MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Income Statement

For The Year Ended 31 December 2018

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2018	2017	2018	2017
	RM million	RM million	RM million	RM million
Revenue	2,388.5	2,465.0	8,780.3	10,068.2
Cost of sales	(1,681.8)	(1,713.0)	(6,447.5)	(6,766.5)
GROSS PROFIT	**706.7**	**752.0**	**2,332.8**	**3,301.7**
Other operating income	92.5	153.1	261.4	558.9
General and administrative expenses	(417.8)	(276.8)	(1,127.9)	(1,155.5)
OPERATING PROFIT	**381.4**	**628.3**	**1,466.3**	**2,705.1**
Impairment loss on ships, offshore floating asset and other investment	(97.9)	(553.9)	(99.0)	(687.5)
Loss on liquidation of a subsidiary	-	-	-	(16.7)
Gain on disposal of an associate	-	1.6	-	1.6
Gain on disposal of a joint venture	-	-	-	43.5
Gain on acquisition of businesses	29.6	-	100.0	-
(Loss)/gain on disposal of ships, offshore floating asset and other property, plant and equipment	(9.2)	(1.3)	(11.9)	27.7
Finance costs	(109.5)	(68.6)	(394.6)	(265.0)
Share of profit of an associate	-	-	-	1.1
Share of profit of joint ventures	160.9	35.9	283.3	193.7
PROFIT BEFORE TAX	**355.3**	**42.0**	**1,344.1**	**2,003.5**
Taxation	(28.4)	5.1	(59.8)	(12.9)
PROFIT AFTER TAX	**326.9**	**47.1**	**1,284.3**	**1,990.6**
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Corporation	338.7	68.2	1,311.5	1,981.4
Non-controlling interests	(11.8)	(21.1)	(27.2)	9.2
PROFIT AFTER TAX	**326.9**	**47.1**	**1,284.3**	**1,990.6**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION (SEN)	7.6	1.5	29.4	44.4

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2018

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2018	2017	2018	2017
	RM million	RM million	RM million	RM million
PROFIT AFTER TAX	**326.9**	**47.1**	**1,284.3**	**1,990.6**
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Fair value gain/(loss) on non-current investments	-	1.1	-	(3.0)
Cash flow hedges:				
Fair value (loss)/gain				
Group	(34.5)	4.7	(5.4)	13.9
Joint ventures	-	-	-	0.4
(Loss)/gain on currency translation *	(10.0)	(1,337.6)	686.6	(3,425.0)
Total other comprehensive (loss)/gain	**(44.5)**	**(1,331.8)**	**681.2**	**(3,413.7)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**282.4**	**(1,284.7)**	**1,965.5**	**(1,423.1)**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity holders of the Corporation	294.2	(1,257.1)	1,989.0	(1,407.5)
Non-controlling interests	(11.8)	(27.6)	(23.5)	(15.6)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**282.4**	**(1,284.7)**	**1,965.5**	**(1,423.1)**

* The following USD:RM exchange rates were used in the calculation of gain/(loss) on currency translation:

	2018	2017	2016
As at 31 December	4.14450	4.05950	4.48450
As at 30 September	4.14450	4.22650	-

MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	31 December 2018 RM million	31 December 2017 RM million
NON CURRENT ASSETS		
Ships	21,224.8	20,902.5
Offshore floating assets	222.2	322.6
Property, plant and equipment	1,888.9	1,757.3
Prepaid lease payments on land and buildings	213.0	220.1
Finance lease receivables	16,377.4	13,862.4
Finance lease assets under construction	-	688.5
Investments in associates	0.5	0.5
Investments in joint ventures	955.1	1,127.8
Other non-current financial assets	244.6	237.7
Derivative assets	8.2	3.3
Intangible assets	856.9	844.4
Deferred tax assets	104.4	99.5
	42,096.0	**40,066.6**
CURRENT ASSETS		
Inventories	250.0	198.6
Finance lease receivables	1,247.2	990.8
Trade and other receivables	2,555.9	3,049.0
Cash,deposits and bank balances	5,755.6	5,900.7
Amounts due from related companies	102.5	47.3
Amounts due from joint ventures	43.7	74.7
Assets held for sale	-	123.0
Derivative assets	-	4.4
Tax receivable	14.5	14.6
	9,969.4	**10,403.1**
TOTAL ASSETS	**52,065.4**	**50,469.7**
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	-
Reserves	6,584.1	5,959.5
Retained profits	19,844.1	19,961.3
Equity attributable to equity holders of the Corporation	**35,351.2**	**34,844.1**
Non-controlling interests	1,013.0	1,060.6
TOTAL EQUITY	**36,364.2**	**35,904.7**
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	7,271.4	3,946.3
Deferred income	612.4	635.4
Deferred tax liabilities	32.4	31.1
Derivative liabilities	5.8	-
	7,922.0	**4,612.8**
CURRENT LIABILITIES		
Interest bearing loans and borrowings	5,778.5	7,717.6
Trade and other payables	1,890.2	2,126.8
Amounts due to related companies	17.8	4.7
Amounts due to associates	0.9	1.0
Amounts due to joint ventures	91.8	102.1
	7,779.2	**9,952.2**
TOTAL LIABILITIES	**15,701.2**	**14,565.0**
TOTAL EQUITY AND LIABILITIES	**52,065.4**	**50,469.7**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Cash Flows

