

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2019
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

	QUARTER ENDED		CUMULATIVE 3 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018	31 MAR 2019	31 MAR 2018
	RM '000	RM '000	RM '000	RM '000
Revenue	203,110	188,275	203,110	188,275
Other operating income	<u>4,569</u>	<u>2,591</u>	<u>4,569</u>	<u>2,591</u>
Operating loss	(29,305)	(24,840)	(29,305)	(24,840)
Finance cost	(200)	-	(200)	-
Share of results of joint ventures	-	(526)	-	(526)
Loss before taxation	<u>(29,505)</u>	<u>(25,366)</u>	<u>(29,505)</u>	<u>(25,366)</u>
Taxation	<u>(255)</u>	<u>(310)</u>	<u>(255)</u>	<u>(310)</u>
Loss after taxation	<u>(29,760)</u>	<u>(25,676)</u>	<u>(29,760)</u>	<u>(25,676)</u>
Total comprehensive loss for the period	<u>(29,760)</u>	<u>(25,676)</u>	<u>(29,760)</u>	<u>(25,676)</u>
Loss attributable to:				
Equity holders of the Company	(29,365)	(25,273)	(29,365)	(25,273)
Non-controlling interests	<u>(395)</u>	<u>(403)</u>	<u>(395)</u>	<u>(403)</u>
	<u>(29,760)</u>	<u>(25,676)</u>	<u>(29,760)</u>	<u>(25,676)</u>
Total comprehensive loss attributable to:				
Equity holders of the Company	(29,365)	(25,273)	(29,365)	(25,273)
Non-controlling interests	<u>(395)</u>	<u>(403)</u>	<u>(395)</u>	<u>(403)</u>
	<u>(29,760)</u>	<u>(25,676)</u>	<u>(29,760)</u>	<u>(25,676)</u>
Loss per share attributable to equity holders of the Company:				
(i) Basic (sen)	(1.8)	(1.6)	(1.8)	(1.6)
(ii) Dilutive (sen)	(1.8)	(1.6)	(1.8)	(1.6)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	31 MAR 2019 RM '000	31 DEC 2018 RM '000
Non-current assets		
Property, plant and equipment	1,661,431	1,595,204
Land use rights	219,730	209,258
Investment in joint ventures	7,751	7,751
Deferred tax assets	93,293	93,293
	<u>1,982,205</u>	<u>1,905,506</u>
Current assets		
Inventories	5,081	5,646
Trade & other receivables	676,128	647,980
Tax recoverable	20,517	20,517
Cash and bank balances	517,174	601,544
	<u>1,218,900</u>	<u>1,275,687</u>
TOTAL ASSETS	<u>3,201,105</u>	<u>3,181,193</u>
Equity attributable to equity holders of the Company		
Share capital	1,618,263	1,618,263
Retained earnings	758,649	788,808
	<u>2,376,912</u>	<u>2,407,071</u>
Non-controlling interests	(654)	(259)
Total equity	<u>2,376,258</u>	<u>2,406,812</u>
Non-Current Liabilities		
Long Term Loan	99,678	48,354
Lease liabilities	18,810	-
	<u>118,488</u>	<u>48,354</u>
Current liabilities		
Trade & other payables	705,369	726,027
Lease liabilities	990	-
	<u>706,359</u>	<u>726,027</u>
TOTAL EQUITY AND LIABILITIES	<u>3,201,105</u>	<u>3,181,193</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

