elimination RM	Total RM
Group					
2011					
Segment profit/(loss)					
Total revenue	21,650,990	2,633,583	-	(1,442,933)	22,841,640
Total cost	(10,178,795)	(1,054,929)	-	1,442,933	(9,790,791)
Other income	3,405,795	983	24,624,932	(2,582,237)	25,449,473
Administrative expenses	(10,839,245)	(1,346,450)	(21,442,684)	(723,098)	(34,351,477)
Other expenses	(7,012,377)	(157,683)	(1,819,168)	110,000	(8,879,228)
Finance costs	(6,259)	(5,209)	(625,681)	-	(637,149)
Tax expenses	(6,051,965)	(21,250)	-	-	(6,073,215)
	(9,031,856)	49,045	737,399		(11,440,747)
Segment assets	85,629,584	4,352,610	532,843,526	(243,545,402)	379,280,318
Segment liabilities	18,987,078	2,713,158	403,883,216	(199,856,614)	225,726,838

22. OPERATING SEGMENTS (CONT'D)

Major customers

Revenue of approximately RM137,816,000 (2011: RM21,567,000) representing 72% (2011: 94%) of the Group revenue is derived from two (2) external customers (2011: two external customer) from the following segments:

	31.12.2012 RM	31.12.2011 RM	Segment
Customer A	56,231,000	9,769,000	Construction services
Customer B	81,585,000	11,373,000	Construction services
Customer A	-	425,000	Offshore crane works
	137,816,000	21,567,000	

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R); and
(b) Financial liabilities measured at amortised cost (FL).

	Carrying amount RM	L&R/(FL) RM
31.12.2012		
Group		
Financial assets		
Trade and other receivables	124,018,487	124,018,487
Cash and cash equivalents	47,011,182	47,011,182
	171,029,669	171,029,669
Financial liabilities		
Loans and borrowings	199,466,575	199,466,575
Trade and other payables	102,760,816	104,760,816
	302,227,391	302,227,391

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (CONT'D)

	Carrying amount RM	L&R/(FL) RM
31.12.2011		
Group		
Financial assets		
Trade and other receivables	28,053,799	28,053,799
Cash and cash equivalents	48,483,655	48,483,655
	76,537,454	76,537,454
Financial liabilities		
Loans and borrowings	(196,651,536)	(196,651,536)
Trade and other payables	(29,054,052)	(29,054,052)
	(225,705,588)	(225,705,588)
1.11.2010		
Group		
Financial assets		
Trade and other receivables	34,209,308	34,209,308
Cash and cash equivalents	131,549,278	131,549,278
	165,758,586	165,758,586
Financial liabilities		
Trade and other payables	(30,616,033)	(30,616,033)
31.12.2012		
Company		
Financial assets		
Trade and other receivables	166,787,957	166,787,957
Cash and cash equivalents	21,392,596	21,392,596
	188,180,553	188,180,553
Financial liabilities		
Trade and other payables	(2,204,089)	(2,204,089)
31.12.2011		
Company		
Financial assets		
Trade and other receivables	80,873,691	80,873,691
Cash and cash equivalents	39,222,693	39,222,693
	120,096,384	120,096,384
Financial liabilities		
Trade and other payables	(118,834,463)	(118,834,463)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (cont'd)

	Carrying amount RM	(L&R) RM
1.11.2010		
Company		
Financial assets		
Trade and other receivables	6,461,996	6,461,996
Cash and cash equivalents	81,509,524	81,509,524
	87,971,520	87,971,520
Financial liabilities		
Trade and other payables	(81,365,192)	(81,365,192)

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM	Year ended 31.12.2012 RM	1.11.2010 to 31.12.2011 RM
Net (losses)/gains arising on:				
Loans and receivables	(4,153,838)	(1,715,985)	(2,794,720)	1,930,139
Financial liabilities measured at amortised cost	(3,076,568)	2,415,162	(7,934)	240,590
	(7,230,406)	699,177	(2,802,654)	2,170,729

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. In addition, the Company's exposure to credit risk also arises principally from loans and advances to subsidiaries.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (cont'd)