For the Year Ended 31 December 2018

	31 December 2018 RM million	31 December 2017 RM million
Cash Flows from Operating Activities:		
Profit before tax	1,344.1	2,003.5
Writeback of impairment loss on receivables	(0.6)	(67.4)
Impairment loss on receivables	141.3	190.1
Bad debts written off	10.4	17.8
Depreciation of ships, offshore floating assets and other property, plant and equipment	1,891.9	2,055.7
Amortisation of prepaid lease payments	7.2	7.2
Impairment loss on ships, offshore floating asset and other investment	99.0	687.5
Write off of ships, property, plant and equipment	32.5	20.5
(Loss)/gain on disposal of ships, offshore floating asset and other property, plant and equipment	11.9	(27.7)
Net unrealised foreign exchange (gain)/loss	(20.4)	52.1
Dividend income from equity investments	(1.7)	(3.5)
Finance costs	394.6	265.0
Finance income	(132.9)	(96.5)
Loss on liquidation of a subsidiary	-	16.7
Gain on disposal of a joint venture	-	(43.5)
Gain on disposal of an associate	-	(1.6)
Gain on acquisition of businesses	(100.0)	-
Fair value loss on other investments	15.1	-
Intangible asset written off	0.7	-
Amortisation of intangibles	5.4	9.4
Amortisation of upfront fees for borrowings	10.7	14.7
Share of profit of an associate	-	(1.1)
Share of profit of joint ventures	(283.3)	(193.7)
Net movement in provisions	-	(12.4)
Operating profit before working capital changes	3,425.9	4,892.8
Inventories	(46.9)	(5.1)
Trade and other receivables	1,023.2	790.3
Trade and other payables	(242.1)	(892.6)
Cash generated from operations	4,160.1	4,785.4
Net tax paid	(62.5)	(46.9)
Net cash flows generated from operating activities	**4,097.6**	**4,738.5**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

	31 December 2018 RM million	31 December 2017 RM million
Cash Flows from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(2,292.2)	(2,451.3)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	282.7	139.9
Progress payments for finance lease assets under construction	(1,002.7)	(1,166.8)
Dividend income from:		
Quoted investments	1.7	3.5
Associates and joint ventures	411.4	439.4
Acquisition of businesses	(1,197.4)	-
Redemption of shares in a joint venture	64.5	-
Proceeds from disposal of investment in a joint venture	-	193.0
Proceeds from disposal of investment in an associate	-	4.0
Purchase of treasury shares	(0.3)	-
Interest income received	93.8	76.6
Net fixed deposit withdrawal	1.6	0.6
Net cash flows used in investing activities	**(3,636.9)**	**(2,761.1)**
Cash Flows from Financing Activities:		
Drawdown of term loans and revolving credit	5,441.7	2,671.0
Repayment of term loans and revolving credit	(4,345.4)	(2,416.9)
Dividends paid to the equity holders of the Corporation	(1,339.1)	(1,830.2)
Dividends paid to non-controlling interest of subsidiaries	(23.4)	(189.1)
Interest expense paid	(442.7)	(334.4)
(Placement)/receipt of cash pledged with bank - restricted	(113.7)	40.9
Net cash flows used in financing activities	**(822.6)**	**(2,058.7)**
Net Change in Cash & Cash Equivalents	(361.9)	(81.3)
Cash & Cash Equivalents at the beginning of the year	5,796.0	6,413.6
Currency translation difference	103.1	(536.3)
Cash & Cash Equivalents at the end of the period	**5,537.2**	**5,796.0**
Cash pledged with bank - restricted	218.4	104.7
Cash, deposits and bank balances	**5,755.6**	**5,900.7**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2018