	31 MAR 2019	31 MAR 2018
	RM '000	RM '000
Loss before taxation	(29,505)	(25,366)
Adjustments for:		
Property, plant and equipment		
- depreciation	19,621	19,514
- write off	99	-
Amortisation of land use rights	1,835	1,774
Net (reversal) / allowance for impairment loss on trade receivables	(1,144)	2,783
Interest income	(3,197)	(1,433)
Net unrealised gain on foreign exchange	(1,884)	(2,720)
Finance cost	200	-
Share of results of joint ventures	-	526
Operating loss before working capital changes	<u>(13,975)</u>	<u>(4,922)</u>
Inventories	565	(1,566)
Trade and other receivables	(27,787)	37,709
Trade and other payables	(18,143)	(112,355)
Cash used in operations	<u>(59,340)</u>	<u>(81,134)</u>
Tax paid	-	-
Tax refund	-	-
Net cash used in operating activities	<u>(59,340)</u>	<u>(81,134)</u>
Purchase of property, plant and equipment	(66,704)	(32,167)
Purchase of land use rights	(12,307)	-
Interest received	2,857	896
Net cash used in investing activities	<u>(76,154)</u>	<u>(31,271)</u>
Dividends paid to equity holders of the Company	-	(48,000)
Drawdown on long term borrowings	51,324	-
Interest paid	(200)	-
Net cash generated from/ (used in) financing activities	<u>51,124</u>	<u>(48,000)</u>
Net change in cash & cash equivalents	(84,370)	(160,405)
Cash & cash equivalents at the beginning of the year	589,362	674,968
Cash & cash equivalents at the end of the period	<u>504,992</u>	<u>514,563</u>
Cash pledged with bank - restricted	12,182	-
Cash and bank balances	<u>517,174</u>	<u>514,563</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	<----Attributable to equity ----> holders of the Company		Total RM '000	Non-controlling Interests RM '000	Total Equity RM '000
	Share Capital RM '000	Distributable Retained Earnings RM '000			
3 MONTHS ENDED 31 MARCH 2019					
At 1 January 2019	1,618,263	788,808	2,407,071	(259)	2,406,812
Effect of the adoption on pronouncement	-	(794)	(794)	-	(794)
At 1 January 2019 (Restated) (Note A3)	1,618,263	788,014	2,406,277	(259)	2,406,018
Total comprehensive loss	-	(29,365)	(29,365)	(395)	(29,760)
At 31 March 2019	1,618,263	758,649	2,376,912	(654)	2,376,258
3 MONTHS ENDED 31 MARCH 2018					
At 1 January 2018	1,618,263	958,148	2,576,411	1,213	2,577,624
Effect of the adoption on pronouncement	-	1,352	1,352	-	1,352
At 1 January 2018 (Restated)	1,618,263	959,500	2,577,763	1,213	2,578,976
Total comprehensive loss	-	(25,273)	(25,273)	(403)	(25,676)
Dividend paid to equity holders of the Company	-	(48,000)	(48,000)	-	(48,000)
At 31 March 2018	1,618,263	884,875	2,503,138	810	2,503,948

NOTES TO THE CONDENSED FINANCIAL REPORT

The figures have not been audited.

A1. CORPORATE INFORMATION

Malaysia Marine and Heavy Engineering Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 March 2019.

A2. BASIS OF PREPARATION

The condensed consolidated interim financial statements (Condensed Report) have been prepared under the historical cost convention.

These condensed consolidated interim financial statements for the period ended 31 March 2019 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The condensed report should be read in conjunction with the audited financial statements for financial year ended 31 December 2018. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2019 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2018.

At the beginning of the current financial period, the Group and the Company adopted new MFRS, Amendments to MFRSs and an IC Interpretation (collectively referred to as "pronouncements") that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Lease
Annual Improvements to MFRS Standards 2015 - 2017 Cycle
IC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of these pronouncements did not have a significant impact to the financial statements of the Group and the Company except as mentioned below:

(a) MFRS 16: Leases

In April 2016, MASB issued MFRS 16: Leases which sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing MFRS 117: Leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis, including non-cancellable lease payments and also payments to be made in optional periods if the lessee is reasonably certain to exercise the option of not terminating the lease.

Lessor accounting is substantially unchanged from the existing MFRS 117. However, MFRS 16 requires enhanced disclosure to be provided by lessors that will improve information disclosed about lessor's risk exposure, particularly to residual value risk.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities that have applied MFRS 15.

A3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The Group has assessed the financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

The effect from the initial application of MFRS 16 is, as follows:

Impact on Statement of Financial Position (increase / (decrease)) as at 1 January 2019:

	<u>RM '000</u>
Non-current assets	
Property, plant and equipment	19,243
TOTAL ASSETS	<u>19,243</u>
Equity attributable to equity holders of the Company	
Retained earnings	(794)
Total equity	<u>(794)</u>
Non-Current Liabilities	
Lease liabilities	20,037
TOTAL EQUITY AND LIABILITIES	<u>19,243</u>

A4. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified report on the financial statements for the year ended 31 December 2018.

A5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are subject to fluctuations in level of activities in the oil and gas and shipping industries.

A6. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter ended 31 December 2018.

A7. CHANGES IN ESTIMATES

There were no material changes in estimates reported in the current period or prior financial year.

A8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares during the quarter ended 31 March 2019.