Receivables

Risk management objectives, policies and processes for managing the risk

The Group's exposure to credit risk arises from its receivables. The management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of reporting period, approximately 80% (2011: 70%) of the Group's trade receivables are from three (3) major customers (2011: single customer) with good credit history with the Group. The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of trade receivables as at the end of the reporting year was:

	Gross RM	Individual impairment RM	Net RM
Group			
31.12.2012			
Not past due	43,135,676	-	43,135,676
Past due 1-30 days	758,500	-	758,500
Past due 31-120 days	13,200,838	-	13,200,838
Past due more than 120 days	7,461,331	(2,684,774)	4,776,557
	64,556,345	(2,684,774)	61,871,571
31.12.2011			
Not past due	10,784,931	-	10,784,931
Past due 1-30 days	1,224,141	-	1,224,141
Past due 31-120 days	130,561	-	130,561
Past due more than 120 days	2,684,774	(2,684,774)	-
	14,824,407	(2,684,774)	12,139,633
1.11.2010			
Not past due	2,011,977	-	2,011,977
Past due 1-30 days	3,110,059	-	3,110,059
Past due 31-120 days	64,214	-	64,214
Past due more than 120 days	14,399,372	(9,916,900)	4,482,472
	19,585,622	(9,916,900)	9,668,772

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year/period were:

	Group 2012 RM	Group 2011 RM
At 1 January/1 November	2,684,774	9,916,900
Impairment loss recognised	-	206,804
Impairment loss written off	-	(7,438,930)
At 31 December	2,684,774	2,684,774

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The amounts due from subsidiaries are repayable on demand.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting year/period based on undiscounted contractual payments:

Group 31.12.2012	Carrying amount RM	Contractual profit rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Secured term loan	179,246,028	7.05*	190,886,238	190,886,238	-	-	-
Secured bridging loan	20,000,000	6.00	20,424,109	20,424,109	-	-	-
Finance lease liabilities	220,547	2.50	257,987	37,764	37,764	113,292	69,167

Group 31.12.2011	Carrying amount RM	Contractual profit rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Secured term loan	196,651,536	7.05*	226,135,388	14,191,650	211,943,738	-	-

Group 1.11.2010	Carrying amount RM	Contractual profit rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Secured term loan	-	-	-	-	-	-	-

* Profit rate is capped at 12% per annum

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currencies giving rise to this risk are primari U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group manages material foreign exchange exposure risk as and when they arise by either passing on these risks to vendors in the price negotiations or whenever it is not possible to do so, by entering into a foreign exchange contract to hedge such exposure.

Exposure to foreign currency risk

The exposure to currency risk of Group entities is not material and hence, sensitivity analysis is not presented.

23.6.2 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Other receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument, based on carrying amount as at the end of the reporting period was:

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Fixed rate instruments						
Deposits placed with licensed banks	30,394,647	45,517,231	103,745,779	11,379,135	37,656,617	80,698,364
Finance lease liabilities	(220,547)	-	-	-	-	-
Secured building loan	(20,000,000)	-	-	-	-	-
	30,174,100	45,517,231	103,745,779	11,379,135	37,656,617	80,698,364
Floating rate instrument						
Borrowing	(179,246,028)	(196,651,536)	-	-	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk (cont'd)

23.6.2 Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000
2012		
Floating rate instruments	(680)	680
Cash flow sensitivity (net)	(680)	680
2011		
Floating rate instruments	(755)	755
Cash flow sensitivity (net)	(755)	755

23.7 Fair values of financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables, deposits, trade and other payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

In respect of long-term borrowings with variable interest rates, the carrying amounts approximate fair values as these are on floating rates and reprice to market interest rates for liabilities with similar risk profiles.

The fair values of other financial liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Finance lease liabilities	220,547	199,522	-	-

The following summarises the method used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.7 Fair values of financial instruments (cont'd)

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, where applicable, are as follows:

	2012	2011
Group		
Finance lease liabilities	2.50%	-

23.8 Fair value hierarchy

Fair value hierarchy disclosure is not applicable for the financial year ended 31 December 2012 and financial period ended 31 December 2011 as the Group and the Company does not have any financial instruments carried at fair values.