	Total equity	Equity attributable to equity holders of the Corporation	Share capital* Ordinary shares	Share premium	Treasury shares	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Fair value reserve	Hedging reserve	Currency translation reserve	Non-controlling Interests
		←				Attributable to equity holders of the Corporation								→	
	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million
12 MONTHS ENDED 31 December 2018															
At 1 January 2018	**35,904.7**	**34,844.1**	**8,923.3**	**-**	**-**	**19,961.3**	**5,959.5**	**99.3**	**435.2**	**1.4**	**3.2**	**53.0**	**8.3**	**5,359.1**	**1,060.6**
Adjustment on initial application of MFRS 9	(143.3)	(142.6)	-	-	-	(89.6)	(53.0)	-	-	-	-	(53.0)	-	-	(0.7)
At 1 January 2018 (Restated)	**35,761.4**	**34,701.5**	**8,923.3**	**-**	**-**	**19,871.7**	**5,906.5**	**99.3**	**435.2**	**1.4**	**3.2**	**-**	**8.3**	**5,359.1**	**1,059.9**
Total comprehensive income/(loss)	1,965.6	1,989.1	-	-	-	1,311.5	677.6	-	-	-	-	-	(5.4)	683.0	(23.5)
Transactions with owners															
Dividends	(1,362.6)	(1,339.1)	-	-	-	(1,339.1)	-	-	-	-	-	-	-	-	(23.4)
Buyback of shares by the Company	(0.3)	(0.3)	-	-	(0.3)	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	(1,362.8)	(1,339.4)	-	-	(0.3)	(1,339.1)	-	-	-	-	-	-	-	-	(23.4)
At 31 December 2018	**36,364.2**	**35,351.2**	**8,923.3**	**-**	**(0.3)**	**19,844.1**	**6,584.1**	**99.3**	**435.2**	**1.4**	**3.2**	**-**	**2.9**	**6,042.1**	**1,013.0**
12 MONTHS ENDED 31 December 2017															
At 1 January 2017	**39,331.0**	**38,065.7**	**4,463.8**	**4,459.5**	**-**	**19,793.4**	**9,349.0**	**101.1**	**435.3**	**1.4**	**2.0**	**56.0**	**(3.8)**	**8,757.0**	**1,265.3**
Total comprehensive (loss)/income	(1,423.1)	(1,407.5)	-	-	-	1,981.4	(3,388.9)	-	-	-	-	(3.0)	12.1	(3,398.0)	(15.6)
Transactions with owners															
Liquidation of a subsidiary	16.3	16.3	-	-	-	16.7	(0.4)	-	(0.1)	-	(0.3)	-	-	-	-
Disposal of an associate	(0.2)	(0.2)	-	-	-	-	(0.2)	(1.8)	-	-	1.5	-	-	0.1	-
Dividends	(2,019.3)	(1,830.2)	-	-	-	(1,830.2)	-	-	-	-	-	-	-	-	(189.1)
Transition in accordance with Section 618(2) of the Companies Act 2016 to no-par value regime on 31 January 2017[Note A]	-	-	4,459.5	(4,459.5)	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	(2,003.2)	(1,814.1)	4,459.5	(4,459.5)	-	(1,813.5)	(0.6)	(1.8)	(0.1)	-	1.2	-	-	0.1	(189.1)
At 31 December 2017	**35,904.7**	**34,844.1**	**8,923.3**	**-**	**-**	**19,961.3**	**5,959.5**	**99.3**	**435.2**	**1.4**	**3.2**	**53.0**	**8.3**	**5,359.1**	**1,060.6**

* Included in share capital is one preference share of RM1.

Note a Pursuant to section 74 of the Companies Act, 2016 ('the Act'), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in section 618 of the Act, any amount standing to the credit of the share premium account and capital redemption reserve becomes part of the Company's share capital. Companies have 24 months upon the commencement of the Act to utilise the credit.

There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. During the financial period, the Company has not utilised any of the credit in the share premium account which are now part of share capital.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

MISC BERHAD
(Company No. 8178 H)

Notes to the Unaudited Condensed Financial Statements

A1. CORPORATE INFORMATION

MISC Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 22 February 2019.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the quarter and the year ended 31 December 2018 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The results for this interim period are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2017.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are available upon request from the Corporation's registered office located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The main functional currency of the Group is United States Dollar ("USD") while these interim financial statements are presented in Ringgit Malaysia ("RM").

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 2018 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2017 except as disclosed below:

As of 1 January 2018, the Group and the Corporation have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

MFRS and amendments effective for annual periods beginning on or after 1 January 2018:
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 2: Share-based Payment: Classification and Measurement of Share-based Payment Transactions
MFRS 9: Financial Instruments
MFRS 15: Revenue from Contracts with Customers
MFRS 15: Revenue from Contracts with Customers: Clarifications to MFRS 15
Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 140: Investment Property: Transfers of Investment Property
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The adoption of the above pronouncements has no material financial impact to the Group and the Corporation other than as set out below:

i. MFRS 9: Financial Instruments

The Group adopted MFRS 9: Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. The Group has elected to classify the equity investments as FVTPL and present subsequent changes in the investment's fair value to profit or loss.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of the new impairment model and the recognition of equity investments to FVTPL are as follows:

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018
	RM million
Decrease in retained earnings	89.6
Decrease in fair value reserve	53.0
Decrease in trade and other receivables	97.9
Decrease in finance lease receivables	71.0
Increase in other non-current financial assets	26.3

The current year to date impact of RM7.0 million of expected credit losses and RM15.1 million net loss on changes in fair value on non-current investments have been charged to profit or loss in the current year.

ii. MFRS 15: Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group's financial statements.

A4. CHANGES IN ESTIMATES

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

A5. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2017.

A6. CHANGES IN COMPOSITION OF THE GROUP

The Corporation had, on 24 December 2018, announced the incorporation of two (2) new subsidiaries, namely Portovenere and Lerici (Labuan) Private Limited ("PLL") and Portovenere and Lerici (Singapore) Pte. Ltd. ("PLS"), under the Labuan Companies Act, 1990 and Singapore Companies Act (Chapter 50), respectively. The principal activities of PLL and PLS are investment holding, owning, chartering and operating vessels. PLL is a wholly-owned subsidiary of the Corporation whilst PLS in a wholly-owned subsidiary of PLL.

A7. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	LNG	Petroleum	Offshore	Heavy Engineering	Others, eliminations and adjustments		Total
	RM million	RM million	RM million	RM million	RM million		RM million
Revenue							
External sales	2,346.3	4,311.2	1,098.7	871.2	152.9		8,780.3
Inter-segment	-	1.7	97.3	103.1	(202.1)		-
	2,346.3	**4,312.9**	**1,196.0**	**974.3**	**(49.2)**	*	**8,780.3**
Operating profit/(loss)	985.4	(12.4)	558.7	(124.6)	59.2	**	1,466.3

* Comprises inter-segment eliminations.

** Comprises net foreign exchange differences, interest income, dividend income from quoted investments, eliminations and adjustments.