A9. INTEREST BEARING LOANS AND BORROWINGS

The tenure of Group borrowings are as follows:

	31 Mar 2019	31 Dec 2018
	RM '000	RM '000
Long term borrowings		
Secured	99,678	48,354

The Group made a RM51.3 million drawdown on a 12 year term loan meant to fund the construction of dry-dock 3 in the current quarter.

A10. DIVIDEND PAID

The Company paid the following dividends during the period ended 31 March 2019 and 31 December 2018 respectively:

	31 Mar 2019		31 Dec 2018	
	Sen/Share	RM million	Sen/Share	RM million
Final tax exempt dividend in respect of:				
- Financial year ended 31 December 2017 on 8 March 2018	-	-	3.0	48.0

A11. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	Heavy Engineering*	Marine	Others	Eliminations	Total
REVENUE AND RESULTS	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue					
External	125,426	77,684	-	-	203,110
Results					
Operating loss	(23,854)	(7,456)	2,065 ***	(60) **	(29,305)
Finance costs					(200)
Share of results of joint ventures					-
Loss before taxation					<u>(29,505)</u>

* Heavy Engineering segment comprises mainly offshore and onshore oil and gas works.

** Inter-segment transactions are eliminated on consolidation.

*** Comprise of net foreign exchange loss and interest income.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

A12. LOSS FOR THE PERIOD

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM '000	RM '000	RM '000	RM '000
Loss for the period is arrived at after charging:				
Amortisation of land use rights	1,835	1,774	1,835	1,774
Finance cost	200	-	200	-
Property, plant and equipment				
- depreciation	19,621	19,514	19,621	19,514
- written off	99	-	99	-
Allowance for impairment loss on trade receivables	-	2,783	-	2,783
after (crediting):				
Net income from scrap disposal	-	(442)	-	(442)
Interest income	(3,197)	(1,433)	(3,197)	(1,433)
Net unrealised gain on foreign exchange	(1,884)	(2,720)	(1,884)	(2,720)
Net reversal of impairment loss on trade receivables	(1,144)	-	(1,144)	-
Rental income				
- land	(19)	(6)	(19)	(6)
- building	(270)	(1,284)	(270)	(1,284)
- equipments	(57)	(108)	(57)	(108)

A13. VALUATION OF PROPERTY

The valuations of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements as no revaluation has been carried out since 31 December 2018.

A14. SUBSEQUENT MATERIAL EVENT

There were no material event subsequent to the quarter end date.

A15. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group.

A16. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	31 Mar 2019	31 Dec 2018
	RM '000	RM '000
<i>Unsecured</i>		
Bank guarantees extended to: -		
- Related companies	101,935	87,800
- Third parties	<u>48,003</u>	<u>85,463</u>
	<u><u>149,938</u></u>	<u><u>173,263</u></u>

A17. CAPITAL COMMITMENTS

	31 Mar 2019	31 Dec 2018
	RM '000	RM '000
Approved and contracted for	234,477	270,463
Approved but not contracted for	<u>107,868</u>	<u>115,159</u>
	<u><u>342,345</u></u>	<u><u>385,622</u></u>

The outstanding capital commitments relate to the infrastructure upgrading works under the Yard Optimisation Programme and other investment projects.

B1. REVIEW OF PERFORMANCE

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM '000	RM '000	RM '000	RM '000
Revenue				
Heavy Engineering	125,426	111,268	125,426	111,268
Marine	77,684	77,007	77,684	77,007
Others	-	-	-	-
Eliminations/Adjustments	-	-	-	-
	<u>203,110</u>	<u>188,275</u>	<u>203,110</u>	<u>188,275</u>
Results				
Heavy Engineering	(23,854)	(12,784)	(23,854)	(12,784)
Marine	(7,456)	(7,193)	(7,456)	(7,193)
Others	2,065	(4,533)	2,065	(4,533)
Eliminations/Adjustments	(60)	(330)	(60)	(330)
Operating loss	<u>(29,305)</u>	<u>(24,840)</u>	<u>(29,305)</u>	<u>(24,840)</u>
Finance cost	(200)	-	(200)	-
Share of results of joint ventures	-	(526)	-	(526)
Loss before taxation	<u>(29,505)</u>	<u>(25,366)</u>	<u>(29,505)</u>	<u>(25,366)</u>
* Inter-segment revenue and transactions are eliminated on consolidation.				
^ Inter-segment revenue elimination				
Others	-	-	-	-
# Inter-segment operating loss elimination				
Heavy Engineering	49	267	49	267
Marine	11	63	11	63

Performance of current quarter against the quarter ended 31 March 2018 ("corresponding quarter").