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulation requirement.

The debt-to-equity ratio at 31 December 2012, 31 December 2011 and 1 November 2010 were as follow:

		Group	
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Total borrowings (Note 13)	199,466,575	196,651,536	-
Less: Cash and cash equivalents (Note 10)	(47,011,182)	(48,483,655)	(131,549,278)
Net debt	152,455,393	148,167,881	(131,549,278)
Total equity	311,017,282	153,553,480	164,994,227
Debt-to-equity ratio	0.49	0.96	(0.80)

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

25. CAPITAL COMMITMENTS

	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Group			
Property, plant and equipment			
Authorised and contracted for	56,630,000	83,215,000	-
Authorised but not contracted for	20,000,000	-	-
	76,630,000	83,215,000	-
Company			
Property, plant and equipment			
Authorised and contracted for	-	83,215,000	-

26. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

		Group	
	31.12.2012 RM	31.12.2011 RM	1.11.2010 RM
Litigation (unsecured)			
Being claims from third parties in dispute	4,632,778	6,865,483	26,885,481

Save as disclosed below, the Group 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 the business, and the Directors are not aware of any proceedings, pending or threatened, against the Group and/or any of the Group's subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Group:

Litigation

(a) A wholly-owned subsidiary of the Company instituted a suit against Global Fabricators Sdn. Bhd. ("GFSB") and a counter claim of RM4,632,778 (2011: RM5,632,778) was brought by GFSB for work done on the Melor and Kumang projects. A stay application was filed as the respective contracts have an arbitration agreement and GFSB agreed to resolve the disputes by way of Arbitration. A Notice of Arbitration was served to the Company in 13 March 2012. In response to the notice of arbitration, its wholy-owned subsidiary has nominated an arbitrator and proposed consolidation of both arbitrations. To date, no arbitratior has been appointed as yet and the arbitration proceedings is still pending.

The Group's solicitors are of the opinion that the wholly-owned susidiary has a fair chance of successfully defending the counterclaim brought by GFSB during the arbitration proceedings.

(b) In 2012, a wholly-owned subsidiary instituted a suit against PFC Engineering Sdn. Bhd. ("PFCE") in the High Court of Kuala Lumpur for unpaid monies amounting to RM12,698,400 pursuant to the Fabrication Facilities Agreement dated 28 May 2009. A counter claim of RM1,319,680 was brought by PFCE in this suit.

The matter will be fixed for Trial from 7 October to 11 October 2013. The Group's solicitors are of the view that the Group has a fair chance of successfully defending the counterclaim brought by PFCE during the court proceedings.

26. CONTINGENCIES (CONT'D)

Litigation (cont'd)

(c) In 2012, a wholly-owned subsidiary instituted a suit against PFCF in the High Court of Kuala Lumpur for losses and expenses suffered in respect of works carried out involving several fabrication contracts awarded initially but later novated to PFCE. The claim is for the sum of RM17,389,898. A counter claim of RM5,415,680 was brought by PFCE in this suit.

The matter will be fixed for Trial from 7 October to 11 October 2013. The Group's solicitors are of the view that the Group has a fair chance of successfully defending the counterclaim brought by PFCE during the court proceedings.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Company has a related party relationship with its subsidiaries (Note 5).

The significant related party transactions of the Company, other than key management personnel compensation which is disclosed in Note 18, are as follows:

	Transaction amounts	
	Year ended 31.12.2010 RM	1.11.2011 to 31.12.2011 RM
Subsidiaries		
Dividend income	78,856,803	-
Management fees	7,966,217	-
Transfer of property plant and equipment to a subsidiary	(3,360,522)	-
Advances to subsidiaries	(205,636,017)	(46,284,503)
Advances from subsidiaries	-	37,093,004

Significant related party balances related to the above transactions are disclosed in Note 9 and Note 14.

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

28. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) **Listing status of the Company and its current regularisation activities**

With the completion of the regularisation plan approved by Bursa Malaysia, the Company has regularised its financial condition and no longer triggers any of the criteria under Paragraph 2.1 of Practice Note 17 ("PN17") of the Main Market Listing Requirements.