A8. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A9. PROFIT FOR THE PERIOD

Included in the profit for the period are the following items:

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2018	2017	2018	2017
	RM million	RM million	RM million	RM million
Finance income	35.6	38.8	132.9	96.5
Other income	83.6	81.3	205.4	409.7
Finance costs	(109.5)	(68.6)	(394.6)	(265.0)
Depreciation of ships, offshore floating assets and other property, plant and equipment	(496.4)	(523.8)	(1,891.9)	(2,055.7)
Amortisation of prepaid lease payments	(1.9)	(1.8)	(7.2)	(7.2)
Amortisation of intangibles	(1.0)	(1.0)	(5.4)	(9.4)
Intangible asset written off	0.7	-	0.7	-
Write off of ships, property, plant and equipment	(25.6)	9.8	(32.5)	(20.5)
(Loss)/gain on disposal of ships, offshore floating asset and other property, plant and equipment	(9.2)	(1.3)	(11.9)	27.7
Impairment loss on ships, offshore floating asset and other investment	(97.9)	(553.9)	(99.0)	(687.5)
Impairment loss on receivables	(47.6)	(25.6)	(141.3)	(190.1)
Bad debts written off	(13.7)	(12.8)	(10.4)	(17.8)
Fair value loss on other investments	(15.1)	-	(15.1)	-
Writeback of impairment loss on receivables	0.6	-	0.6	67.4
Net realised foreign exchange (loss)/gain	(3.5)	26.1	(14.8)	21.2
Net unrealised foreign exchange gain/(loss)	3.9	(27.0)	20.4	(52.1)

A10. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT

Included in ships, offshore floating assets and other property, plant and equipment are construction work-in-progress, mainly for the construction of ships totalling RM1,664.6 million.

A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM million	RM million	RM million
Cost			
At 1 January 2017	**1,058.9**	**212.7**	**1,271.6**
Currency translation differences	(84.9)	-	(84.9)
At 31 December 2017	**974.0**	**212.7**	**1,186.7**
Write-off	(0.7)	-	(0.7)
Currency translation differences	18.6	-	18.6
At 31 December 2018	**991.9**	**212.7**	**1,204.6**
Accumulated amortisation and impairment			
At 1 January 2017	**162.5**	**170.4**	**332.9**
Amortisation	-	9.4	9.4
At 31 December 2017	**162.5**	**179.8**	**342.3**
Amortisation	-	5.4	5.4
At 31 December 2018	**162.5**	**185.2**	**347.7**
Net carrying amount			
At 1 January 2017	**896.4**	**42.3**	**938.7**
At 31 December 2017	**811.5**	**32.9**	**844.4**
At 31 December 2018	**829.4**	**27.5**	**856.9**

Goodwill is tested for impairment annually (31 December), or when circumstances indicate that the carrying value may be impaired. The Group's goodwill impairment test is a comparison of the goodwill's carrying value against its recoverable amount. The recoverable amounts are based on value-in-use for cash generating units ("CGU"), calculated using cash flow projections. The key assumptions used to determine the value-in-use of CGUs are disclosed in the annual consolidated financial statements for the year ended 31 December 2018.

A12. INVENTORIES

The Group did not recognise any write-down of inventories or reversal of inventories during the quarter ended 31 December 2018.

A13. CASH, DEPOSITS AND BANK BALANCES

Breakdown of cash, deposits and bank balances is as follows:

	31 December 2018 RM million	31 December 2017 RM million
Cash with PETRONAS Integrated Financial Shared Service Centre *	4,204.4	4,539.4
Cash and bank balances	1,214.8	393.1
Deposits with licensed banks	336.4	968.2
Total cash, deposits and bank balances	**5,755.6**	**5,900.7**

* To allow for more efficient cash management by the Group, the Corporation's and a few subsidiaries in the Group's cash and bank balances have, since 1 July 2013, been held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC").

Included in cash and bank balances is the retention account of RM218.4 million (31 December 2017: RM104.7 million) which is restricted for use because it is pledged to the bank for the purpose of loan covenants.

A14. FAIR VALUE HIERARCHY

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 - Inputs that are based on observable market data, either directly or indirectly
Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2018				
Financial Assets				
Fair value through profit or loss				
Quoted investments	47.8	-	-	47.8
Unquoted investments	-	-	73.9	73.9
Derivatives				
Interest rate swaps designated as hedging instruments	-	8.2	-	8.2
	47.8	**8.2**	**73.9**	**129.9**
Financial Liabilities				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(5.8)	-	(5.8)
	-	**(5.8)**	**-**	**(5.8)**

	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2017				
Financial Assets				
Available-for-sale financial assets				
Quoted investments	63.7	-	-	63.7
Derivatives				
Interest rate swaps designated as hedging instruments	-	7.7	-	7.7
	63.7	**7.7**	**-**	**71.4**

No transfers between any levels of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

A15. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

During the current quarter, the Company had repurchased a total of 47,400 ordinary shares from the open market at an average price of RM5.69 per share for a total consideration of RM270,846.11 including transaction costs, which were financed from internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016. As at 31 December 2018, the total number of treasury shares held is 0.001% of the total paid up share capital of the Company.

