



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Income Statement

For The Period Ended 30 September 2019

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2019 RM million	2018 RM million	2019 RM million	2018 RM million
Revenue	2,147.8	2,229.2	6,587.2	6,391.8
Cost of sales	(1,579.0)	(1,685.7)	(4,608.1)	(4,765.7)
GROSS PROFIT	568.8	543.5	1,979.1	1,626.1
Other operating income	62.4	51.9	207.1	168.9
General and administrative expenses	(254.8)	(240.9)	(733.6)	(710.1)
OPERATING PROFIT	376.4	354.5	1,452.6	1,084.9
Impairment loss on ships, offshore floating asset and other investments	(50.0)	-	(101.1)	(1.1)
Gain on acquisition of businesses	-	70.4	23.7	70.4
(Loss)/gain on disposal of ships, offshore floating asset and property, plant and equipment	(5.2)	(3.7)	12.3	(2.7)
Finance costs	(116.1)	(109.9)	(365.9)	(285.1)
Share of profit of joint ventures	82.4	39.8	227.0	122.4
PROFIT BEFORE TAX	287.5	351.1	1,248.6	988.8
Taxation	(16.6)	(11.9)	(59.8)	(31.4)
PROFIT AFTER TAX	270.9	339.2	1,188.8	957.4
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Corporation	266.1	341.0	1,176.4	972.8
Non-controlling interests	4.8	(1.8)	12.4	(15.4)
PROFIT AFTER TAX	270.9	339.2	1,188.8	957.4
BASIC EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY HOLDERS				
OF THE CORPORATION (SEN)	6.0	7.6	26.4	21.8

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018.



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 30 September 2019

	Quarter Ended		Cumulative	
	30 September		9 Months Ended	
	2019	2018	2019	2018
	RM million	RM million	RM million	RM million
PROFIT AFTER TAX	270.9	339.2	1,188.8	957.4
OTHER COMPREHENSIVE (LOSS)/INCOME				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Cash flow hedges:				
Fair value (loss)/gain				
Group	(120.4)	2.9	(257.3)	29.1
Gain on currency translation *	364.1	798.1	342.4	696.6
Total other comprehensive income	243.7	801.0	85.1	725.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	514.6	1,140.2	1,273.9	1,683.1
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity holders of the Corporation	507.7	1,141.6	1,259.6	1,694.8
Non-controlling interests	6.9	(1.4)	14.3	(11.7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	514.6	1,140.2	1,273.9	1,683.1

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

	2019	2018	2017
As at 30 September	4.18700	4.14450	-
As at 30 June	4.14150	4.04550	-
As at 31 December	-	4.14450	4.05950



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	30 September 2019 RM million	31 December 2018 RM million
NON CURRENT ASSETS		
Ships	21,513.8	21,224.8
Offshore floating assets	149.6	222.2
Property, plant and equipment	2,025.1	1,888.9
Prepaid lease payments on land and buildings	207.6	213.0
Finance lease receivables	15,672.5	16,377.4
Investments in associates	0.5	0.5
Investments in joint ventures	1,038.2	955.1
Other non-current financial assets	229.2	244.6
Derivative assets	-	8.2
Intangible assets	861.3	856.9
Deferred tax assets	104.9	104.4
	41,802.7	42,096.0
CURRENT ASSETS		
Inventories	176.0	250.0
Finance lease receivables	1,368.3	1,247.2
Trade and other receivables	2,281.2	2,555.9
Cash, deposits and bank balances	7,410.3	5,755.6
Amounts due from related companies	82.8	102.5
Amounts due from joint ventures	27.6	43.7
Assets held for sale	351.2	-
Tax recoverable	2.4	14.5
	11,699.8	9,969.4
TOTAL ASSETS	53,502.5	52,065.4
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	(0.3)
Reserves	6,667.2	6,584.0
Retained profits	19,901.2	19,844.2
Equity attributable to equity holders of the Corporation	35,491.4	35,351.2
Non-controlling interests	1,024.8	1,013.0
TOTAL EQUITY	36,516.2	36,364.2
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	8,325.2	7,271.4
Deferred income	584.8	612.4
Deferred tax liabilities	32.1	32.5
Derivative liabilities	258.2	5.8
	9,200.3	7,922.1
CURRENT LIABILITIES		
Interest bearing loans and borrowings	5,805.5	5,778.5
Trade and other payables	1,896.0	1,890.2
Amounts due to related companies	4.4	17.7
Amounts due to associates	0.9	0.9
Amounts due to joint ventures	79.2	91.8
	7,786.0	7,779.1
TOTAL LIABILITIES	16,986.3	15,701.2
TOTAL EQUITY AND LIABILITIES	53,502.5	52,065.4