In October 2012, Bursa Malaysia Securities Berhad has approved the Company's application for an early upliftment from being classified as a PN17 company. The Company had been uplifted from being classified as a PN17 company effective from 31 October 2012.

(b) **Acquisition of Pulau Indah Fabrication Yard**

On 10 August 2012, the Group completed the acquisition of the fabrication yard located at Pulau Indah for a total purchase consideration of approximately RM83,800,000.

(c) **Proposed acquisition of Berlian McDermott Sdn. Bhd. ("BMD"), proposed disposal of a subsidiary, THHE Fabricators Sdn. Bhd. ("THF") and proposed establishment of Joint Ventures ("JVs")**

On 21 December 2012, AmInvestment Bank on behalf of the Board announced that the following agreements have been entered into:

(i) a share purchase agreement with McDermott Holdings (M) Sdn. Bhd. ("MDHSB") for the proposed acquisition by the Group of such number of BMD Shares, representing 30% equity interest in BMD from MDHSB, for an indictive Ringgit Malaysia ("RM") cash consideration equivalent to USD25,466,000 (RM77,926,000); and

(ii) a share purchase agreement with McDermott Capital Malaysia Sdn. Bhd. ("MDC") for the proposed disposal by Group of such number of THF Shares, representing 30% equity interest in THF to MDC for an indicative RM cash consideration equivalent to USD25,466,000 (RM77,926,000).

Subsequent to the above, THHE will enter into the following Joint Venture Agreement ("JVA") upon the completion of the Proposed Acquisition of BMD and Proposed Disposal of THF for the purpose of the establishment of joint ventures:

(i) a JVA with McDermott (Collectively known as McDermott Holdings (M) Sdn Bhd ("MDHSB") and J. Ray McDermott, S.A. ("JRMSA"))and BMD for the purpose of setting out mutually agreed rights, duties, liabilities and obligation vis-à-vis each other in relation to the operation of BMD as a joint venture between McDermott and THHE on a 70:30 basis;

(ii) a JVA with MDC and THF for the purpose of setting out mutually agreed rights, duties, liabilities and obligation vis-à-vis each other in relation to the operation of THF as a joint venture between THHE and MDC on a 70:30 basis;

(iii) a JVA with JRMSA and Engineering Newco for the purpose of setting out mutually agreed rights, duties, liabilities and obligation vis-à-vis each other in relation to the operation of Engineering Newco as a joint venture between THHE and JRMSA on a 50:50 basis; and

(iv) a JVA with JRMSA and PMT Newco, for the purpose of setting out mutually agreed rights, duties, liabilities and obligation vis-à-vis each other in relation to the operation of PMT Newco as a joint venture between THHE and JRMSA on a 50:50 basis.

The above matter is subject to shareholders' approval at an Extraordinary General Meeting ("EGM") to be convened for the purpose.

29. COMPARATIVE FIGURES

Change in financial reporting period

The comparatives for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows as well as the comparatives in the notes to the financial statements for the previous fourteen months ended 31 December 2011 are not comparable to that for the current twelve months ended 31 December 2012.

Certain comparative figures in the statements of profit or loss and other comprehensive income have also been reclassified to reflect the other income and expenses related to administrative expenses and other expenses.

	As restated RM	As previously stated RM
Group		
Statements of profit or loss and other comprehensive income		
Other income	25,449,473	23,243,386
Administrative expenses	(34,351,477)	(39,224,618)
Other expenses	(8,879,228)	(1,800,000)
Company		
Statements of profit or loss and other comprehensive income		
Other income	22,035,974	19,836,607
Administrative expenses	(20,475,182)	(20,094,983)
Other expenses	(1,819,168)	-

30. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 November 2010 (the Group and of Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Group and of the Company.

31. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- realised	(236,778,354)	(551,384,010)	(15,865,481)	(369,057,733)
- unrealised	13,642,140	17,678,750	-	-
	(223,136,214)	(533,705,260)	(15,865,481)	(369,057,733)
Add: Consolidation adjustments	235,152,316	258,311,228	-	-
Total retained profits/(accumulated losses)	12,016,102	(275,394,032)	(15,865,481)	(369,057,733)

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by Malaysian Institute of Accountants on 20 December 2010.