A16. INTEREST BEARING LOANS AND BORROWINGS

i) The tenure of Group borrowings, classified as short and long term as well as secured and unsecured, are as follows:

	31 December 2018 RM million	31 December 2017 RM million
Short Term Borrowings		
Secured	389.8	307.1
Unsecured	5,388.7	7,410.5
	5,778.5	7,717.6
Long Term Borrowings		
Secured	6,512.8	2,786.2
Unsecured	758.6	1,160.1
	7,271.4	3,946.3
Total	**13,049.9**	**11,663.9**

ii) Foreign borrowings in United States Dollar equivalent as at 31 December 2018 is as follows:

	RM million
United States Dollar Borrowings	12,999.9

A17. DIVIDENDS PAID

The Corporation paid the following dividends in the year ended 31 December 2018 and 31 December 2017:

	31 December 2018		31 December 2017	
	Sen/Share	RM million	Sen/Share	RM million
Third tax exempt dividend in respect of:				
- Financial year ended 31 December 2018 on 18 December 2018	7.0	312.5	-	-
Second tax exempt dividend in respect of:				
- Financial year ended 31 December 2018 on 14 September 2018	7.0	312.5	-	-
First tax exempt dividend in respect of:				
- Financial year ended 31 December 2018 on 12 June 2018	7.0	312.5	-	-
Fourth tax exempt dividend in respect of:				
- Financial year ended 31 December 2017 on 15 March 2018	9.0	401.6	-	-
Third interim tax exempt dividend in respect of:				
- Financial year ended 31 December 2017 on 30 November 2017	-	-	7.0	312.5
Second interim tax exempt dividend in respect of:				
- Financial year ended 31 December 2017 on 7 September 2017	-	-	7.0	312.5
- Financial year ended 31 December 2016 on 16 March 2017	-	-	20.0	892.8
First interim tax exempt dividend in respect of:				
- Financial year ended 31 December 2017 on 31 May 2017	-	-	7.0	312.5

A18. CAPITAL COMMITMENTS

	31 December 2018 RM million	31 December 2017 RM million
Approved and contracted for	2,792.3	3,142.1
Approved but not contracted for	939.9	689.6
Total	**3,732.2**	**3,831.7**

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31 December 2018 comprise the following:

	RM million
Secured	
Bank guarantees extended to third parties	0.4
Unsecured	
Performance bond on contract and bank guarantees extended to third parties	204.3

A20. SUBSEQUENT MATERIAL EVENT

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

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2018	2017	2018	2017
	RM million	RM million	RM million	RM million
Revenue				
LNG	562.3	676.7	2,346.3	2,862.4
Petroleum	1,278.3	1,174.5	4,312.9	4,511.7
Offshore	274.7	446.2	1,196.0	1,896.1
Heavy Engineering	272.2	250.3	974.3	958.9
Others, Eliminations and Adjustments	1.0	(82.7)	(49.2)	(160.9)
Total Revenue	**2,388.5**	**2,465.0**	**8,780.3**	**10,068.2**
Operating Profit/(Loss)				
LNG	186.2	131.9	985.4	1,422.3
Petroleum	108.6	44.1	(12.4)	46.9
Offshore	122.3	354.5	558.7	1,129.7
Heavy Engineering	(30.3)	24.8	(124.6)	15.3
Others, Eliminations and Adjustments	(5.4)	73.0	59.2	90.9
Total Operating Profit	**381.4**	**628.3**	**1,466.3**	**2,705.1**
Impairment loss on ships, offshore floating asset and other investment	(97.9)	(553.9)	(99.0)	(687.5)
Loss on liquidation of a subsidiary	-	-	-	(16.7)
Gain on disposal of an associate	-	1.6	-	1.6
Gain on disposal of a joint venture	-	-	-	43.5
Gain on acquisition of businesses	29.6	-	100.0	-
(Loss)/gain on disposal of ships, offshore floating asset and other property, plant and equipment	(9.2)	(1.3)	(11.9)	27.7
Finance costs	(109.5)	(68.6)	(394.6)	(265.0)
Share of profit of joint ventures and associate	160.9	35.9	283.3	194.8
Profit Before Tax	**355.3**	**42.0**	**1,344.1**	**2,003.5**

Current quarter's performance against the quarter ended 31 December 2017

Group revenue of RM2,388.5 million was 3.1% lower than the quarter ended 31 December 2017 ("corresponding quarter") revenue of RM2,465.0 million, while Group operating profit of RM381.4 million was RM246.9 million lower than the corresponding quarter's profit of RM628.3 million. The variances in Group performance by segment are further explained below.

LNG

Revenue of RM562.3 million was RM114.4 million or 16.9% lower than the corresponding quarter's revenue of RM676.7 million, mainly due to lower earning days following a commercial arrangement with client to temporarily suspend a charter contract and resume the charter in the future, to be compensated with a longer contract period. The decrease in revenue is partially negated with lower dry-docking days in the current quarter.

Operating profit of RM186.2 million was RM54.3 million or 41.2% higher than the corresponding quarter's profit of RM131.9 million, mainly due to lower dry-docking days and reversal of provision for receivables in current quarter.

Petroleum

Revenue of RM1,278.3 million was RM103.8 million or 8.8% higher than the corresponding quarter's revenue of RM1,174.5 million resulting from higher freight rates.

Operating profit of RM108.6 million was RM64.5 million higher than corresponding quarter's profit of RM44.1 million, from higher freight rates as explained above.

Offshore

Revenue of RM274.7 million was RM171.5 million or 38.4% lower than the corresponding quarter's revenue of RM446.2 million as corresponding quarter included revenue from construction of Floating, Storage and Offloading ("FSO") Benchamas 2 which was completed in May 2018. The reduction in revenue is softened by the charter commencement of FSO Mekar Bergading in August 2018.