Group revenue of RM203.1 million was 8% higher than the corresponding quarter's revenue of RM188.3 million, mainly due to higher revenue in Heavy Engineering. However, the Group reported a higher operating loss of RM29.5 million against RM25.4 million loss in the corresponding quarter.

Segmental review of performance against the corresponding quarter is as follows:

Heavy Engineering

Revenue of RM125.4 million was 13% higher than RM111.3 million reported in the corresponding quarter, mainly due to higher progress of ongoing projects in the current quarter.

The segment reported a higher operating loss of RM23.9 million from a RM12.8 million loss in the corresponding quarter, mainly due to higher unabsorbed overheads as expected contract awards have yet to materialise.

Marine

The revenue of RM77.7 million was marginally higher than the corresponding quarter.

The segment reported an operating loss of RM7.5 million, comparable to the corresponding quarter.

Share of results of joint ventures

The Group has not recorded any share of profit in joint ventures in the current quarter as all joint ventures have turned dormant beginning from final quarter of the last financial year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Quarter Ended	
	31 Mar 2019 RM '000	31 Dec 2018 RM '000
Revenue		
Heavy Engineering	125,426	224,048
Marine	77,684	49,190
	<u>203,110</u>	<u>273,238</u>
Results		
Heavy Engineering	(23,854)	1,616
Marine	(7,456)	(32,965)
Others	2,065	2,122
Eliminations/Adjustments	(60)	71
Operating loss	<u>(29,305)</u>	<u>(29,156)</u>
Finance cost	(200)	(920)
Share of results of joint ventures	-	3,773
Loss before taxation	<u>(29,505)</u>	<u>(26,303)</u>

The Group's revenue of RM203.1 million was 26% lower than the preceding quarter's revenue of RM273.2 million, mainly due to lower revenue from Heavy Engineering's on-going projects mitigated by higher revenue in Marine from increase in LNG dry-docking as well as other cost plus works in the current quarter.

The Group reported a higher operating loss of RM29.5 million against RM26.3 million in the preceding quarter, mainly due to lesser close-out of completed projects in the current quarter.

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at	Variance %
	31 Mar 2019 RM '000	31 Dec 2018 RM '000	
Total assets	3,201,105	3,181,193	1%
Total equity attributable to equity holders of the Company	2,376,912	2,407,071	-1%
Total liabilities	824,847	774,381	7%

The Group's total assets increased by RM19.9 million or 1%, mainly due to increase in property, plant and equipment by RM66.2 million and higher receivables by RM28 million. The increase has been partially offset with the reduction in cash and bank balances by RM84.8 million resulted from higher payments to vendors and higher progress of dry-dock 3 construction.

The decrease in total equity attributable to equity holders by RM30.2 million or 1% was due to losses recognised in the current quarter.

The increase in the Group's total liabilities by RM50.5 million or 7% was mainly due to disbursement of loan for Dry Dock 3 and recognition of lease liabilities due to adoption of MFRS 16.

B4. REVIEW OF CONSOLIDATED CASH FLOW

	Quarter Ended		Variance %
	31 Mar 2019 RM '000	31 Mar 2018 RM '000	
Net cash used in operating activities	(59,340)	(81,134)	-27%
Net cash used in investing activities	(76,154)	(31,271)	-144%
Net cash generated from / (used in) financing activities	51,124	(48,000)	207%
Net change in cash & cash equivalents	(84,370)	(160,405)	-47%

Net cash generated from operating activities was lower by RM21.8 million from lower payments made to vendors during the period.

Net cash used in investing activities was higher by RM44.9 million, mainly due to higher investments, in for dry-dock 3.

Net cash generated from financing activities was mainly due to term loan drawdown in current period of RM51.3 million partially offset with interest paid of RM0.6 million.

B5. CURRENT YEAR PROSPECTS

The production cut agreement by OPEC and Non-OPEC members and growing supply disruptions from oil producers have spurred the oil prices to above \$60 per barrel. Despite the oil price stability, project sanctions and materialisation of work orders are slower than expected especially in the offshore fabrication segment, affecting the replenishment of orderbook.

The Marine Business segment is making a progress towards recovery. The Group expects to see more dry docking activities at its yard in view of encouraging growth in global sea trade. During the period under review, the Group has received more orders for LNG repairs compared to last year and is positive of maintaining current level of marine repair activities for this year.