LISTS OF PROPERTIES

The properties of the group as at 31 December 2012 are as follows

Title/ Location	Description and Existing Use	Land Area/ Built-Up Area	Approximate Age of Building	Tenure	Audited Net Book Value at 31.12.2012	Date of Acquisition
Pulau Indah Integrated Fabrication Yard HS(D) 70909, PT No. 90866 Section 1, Mukim and District of Klang, State of Selangor	Heavy Engineering/ Offshore Oil and Gas Fabrication Facility	56.79 acres	13 years	Leasehold (99 years)	99,049,998	10 August 2012

ANALYSIS OF SHAREHOLDINGS
As at 18 March 2013

SHARE CAPITAL

Authorised share capital	:	RM855,000,000.00 divided into 3,200,000,000 Ordinary shares of RM0.25 each; and 220,000,000 Irredeemable Convertible Preference Shares of RM0.25 each
Issued and paid up share capital	:	RM231,993,834.00
Classes of share	:	Ordinary Shares of RM0.25 each
Total number of shares issued	:	927,975,336 Ordinary Shares of RM0.25 each
Number of shareholders	:	24,317 (Ordinary Shares)
Voting rights	:	One vote per Ordinary Share held

(A) Ordinary Shares of RM0.50 Each

DISTRIBUTION SCHEDULE OF SHAREHOLDERS
(based on the Record of Depositors as at 18 March 2013)

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	6,183	25.43	449,713	0.05
100 – 1,000	8,470	34.83	2,960,441	0.32
1,001 - 10,000	5,248	21.58	27,512,658	2.96
10,001 – 100,000	3,623	14.90	127,336,062	13.72
100,001 – 46,398,765 (*)	792	3.26	472,764,355	50.95
46,398,766 and above (**)	1	0.00	296,952,107	32.00
Total	**24,317**	**100.00**	**927,975,336**	**100.00**

*Remark : * - Less than 5% of issued holdings*
*** - 5% and above : of issued holdings*

DIRECTORS' INTEREST IN SHARES AND OPTIONS OVER ORDINARY SHARES
(based on the Register of Directors' Shareholdings as at 18 March 2013)

(i) Ordinary Shares of RM0.25 each

NAME OF DIRECTORS	Nationality	No. of shares beneficially held Direct	%	Indirect	%
DATUK AZIZAN BIN ABD. RAHMAN	Malaysian	0	0.00	0	0.00
DATO' MD. ZAHARI BIN MD. ZIN	Malaysian	0	0.00	0	0.00
MR. TOO KOK LENG	Malaysian	0	0.00	0	0.00
ROSLAN BIN MOHD. LATIF	Malaysian	0	0.00	0	0.00
DATO' MOHAMAD NORZA BIN HAJI ZAKARIA	Malaysian	0	0.00	0	0.00
DATO' MD. YUSOP BIN OMAR	Malaysian	0	0.00	0	0.00
DR. SAMAD BIN SOLBAI	Malaysian	0	0.00	0	0.00
NOR BADLI MUNAWIR BIN MOHAMAD ALIAS LAFTI	Malaysian	1,400,000	0.15	0	0.00
Total		**1,400,000**	**0.15**	**0**	**0.00**