Operating profit of RM122.3 million was RM232.2 million lower than corresponding quarter's profit of RM354.5 million, as the corresponding quarter's profit included reversal of provision for receivables and construction gain from FSO Benchamas 2.

Heavy Engineering

Revenue of RM272.2 million was RM21.9 million or 8.7% higher than the corresponding quarter's revenue of RM250.3 million, mainly due to higher revenue from an ongoing project and commencement of a new order intake in the current quarter.

Heavy Engineering segment recorded operating loss of RM30.3 million compared to corresponding quarter's profit of RM24.8 million, mainly due to insufficient dry-docking works to absorb fixed overheads and compressed margins for dry-docking activities in the current quarter as well as close-out of a significant project in the corresponding quarter.

Others, Eliminations and Adjustments

Other segment recorded operating loss of RM5.4 million compared to corresponding quarter's profit of RM73.0 million mainly due to higher interest income and foreign exchange gain in the corresponding quarter coupled with fair value loss on other investments in current quarter.

Current year performance against the year ended 31 December 2017

Group revenue of RM8,780.3 million was 12.8% lower than RM10,068.2 million revenue for the year ended 31 December ("corresponding year"). Group operating profit of RM1,466.3 million was 45.8% lower than the corresponding year's profit of RM2,705.1 million. The variances in Group performance by segment are further explained below.

LNG

LNG revenue of RM2,346.3 million was RM516.1 million or 18.0% lower than the corresponding year's revenue of RM2,862.4 million, mainly due to reduced number of operating vessels following expiry of a charter contract in June 2017 and suspension of a charter contract in current year coupled with lower charter rate following contract renewal of an LNG carrier in October 2017. The drop in revenue was softened by the commencement of time charter contracts for two (2) LNG Carriers in current year and one (1) LNG Carrier in August 2017.

LNG operating profit of RM985.4 million was RM436.9 million or 30.7% lower than the corresponding year's profit of RM1,422.3 million, mainly due to lower revenue as explained above and as the corresponding year's profit included recognition of compensation for early termination of a time charter contract.

Petroleum

Petroleum revenue of RM4,312.9 million was RM198.8 million or 4.4% lower than the corresponding year's revenue of RM4,511.7 million, mainly due to the strengthening of Ringgit Malaysia ("RM") against United States Dollar ("USD") as follows:

	Year-to-date Average USD1:RM
Year ended 31 December 2017	4.30073
Year ended 31 December 2018	4.03425

Operationally, Petroleum recorded higher freight rates and higher earning days from delivery of 2 Aframax and 2 Suezmax vessels in the current year.

Petroleum recorded operating loss of RM12.4 million compared to corresponding year's profit of RM46.9 million, mainly due to higher bunker costs.

Offshore

Revenue of RM1,196.0 million was RM700.1 million or 36.9% lower than the corresponding year's revenue of RM1,896.1 million, as the corresponding year's revenue included recognition of one time gain from favourable adjudication decision on Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") variation works and lower construction revenue for FSO Benchamas 2 in the current year from different phase of project construction.

Offshore operating profit of RM558.7 million was RM571.0 million or 50.5% lower than the corresponding year's profit of RM1,129.7 million, mainly from lower revenue in GKL following favourable adjudication results in corresponding year and lower construction gain for FSO Benchamas 2 in the current year.

Heavy Engineering

Heavy Engineering revenue of RM974.3 million was RM15.4 million or 1.6% higher than the corresponding year's revenue of RM958.9 million mainly from higher revenue from ongoing projects in the current year.

Heavy Engineering recorded operating loss of RM124.6 million compared to corresponding year's profit of RM15.3 million mainly due to close-out of completed projects in the prior year and insufficient contribution to absorb fixed overheads in the current year. This arose from lower LNG dry-docking activities coupled with suppressed margins from other marine works.

Others, Eliminations and Adjustments

Other segment's operating profit for the period of RM59.2 million was RM31.7 million lower than corresponding period's profit of RM90.9 million. This was mainly because the corresponding year's profit included reversal of provision following early termination of charter-in contracts for three container vessels. The vessels were previously chartered in for the liner business.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP	Quarter Ended 31 December 2018 RM million	Quarter Ended 30 September 2018 RM million
Revenue	**2,388.5**	**2,229.2**
Operating Profit	**381.4**	**354.5**
Impairment loss on ships	(97.9)	-
Gain on acquisition of businesses	29.6	70.4
Loss on disposal of ships, offshore floating asset and other property, plant and equipment	(9.2)	(3.7)
Finance costs	(109.5)	(109.9)
Share of profit of joint ventures	160.9	39.8
Profit Before Tax	**355.3**	**351.1**

Group revenue of RM2,388.5 million was RM159.3 million or 7.1% higher than the preceding quarter's revenue of RM2,229.2 million, mainly from higher freight rates achieved in Petroleum segment.

Group operating profit of RM381.4 million was RM26.9 million or 7.6% higher than the preceding quarter's profit of RM354.5 million, mainly from higher revenue as explained above.

B3. GROUP CURRENT YEAR PROSPECTS

The petroleum tanker spot market ended the year 2018 on a firmer note after a fragile start. However, 2019 is projected to be still another challenging year for tanker markets. Growth in seaborne oil demand is expected to be impacted by the recently announced OPEC-led production cuts, and geopolitical uncertainty continues to cloud future energy demand. Over the longer term, growth in tonne-miles that is driven by higher exports from the Atlantic region to Asia suggests a more robust outlook in charter rates.