The Group's effort to diversify its business into new areas have begun to bear fruit with the recent award of a long term plant turnaround and maintenance services by PETRONAS. This is aligned with the Group's strategy to venture into services that provides recurring orders in support of business sustainability.

As the industry outlook continues to be challenging in the current financial year, the Group remains cautious and committed to focus on replenishing its order book, not only from the domestic market but also various geographical areas.

B6. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED AND SHORTFALL IN PROFIT GUARANTEE

The Company did not provide any profit forecast or profit guarantee in any public document.

B7. TAXATION

	31 Mar 2019 RM '000	31 Mar 2018 RM '000
Taxation for the period comprises the following:		
Income tax charge		
- current period	255	310
	<u>255</u>	<u>310</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments for the quarter ended 31 December 2018.

B9. CHANGES IN MATERIAL LITIGATION

i) Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE") and E.A. Technique (M) Berhad ("EAT")

MMHE, a wholly owned subsidiary of the Company, had on 27 September 2018 received a Notice of Arbitration from EAT for a number of claims in relation to the contract entered into by MMHE in June 2015 for the Provision of Demolition, Refurbishment and Conversion of Donor Vessel into a Floating, Storage and Offloading Facility for Full Development Project, North Malay Basin, hereinafter referred to as the "Conversion Contract".

During the period of the contract, MMHE issued Additional Work Orders ("AWOs") to EAT, claiming for payments for works done. Disputes and differences have arisen between the parties over the valuation of the invoices and AWOs issued.

On 22 June 2018, EAT and MMHE entered into an agreement via a Letter of Undertaking ("LOU") to settle the sums due under the invoices and AWOs. Under the LOU, the parties agreed to perform a joint review of the claims made by MMHE over a specified period. However, both parties were unable to reach an amicable settlement and as a result thereof, EAT initiated arbitration proceedings against MMHE to resolve the disputes.

EAT's claims totalling USD21,743,398 are in relation to over-payment of original contract value, sums paid under the LOU and costs incurred pursuant to the Conversion Contract.

MMHE rejected EAT's claims and issued counter claims totalling USD49,105,095 representing payment for unpaid invoices, prolongation costs and additional variations to the original scope of work.

The Group will continue to defend the claims made by EAT and pursue its counterclaims. As at the date of this announcement, Statement of Claim has been served by EAT and MMHE has responded with a Statement of Defence and Counterclaim on 15 March 2019.

B9. CHANGES IN MATERIAL LITIGATION (CONT'D.)

ii) Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE") and Kebangsaan Petroleum Operating Company Sdn Bhd ("KPOC")

MMHE, a wholly owned subsidiary of the Company, had received via its solicitors a Notice of Arbitration dated 13 March 2019 from KPOC on 14 March 2019 in relation to claims arising from the contracts of Fabrication of KBB Topside and Novation Agreement, hereinafter referred to as the "Contract".

KPOC, in its Notice of Arbitration, claims that MMHE was and is in breach of the express and/or implied terms of the Contracts in respect of the supply of certain valves. KPOC has included an indicative amount of its alleged loss as part of the Notice of Arbitration, at approximately RM125.1 million, and has claimed that it continues to allegedly suffer losses.

The financial impact of the arbitration initiated by KPOC on MHB's Group of Company is dependent on the outcome. The expected loss, if any, arising from this claim is anticipated to be at approximately RM125.1 million, or more. However, no operational impact is expected to arise from the claim.

MMHE will vigorously defend the claims made by KPOC and is presently exploring its options to pursue a counterclaim against KPOC. Apart from the arbitration proceeding, MMHE reserves its right to pursue any other legal actions as may be permitted under the Malaysian laws, including, if appropriate, to seek indemnity from the ultimate supplier of the said valves.

B10. DIVIDEND PROPOSED

No dividend has been proposed for the quarter ended 31 March 2019.

B11. DERIVATIVES

There is no derivative outstanding as at 31 March 2019.

B12. LOSS PER SHARE

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Basic loss per share are computed as follows:				
Loss for the period attributable to equity holders of the Company (RM '000)	(29,365)	(25,273)	(29,365)	(25,273)
Weighted average number of ordinary shares in issue (thousand)	1,600,000	1,600,000	1,600,000	1,600,000
Basic loss per share (sen)	<u>(1.8)</u>	<u>(1.6)</u>	<u>(1.8)</u>	<u>(1.6)</u>

The Group does not have any financial instrument which may dilute its basic earnings per share.