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at 18 March 2013

LIST OF THIRTY (30) LARGEST ORDINARY SHARES ACCOUNTS HOLDERS

NO	NAME	NO. OF SHARES BENEFICIALLY HELD	%
1	LEMBAGA TABUNG HAJI LEMBAGA TABUNG HAJI, BHG PEMEROSESAN PELABURAN	296,952,107	32.00
2	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL RAHMAN BIN MOHAMED SHARIFF	19,800,000	2.13
3	HLB NOMINEES (ASING) SDN. BHD. VALUE CAPITAL ASSET MANAGEMENT PRIVATE LIMITED	17,652,300	1.90
4	ABD RAHMAN BIN SOLTAN	11,434,800	1.23
5	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	10,042,344	1.08
6	HLB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CADOGAN ESTATES LIMITED (SIN 22953)	9,423,860	1.02
7	HLB NOMINEES (ASING) SDN. BHD. IBHA UNIVERSAL LTD. (CUST. SIN 7218)	8,000,000	0.86
8	HLB NOMINEES (ASING) SDN. BHD. QUOVUS MANAGEMENT LTD. (CUST. SIN 7229)	8,000,000	0.86
9	CHIN CHIN SEONG	6,230,000	0.67
10	CIMSEC NOMINEES (ASING) SDN. BHD. BANK OF SINGAPORE LTD FOR SEAGLAZE OFFSHORE INC	6,195,100	0.67
11	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR DANIEL CHUNG SUNG AHN (PB)	5,334,300	0.57
12	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON AUN	5,000,000	0.54
13	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR RAMUNIA ENERGY & MARINE CORPORATION SDN. BHD. (PB)	5,000,000	0.54
14	UOBM NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR ARECA CAPITAL SDN. BHD. (CLIENT A/C 1)	5,000,000	0.54
15	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,938,400	0.53
16	NORLIYAH BINTI JAAFAR	4,925,000	0.53

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at 18 March 2013

LIST OF THIRTY (30) LARGEST ORDINARY SHARES ACCOUNTS HOLDERS

NO	NAME	NO. OF SHARES BENEFICIALLY HELD	%
17	HDM NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR KOH ALAN	4,490,000	0.48
18	ZULKIFLI BIN ISMAIL	4,410 ,000	0.48
19	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR AHMAD RODZI BIN PAWANTEH (PB)	4,000,000	0.43
20	MADHAVANKUTTY A/L KUMARAN	3,940,000	0.42
21	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG	3,800,000	0.41
22	LEONG YOU TONG	3,560,140	0.38
23	KOH ALAN	3,500,000	0.38
24	NG FUNG LANG	3,500,000	0.38
25	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,124,000	0.34
26	LEE CHEE BENG	3,100,000	0.33
27	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,054,234	0.33
28	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR S.M FAISAL BIN S.M NASIMUDDIN KAMAL (PB)	3,038,000	0.33
29	MD SHARIF BIN SHAMSUDDIN	2,900,000	0.31
30	LAW TENG LEONG	2,762,500	0.30
	TOTAL	**473,107,085**	**50.98**

ANALYSIS OF SHAREHOLDINGS (cont'd)
As at 18 March 2013

(C) WARRANTS

Type of Securities	:	Warrant 2004/2014
No. of Warrants issued and not exercised	:	237,333,371
Voting Rights	:	One (1) vote per warrant holder on a show of hand or one (1) vote per warrant on a poll in respect of a meeting of Warrant holders.
No. of Warrant holders	:	4,697

DISTRIBUTION SCHEDULE OF WARRANTS HOLDERS

SIZE OF WARRANTS HOLDINGS	NO. OF WARRANTS HOLDERS	% OF WARRANTS HOLDERS	NO. OF WARRANTS HELD	% OF ISSUE WARRANTS
1 - 99	1,220	25.97	60,146	0.03
100 – 1,000	918	19.54	276,827	0.12
1,001 - 10,000	844	17.97	5,622,615	2.37
10,001 – 100,000	1,320	28.10	52,501,223	22.12
100,001 - 11,866,667 (*)	395	8.41	178,872,560	75.37
11,866,668 and above (**)	0	0.00	0	0.00
Total	**4,697**	**100.00**	**237,333,371**	**100.00**

*Remark : * - less than 5% of issued holdings*
*** - 5% and above: of issued holdings*

DIRECTORS' WARRANTS HOLDINGS
(based on the Register of Directors' Shareholdings as at 18 March 2013)

NAME OF DIRECTORS	Nationality	No. of warrants beneficially held Direct	%	Indirect	%
DATUK AZIZAN BIN ABD. RAHMAN	Malaysian	0	0	0	0
DATO' MD. ZAHARI BIN MD. ZIN	Malaysian	0	0	0	0
DATO' MOHAMAD NORZA BIN HAJI ZAKARIA	Malaysian	0	0	0	0
ROSLAN BIN MOHD. LATIF	Malaysian	7,906	0	0	0
MR. TOO KOK LENG	Malaysian	0	0	0	0
DATO' MD. YUSOP BIN OMAR	Malaysian	0	0	0	0
DR. SAMAD BIN SOLBAI	Malaysian	0	0	0	0
NOR BADLI MUNAWIR BIN MOHAMAD ALIAS LAFTI	Malaysian	0	0	0	0
Total		**7,906**	**0**	**0**	**0**