The LNG segment is expected to continue to benefit from the market strength seen in 2018 going into 2019, supported by demand growth in Asia, additional supply from new liquefaction projects and slower LNG fleet growth in 2019. While the LNG spot rates reached a multi-year peak in late 2018, the sustainability of such rates remain uncertain in 2019. Nevertheless, the existing portfolio of long term charters that are in place will underwrite a steady performance for MISC's LNG shipping unit into the next financial year.

The offshore segment continues to be supported by healthy activities in oil and gas exploration and production. An increasing number of floating production system contract awards are forthcoming in the next few years and MISC's Offshore business unit will be actively pursuing these opportunities. The two new assets added in 2018 will provide a source of income growth and support the financial performance for the unit in 2019.

The Heavy Engineering segment is not expecting further deferment by ship owners for dry -docking activities in the coming year in view of the forthcoming implementation of new rules by International Maritime Organisation (IMO). In 2018, the segment had secured a number of long term offshore fabrication frame agreements which are on a call-out basis. These are expected to contribute positively to the segment's revenue in 2019 and beyond. The Heavy Engineering segment remains committed to replenish its order book, and efforts to ensure competitiveness of ongoing and future bids remains a priority.

B4. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECAST AND SHORTFALL IN PROFIT GUARANTEE

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

B5. TAXATION

	Quarter Ended 31 December 2018 RM million	Cumulative 12 Months Ended 31 December 2018 RM million
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(17.9)	(47.8)
- prior year	(11.1)	(20.9)
Deferred taxation	0.6	8.9
	(28.4)	(59.8)

The Government had proposed to reduce the exemption for the shipping sector provided under Section 54A of the Income Tax Act, 1967 from 100% to 70% of statutory income effective from Year of Assessment 2012. Subsequently in December 2015, the Government decided to defer the implementation of the above proposal to Year of Assessment 2020.

The taxation charge is attributable to tax in respect of other activities of the Group.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no outstanding corporate proposals submitted by the Group for the quarter ended 31 December 2018.

B7. CHANGES IN MATERIAL LITIGATION

i) Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") and Sabah Shell Petroleum Limited ("SSPC")

On 9 November 2012, MISC's wholly-owned subsidiary, GKL entered into a Semi FPS Lease Agreement with SSPC, a wholly-owned subsidiary of Shell, for the construction and lease of Gumusut-Kakap Semi-Floating Production System ("Semi-FPS") for the purposes of the production of crude oil ("the Contract").

On 2 September 2016, GKL filed a Notice of Arbitration dated 2 September 2016 with the Kuala Lumpur Regional Centre for Arbitration (now known as Asian International Arbitration Centre) to commence arbitration proceedings against SSPC ("Arbitration") whereby GKL is claiming for outstanding additional lease rates, payment for completed variation works and other associated costs under the Contract from SSPC, which covers the following:

i. The total sum of approximately USD245.0 million and applicable interest at any rate deemed fit by the tribunal/adjudicator;
ii. Declaratory relief;
iii. The costs of the arbitration/adjudication; and
iv. Any further or other awards as the tribunal/adjudicator deems fit.

In addition, GKL filed Notices of Adjudication against SSPC under the Construction Industry Payment and Adjudication Act 2012, resulting with GKL being successful under the First and Second Adjudication Decisions for payment of completed variation works amounting to approximately USD255 million and USD10.9 million respectively. A total of approximately USD73 million of outstanding increased Day Rates has been paid by SSPC as lump sum payments, with the balance amounts payable by SSPC as increased Day Rates for the relevant lease period.

SSPC refuted GKL's claims and filed a counterclaim against GKL in the Arbitration for alleged defective work, alleged limited functionality of the Semi-FPS, liquidated damages and a refund of the full amount paid to GKL under the Adjudication Decisions. SSPC's claims cover, among others, the following:

i. The sum of approximately USD588 million together with any applicable interest;
ii. Repayment to SSPC for the full amount paid to GKL under the First and Second Adjudication Decisions; and
iii. The costs and expenses of the Adjudication and Arbitration Proceedings.

The hearing for the Arbitration from 25 February 2019 to 16 March 2019 is proceeding as scheduled.

GKL is of the view that GKL has a good legal position to succeed in its claims against SSPC and has a good legal position to defend SSPC's counterclaims.

The Arbitration and Adjudication initiated to resolve the contractual disputes will not have any impact on the operation of the Semi-FPS or the performance of the Contract, including the lease payments which continue to be paid by SSPC since October 2014. The lease period pursuant to the Contract remains intact and GKL continues to receive payment from SSPC for the relevant lease period.

ii) Malaysia Offshore Mobile Production (Labuan) Ltd ("MOMPL") and PCPP Operating Company Sdn Bhd ("PCPP")

Malaysia Offshore Mobile Production (Labuan) Ltd ("MOMPL"), MISC Berhad's wholly owned subsidiary, and PCPP Operating Company Sdn Bhd ("PCPP") are parties to an Agreement for the Leasing, Operation and Maintenance of Two (2) Plain Mobile Offshore Production Unit Facilities for D30 and Dana Fields Development Project dated 28 November 2008 ("the Contract").