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018.



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Cash Flows

For the Period Ended 30 September 2019

	30 September 2019 RM million	30 September 2018 RM million
Cash Flows from Operating Activities:		
Profit before tax	1,248.6	988.8
Impairment loss on receivables	15.1	93.7
Bad debts written back	(0.9)	(3.3)
Depreciation of ships, offshore floating assets, other property, plant and equipment and right-of-use assets	1,648.0	1,395.5
Impairment loss on ships, offshore floating asset and other investments	101.1	1.1
Amortisation of prepaid lease payments	5.4	5.3
Write off of ships, property, plant and equipment	2.6	6.9
(Gain)/loss on disposal of ships, offshore floating asset and property, plant and equipment	(12.3)	2.7
Net unrealised foreign exchange loss/(gain)	1.8	(16.5)
Dividend income from equity investments	(1.1)	(1.6)
Finance costs	365.9	285.1
Finance income	(123.6)	(97.3)
Gain on acquisition of businesses	(23.7)	(70.4)
Fair value movement in other investment	7.8	(5.8)
Amortisation of intangibles	4.9	4.4
Amortisation of upfront fees for borrowings	8.0	9.7
Share of profit of joint ventures	(227.0)	(122.4)
Operating profit before working capital changes	3,020.6	2,475.9
Inventories	75.7	(42.7)
Trade and other receivables	1,292.0	875.0
Trade and other payables	(197.0)	(378.9)
Cash generated from operations	4,191.3	2,929.3
Net tax paid	(46.9)	(28.8)
Net cash flows generated from operating activities	4,144.4	2,900.5



	30 September 2019 RM million	30 September 2018 RM million
Cash Flows from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(1,445.0)	(1,594.4)
Proceeds from disposal of ships, offshore floating asset and property, plant and equipment	156.3	102.3
Progress payments for finance lease assets under construction	-	(990.9)
Dividend income from:		
Quoted investments	1.1	1.6
Associates and joint ventures	155.5	249.5
Acquisition of a business	(147.1)	(1,047.8)
Interest income received	91.3	51.3
Net fixed deposit placement/(withdrawal)	1.7	(0.8)
Net cash flows used in investing activities	(1,186.2)	(3,229.2)
Cash Flows from Financing Activities:		
Drawdown of term loans and revolving credit	5,225.6	5,171.6
Repayment of term loans and revolving credit	(4,961.4)	(4,083.3)
Repayment of lease liabilities	(265.4)	-
Dividends paid to the equity holders of the Corporation	(1,026.7)	(1,026.7)
Dividends paid to non-controlling interest of subsidiaries	(3.0)	(23.4)
Interest expense paid	(343.8)	(363.8)
Placement of cash pledged with banks - restricted	(890.8)	(3.0)
Net cash flows used in financing activities	(2,265.5)	(328.6)
Net Change in Cash & Cash Equivalents	692.7	(657.3)
Cash & Cash Equivalents at the beginning of the year	5,537.2	5,792.0
Currency translation difference	71.1	87.3
Cash & Cash Equivalents at the end of the period	6,301.0	5,222.0
Cash pledged with banks - restricted	1,109.3	112.4
Cash, deposits and bank balances	7,410.3	5,334.4