ANALYSIS OF SHAREHOLDINGS (cont'd)
As at 18 March 2013

LIST OF THIRTY (30) LARGEST WARRANTS ACCOUNTS HOLDERS

NO	NAME	NO. OF WARRANTS BENEFICIALLY HELD	%
1	LEMBAGA TABUNG HAJI LEMBAGA TABUNG HAJI, BHG PEMEROSESAN PELABURAN	10,436,200	4.40
2	CHIN CHIN SEONG	8,420,000	3.55
3	HDM NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR KOH ALAN	6,850,000	2.89
4	MOHAMMAD ALLAUDIN BIN MD ALI	6,450,000	2.72
5	MOHAMMAD ALLAUDIN & CO. SDN. BHD.	5,772,000	2.43
6	CHUA SIEW WAH	4,000,000	1.69
7	CHUA SIEW WAH	3,770,000	1.59
8	WONG CHEE THONG	3,275,297	1.38
9	KAM WEI FOON	2,800,000	1.18
10	LEE CHONG LOO	2,528,000	1.07
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAIFUL AZMAN AZLI BIN ABDUL AZIZ @ MOHD	2,200,000	0.93
12	KOH ALAN	2,000,000	0.84
13	LU JUA CHONG	2,000,000	0.84
14	LEE WAI YUEN	1,900,100	0.80
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OON POH CHOO (CEB)	1,393,600	0.59
16	HANAFFI BIN DAUD	1,250,000	0.53
17	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR YAP YEE HUAT (MY1163)	1,221,100	0.51
18	HLIB NOMINEES (TEMPATAN) SDN. BHD.	1,200,000	0.51
19	JOHARI BIN MOHAMED	1,200,000	0.51
20	YAP CHONG KEOW	1,200,000	0.51
21	LEE GZE ING	1,170,000	0.49

LIST OF THIRTY (30) LARGEST WARRANTS SHARES ACCOUNTS HOLDERS

NO	NAME	NO. OF WARRANTS BENEFICIALLY HELD	%
22	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE. LTD. FOR AAB CAPITAL PTE. LTD.	1,160,000	0.49
23	VENKIDASIRUM A/L THIRUMALAI	1,150,000	0.48
24	NAZMIN BINTI RAZAK	1,102,000	0.46
25	HDM NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEOH BOON HOCK (M10)	1,060,000	0.45
26	PAUZIAH BINTI MOHAMAD	1,045,000	0.44
27	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG KING SIANG (HON0059C)	1,007,874	0.42
28	CHONG KIAM MENG	1,000,000	0.42
29	LOW SOH LAY	1,000,000	0.42
30	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG FOO SANG @ WONG CHIN LIM	1,000,000	0.42
	TOTAL	**80,561,171**	**33.94**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **NINTH ANNUAL GENERAL MEETING** of the Company will be held at Banquet Hall, Level 1, Main Lobby, Kuala Lumpur Golf And Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 3 June 2013 at 10:00 a.m. or at any adjournment thereof for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors' and the Auditor's thereon. (Resolution 1)

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2012. (Resolution 2)

3. To re-elect Datuk Azizan Bin Abd Rahman who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 3)

4. To re-elect Encik Roslan Bin Mohd Latif who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 4)

5. To re-elect the following Directors who are retiring pursuant to Article 101 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   - Dr. Samad Bin Solbai (Resolution 5)
   - Dato' Md Yusop Bin Omar; and (Resolution 6)
   - Encik Nor Badli Munawir Bin Mohamad Alias Lafti (Resolution 7)

6. To re-appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 8)

7. **As Special Business**

   To consider and, if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

   ORDINARY RESOLUTION
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 (Resolution 9)