PCPP is a joint operating company with shareholders comprising PETRONAS Carigali Sdn Bhd (40%) ("PCSB"), PT Pertamina Hulu Energi (30%) ("PPHE") and PetroVietnam Exploration Production Corporation Ltd (30%) ("PVEP").

A dispute has arisen between the parties in relation to the Contract and there are substantial sums due and owing to MOMPL. Attempts to resolve the matter by means of a commercial settlement agreement failed to materialise and MOMPL was constrained to proceed with legal proceedings against PCPP to seek to recover the sums outstanding to MOMPL for the lease rates, payment for completed variation works, early termination fees, reimbursement of demobilisation costs and associated costs under the Contract totalling to approximately USD99,784,000 and service rates totalling approximately RM22,618,000. In this respect, the following actions have been filed:

Arbitration

1. The first arbitration proceedings seek to claim for part of the outstanding sums amounting to approximately USD18,829,000 and RM17,944,000. MOMPL's Statement of Claim was filed on 21 December 2016.

2. The second arbitration proceedings seek to claim for the disputed portion of the early termination fees and demobilisation costs and the remaining lease and service rates amounting to approximately USD38,646,000 and RM4,674,000. MOMPL's Notice of Arbitration was filed on 7 August 2018.

Adjudication

3. Adjudication proceedings under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") was first commenced to recover MOMPL's claim for the completed variation works amounting to approximately USD9,949,000.00. On 9 January 2019, MOMPL was awarded its entire claim of USD USD9,949,734.00 plus interest and costs. On 28 January 2019, PCPP filed an application in the High Court to set aside the Adjudication decision. No hearing date has been fixed for the setting aside application.

4. The second adjudication proceedings under CIPAA was commenced to recover the disputed demobilisation costs amounting to approximately USD4,796,000. MOMPL has filed its Payment Claim on 14 August 2018 and Notice of Adjudication on 25 January 2019. Parties are in the midst of appointing an adjudicator.

Proceedings in Court

5. An Originating Summons in the High Court was filed on 7 August 2018 to recover the undisputed portion of the early termination fees and demobilisation costs amounting to approximately USD42,307,000. PCPP filed an application to stay the Originating Summons which was heard on 22 January 2019. The decision is expected to be delivered on 7 March 2019.

6. A writ action in the High Court was also filed on 13 August 2018 against PCSB, PPHE and PVEP (being the shareholders of PCPP) seeking for a declaration that the shareholders be liable for the amounts due and owing by PCPP to MOMPL under the Contract. PCSB filed an application in the High Court to strike out the proceedings which was allowed on 26 October 2018. PCPP similarly filed an application to stay the proceedings which was allowed on 11 December 2018. MOMPL has pursued an appeal against both decisions of the High Court. No hearing date has been fixed for the appeal.

(collectively referred to as the "Legal Proceedings")

If successful, the Legal Proceedings are expected to contribute positively to the earnings per share, gearing and net assets per share of MISC in the future.

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

Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE"), a wholly-owned subsidiary of the Company, had on 27 September 2018 received a Notice of Arbitration from E. A. Technique (M) Berhad ("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 totaling 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 counterclaims totaling USD49,105,095 representing payment for unpaid invoices, prolongation costs and additional variations to the original scope of work.

The Group will vigorously defend the claims made by EAT and pursue its counterclaims. As at the date of this announcement, Statement of Claim has been served and MMHE shall respond with a Statement of Reply to EAT by 15 March 2019.

B8. DIVIDENDS

The Board of Directors has approved a fourth tax exempt dividend of 9.0 sen per share in respect of financial year 2018 amounting to RM401.7 million. The proposed dividend will be paid on 26 March 2019 to shareholders registered at the close of business on 8 March 2019.

A fourth tax exempt dividend of 9.0 sen per share was declared on 13 February 2018 in respect of financial year 2017 amounting to RM401.6 million and paid on 15 March 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:

i) Shares transferred into the Depositor's Securities Account before 4.00 pm on 8 March 2019 in respect of Ordinary Transfers; and
ii) Shares bought on the BMSB on a cum entitlement basis according to the rules of BMSB.

B9. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group entered into interest rate swap ("IRS") arrangements, a form of derivative to convert its interest exposure from floating rate into fixed rate. The maturity of the IRS arrangements coincides with the maturity of the original floating rate loans.

Details of the Group's derivative financial instruments outstanding as at 31 December 2018 are as follows:

Contract/Tenure	Notional Value RM million	Fair Value Loss RM million
Interest rate swaps		
1 year to 3 years	396.0	(0.8)
More than 3 years	1,423.5	(4.6)
	1,819.5	(5.4)

During the financial year ended 31 December 2018, the Group had entered into an IRS arrangement to hedge against adverse movements in interest rates in compliance with the facility agreement entered.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2017:

(a) the credit risk, market risk and liquidity risk associated with these financial derivatives;

(b) the cash requirements of the financial derivatives; and

(c) the policy in place for mitigating or controlling the risks associated with these financial derivatives.

B10. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

B11. EARNINGS PER SHARE

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2018	**2017**	**2018**	**2017**
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM million):	338.7	68.2	1,311.5	1,981.4
Weighted average number of ordinary shares in issue (million)	**4,463.8**	**4,463.8**	**4,463.8**	**4,463.8**
Basic earnings per share (sen)	7.6	1.5	29.4	44.4

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

By Order of the Board