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2019

	Total equity	Attributable to equity holders of the Corporation											Non-controlling Interests	
		Equity attributable to equity holders of the Corporation	Share capital* Ordinary shares	Treasury shares	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Fair value reserve	Hedging reserve		Currency translation reserve
	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
9 MONTHS ENDED 30 SEPTEMBER 2019														
At 1 January 2019	36,364.2	35,351.2	8,923.3	(0.3)	19,844.2	6,584.0	99.3	435.2	1.4	3.2	-	2.9	6,042.0	1,013.0
Adjustment on initial application of MFRS 16	(92.2)	(92.7)	-	-	(92.7)	-	-	-	-	-	-	-	-	0.5
At 1 January 2019 (Restated)	36,272.0	35,258.5	8,923.3	(0.3)	19,751.5	6,584.0	99.3	435.2	1.4	3.2	-	2.9	6,042.0	1,013.5
Total comprehensive income/(loss)	1,273.9	1,259.6	-	-	1,176.4	83.2	-	-	-	-	-	(257.3)	340.5	14.3
Transactions with owners														
Dividends	(1,029.7)	(1,026.7)	-	-	(1,026.7)	-	-	-	-	-	-	-	-	(3.0)
Total transactions with owners	(1,029.7)	(1,026.7)	-	-	(1,026.7)	-	-	-	-	-	-	-	-	(3.0)
At 30 September 2019	36,516.2	35,491.4	8,923.3	(0.3)	19,901.2	6,667.2	99.3	435.2	1.4	3.2	-	(254.4)	6,382.5	1,024.8
9 MONTHS ENDED 30 SEPTEMBER 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	(113.0)	(113.0)	-	-	(60.0)	(53.0)	-	-	-	-	(53.0)	-	-	-
At 1 January 2018 (Restated)	35,791.7	34,731.1	8,923.3	-	19,901.3	5,906.5	99.3	435.2	1.4	3.2	-	8.3	5,359.1	1,060.6
Total comprehensive income/(loss)	1,683.1	1,694.8	-	-	972.8	722.0	-	-	-	-	-	29.1	692.9	(11.7)
Transactions with owners														
Dividends	(1,050.1)	(1,026.7)	-	-	(1,026.7)	-	-	-	-	-	-	-	-	(23.4)
Total transactions with owners	(1,050.1)	(1,026.7)	-	-	(1,026.7)	-	-	-	-	-	-	-	-	(23.4)
At 30 September 2018	36,424.7	35,399.2	8,923.3	-	19,847.4	6,628.5	99.3	435.2	1.4	3.2	-	37.4	6,052.0	1,025.5

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018.

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 13 November 2019.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the quarter ended 30 September 2019 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 2018.

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 2018.

The audited consolidated financial statements of the Group for the year ended 31 December 2018 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 2019 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2018 except as disclosed below:

As of 1 January 2019, 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 2019:

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

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 16: Leases

The Group adopted MFRS 16: Leases on 1 January 2019. MFRS 16 replaces the guidance in MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Leases – Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lessee shall choose to measure the right-of-use asset at either its carrying amount as if MFRS 16 has been applied since inception or an amount equal to the lease liability. There are recognition exemptions for short-term leases, leases of low-value items and variable lease payments. Lessor accounting remains similar i.e. lessor continues to classify leases as finance or operating leases.

The Group has elected the modified retrospective approach with no restatement of comparatives.

Effects arising from the initial application of MFRS 16 in retained earnings and balance sheet as at 1 January 2019 are as disclosed below:

	Impact of adoption of MFRS 16 to opening balance as at 1 January 2019
	RM million
Decrease in retained earnings	92.7
Increase in non-controlling interests	0.5
Increase in right-of-use assets	842.3
Increase in lease liabilities	934.5

The current period to date impact on depreciation of right-of-use assets is RM246.9 million and interest on lease liabilities is RM30.0 million.

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 2018.