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. SPECIAL RESOLUTION
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

(Resolution 10)

THAT the Company's Articles of Association be amended as follows AND THAT the Directors and Secretaries be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the proposed amendments of the Company's Articles of Association:-

Article No.	Existing Article	Proposed Article
2	New Interpretation	"exempt authorised nominee" refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act.
86	Except where Article 87 applies, a holder may not appoint more than two (2) proxies to attend the same meeting. Where the holder appoints two proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.	Except where Article 87 applies, a holder may not appoint more than two (2) proxies to attend the same meeting. Where the holder appoints two proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. **There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.**
87A	-	**Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.**

9. To transact any other ordinary business for which due notice has been given.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary

Kuala Lumpur
Date: 24 April 2013

Explanatory Note to Special Business:

1. **Resolution 9**

   The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Eighth AGM of the Company (hereinafter referred to as the "General Mandate").

   The Company had been granted a general mandate by its shareholders at the Eighth AGM of the Company held on 23 May 2012 (hereinafter referred to as the "Previous Mandate").

   The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

   The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/ or acquisitions.

2. **Resolution 10**

   The Special Resolution is to comply with the recent amendments made to the Bursa Malaysia Securities Berhad's Listing Requirements.

Notes: *In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 May 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*

A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting subject always to a maximum of two (2) proxies at each meeting. A proxy may but need not be a member of the Company and the provision of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

A member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.

Dato' Md Zahari Bin Md Zin has expressed his intention to retire at the conclusion of the Ninth Annual General Meeting in line with the recommendation of the Malaysian Code of Corporate Governance 2012 where the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. Hence, he will retain office until the close of the Meeting.

TH HEAVY ENGINEERING BERHAD
(formerly known as Ramunia Holdings Berhad)
An associate company of Tabung Haji
(634775-D)

PROXY FORM

CDS Account Number :
Number of shares held :

*I/We, (*full name in capital letters*) ____

of (*full address*) ____ being a *member/members of TH HEAVY ENGINEERING BERHAD (formerly known as Ramunia Holdings Berhad) ("the Company"), hereby appoint (full name in capital letters)

____ of (full address) ____

or failing *him/her, (full name in capital letters ____

of (full address) ____

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company to be held at Banquet Hall, Level 1, Main Lobby, Kuala Lumpur Golf And Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 3 June 2013 at 10:00 a.m. and at any adjournment thereof.

The Proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy (1)……………%   Second Proxy (2)……………..%

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	AGENDA / RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Report of the Directors' and the Auditor's thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2012.		
3.	To re-elect Datuk Azizan Bin Abd Rahman who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4.	To re-elect Encik Roslan Bin Mohd Latif who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-elect Dr. Samad Bin Solbai who is retiring pursuant to Article 101 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
6.	To re-elect Dato' Md Yusop Bin Omar who is retiring pursuant to Article 101 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		

NO.	AGENDA / RESOLUTIONS	FOR	AGAINST
7.	To re-elect Encik Nor Badli Munawir Bin Mohamad Alias Lafti who is retiring pursuant to Article 101 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
8.	To re-appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
9.	**Special Business** Ordinary Resolution - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Special Resolution - Proposed Amendments to the Articles of Association of the Company		

* Strike out whichever not applicable (unless otherwise instructed, the proxy may vote as he/she thinks fit)

As witness my/our hand(s) this ________ day of ______________________________________ 2013

____
Signature of Member/Common Seal

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 May 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting subject always to a maximum of two (2) proxies at each meeting. A proxy may but need not be a member of the Company and the provision of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. A member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified copy of such power of authority, must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.

AFFIX STAMP

To:

TH HEAVY ENGINEERING BERHAD (634775-D)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

THHEAVY
ENGINEERING BERHAD
(formerly known as Ramunia Holdings Berhad)
An associate company of Tabung Haji
(634775-D)

TEL : +603-2787 9000 | FAX : +603-2787 9001 | WWW.THHE.COM.MY

LEVEL 23, TOWER B, MENARA UOA BANGSAR,
NO.5 JALAN BANGSAR UTAMA 1, 59000 KUALA LUMPUR