A6. CHANGES IN COMPOSITION OF THE GROUP

- (a) The Corporation had, on 28 August 2019, incorporated a new subsidiary, SOL-X Pte. Ltd. ("SOL-X"), under the Singapore Companies Act (Chapter 50) for the purpose of providing health, safety and security management solutions. SOL-X is a wholly-owned subsidiary of Magellan X Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.
- (b) The Corporation had, on 28 August 2019, incorporated a new subsidiary, Spares CNX Pte. Ltd. ("Spares CNX"), under the Singapore Companies Act (Chapter 50) for the purpose of providing inventory management and procurement systems. Spares CNX is a wholly-owned subsidiary of Magellan X Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.
- (c) The Corporation had, on 28 August 2019, incorporated a new subsidiary, Chord X Pte. Ltd. ("Chord X"), under the Singapore Companies Act (Chapter 50) for the purpose of providing data-driven solutions for industrial machinery application. Chord X is a wholly-owned subsidiary of Magellan X Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.
- (d) The Corporation had, on 24 September 2019, incorporated a new subsidiary, Polaris LNG One Pte. Ltd. ("Polaris LNG One"), under the Singapore Companies Act (Chapter 50) for the purpose of owning and operating liquefied natural gas ("LNG") ships for the transportation of LNG. Polaris LNG One is a wholly-owned subsidiary of Portovenere and Lerici (Labuan) Private Limited, a wholly-owned subsidiary of the Corporation.

- (e) The Corporation had, on 24 September 2019, incorporated a new subsidiary, Polaris LNG Two Pte. Ltd. (“Polaris LNG Two”), under the Singapore Companies Act (Chapter 50) for the purpose of owning and operating LNG ships for the transportation of LNG. Polaris LNG Two is a wholly-owned subsidiary of Portovenere and Leric (Labuan) Private Limited, a wholly-owned subsidiary of the Corporation.
- (f) The Corporation had, on 26 September 2019, incorporated a new subsidiary, Future Horizon (L) Pte. Ltd. (“Future Horizon”), under the Labuan Companies Act, 1990 for the purpose of carrying on LNG carriage and LNG bunkering operations. Future Horizon is a wholly-owned subsidiary of the Corporation.

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	1,933.7	3,145.5	710.0	680.9	117.1	6,587.2
Inter-segment	-	0.7	78.9	53.2	(132.8)	-
	<u>1,933.7</u>	<u>3,146.2</u>	<u>788.9</u>	<u>734.1</u>	<u>(15.7)</u> *	<u>6,587.2</u>
Operating profit/(loss)	<u>921.1</u>	<u>189.0</u>	<u>398.9</u>	<u>(42.5)</u>	<u>(13.9)</u> **	<u>1,452.6</u>

* 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 30 September		Cumulative 9 Months Ended 30 September	
	2019 RM million	2018 RM million	2019 RM million	2018 RM million
Finance income	39.5	40.1	123.6	97.3
Other income	24.1	82.6	74.1	121.8
Finance costs	(116.1)	(109.9)	(365.9)	(285.1)
Depreciation of ships, offshore floating assets, other property, plant and equipment and right-of-use assets	(566.0)	(476.0)	(1,648.0)	(1,395.5)
Amortisation of prepaid lease payments	(1.8)	(1.7)	(5.4)	(5.3)
Amortisation of intangibles	(1.5)	(1.5)	(4.9)	(4.4)
Write off of ships, property, plant and equipment	(0.1)	(3.5)	(2.6)	(6.9)
Gain on acquisition of businesses	-	70.4	23.7	70.4
(Loss)/gain on disposal of ships, offshore floating asset and property, plant and equipment	(5.2)	(3.7)	12.3	(2.7)
Impairment loss on ships, offshore floating asset and other investments	(50.0)	-	(101.1)	(1.1)
Impairment loss on receivables	(4.0)	(41.6)	(15.1)	(93.7)
Bad debts (written off)/written back	-	(0.7)	0.9	3.3
Fair value (loss)/gain in other investment	(12.1)	8.8	(7.8)	5.8
Net realised foreign exchange gain/(loss)	0.4	5.3	(5.3)	(11.3)
Net unrealised foreign exchange (loss)/gain	(5.4)	(0.8)	(1.8)	16.5

A10. SHIPS, OFFSHORE FLOATING ASSETS, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Included in ships, offshore floating assets and property, plant and equipment are construction work-in-progress, mainly for the construction of ships totalling RM2,358.8 million (31 December 2018: RM1,664.6 million) and right-of-use assets amounting to RM603.2 million.

A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM million	RM million	RM million
Cost			
At 1 January 2018	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
Currency translation differences	9.3	-	9.3
At 30 September 2019	1,001.2	212.7	1,213.9
Accumulated amortisation and impairment			
At 1 January 2018	162.5	179.8	342.3
Amortisation	-	5.4	5.4
At 31 December 2018	162.5	185.2	347.7
Amortisation	-	4.9	4.9
At 30 September 2019	162.5	190.1	352.6
Net carrying amount			
At 1 January 2018	811.5	32.9	844.4
At 31 December 2018	829.4	27.5	856.9
At 30 September 2019	838.7	22.6	861.3

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 and reversal of inventories during the quarter ended 30 September 2019.

A13. CASH, DEPOSITS AND BANK BALANCES

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

	30 September 2019	31 December 2018
	RM million	RM million
Cash with PETRONAS Integrated Financial Shared Service Centre *	4,540.6	4,204.4
Cash and bank balances	1,935.0	1,214.8
Deposits with licensed banks	934.7	336.4
Total cash, deposits and bank balances	7,410.3	5,755.6

* 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 RM1,109.3 million (31 December 2018: RM218.4 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	Level 2	Level 3	Total
	RM million	RM million	RM million	RM million
At 30 September 2019				
<u>Financial Assets</u>				
Quoted investments	39.8	-	-	39.8
Unquoted investments	-	-	71.3	71.3
	39.8	-	71.3	111.1
<u>Financial Liabilities</u>				
Interest rate swaps designated as hedging instruments	-	(258.2)	-	(258.2)
	-	(258.2)	-	(258.2)

	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2018				
<u>Financial Assets</u>				
Quoted investments	47.8	-	-	47.8
Unquoted investments	-	-	73.9	73.9
Interest rate swaps designated as hedging instruments	-	8.2	-	8.2
	<u>47.8</u>	<u>8.2</u>	<u>73.9</u>	<u>129.9</u>
<u>Financial Liabilities</u>				
Interest rate swaps designated as hedging instruments	-	(5.8)	-	(5.8)
	<u>-</u>	<u>(5.8)</u>	<u>-</u>	<u>(5.8)</u>

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

There were no issuance or repayment of debt and equity securities made by the Group during the quarter ended 30 September 2019.

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:

	30 September 2019 RM million	31 December 2018 RM million
Short Term Borrowings		
Secured	3,406.4	389.8
Unsecured	2,089.3	5,388.7
Lease liabilities	309.8	-
	<u>5,805.5</u>	<u>5,778.5</u>
Long Term Borrowings		
Secured	7,527.8	6,512.8
Unsecured	431.4	758.6
Lease liabilities	366.0	-
	<u>8,325.2</u>	<u>7,271.4</u>
Total	<u>14,130.7</u>	<u>13,049.9</u>

ii) Foreign borrowings in United States Dollar equivalent as at 30 September 2019 is as follows:

	RM million
United States Dollar Borrowings	<u>13,939.2</u>

A17. DIVIDENDS PAID

The Corporation paid the following dividends in the period ended 30 September 2019 and 31 December 2018:

	30 September 2019		31 December 2018	
	Sen/Share	RM million	Sen/Share	RM million
Second tax exempt dividend in respect of:				
- Financial year ended 31 December 2019 on 18 September 2019	7.0	312.5	-	-
- Financial year ended 31 December 2018 on 14 September 2018	-	-	7.0	312.5
First tax exempt dividend in respect of:				
- Financial year ending 31 December 2019 on 25 June 2019	7.0	312.5	-	-
- 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 2018 on 26 March 2019	9.0	401.7	-	-
- Financial year ended 31 December 2017 on 15 March 2018	-	-	9.0	401.7
Third tax exempt dividend in respect of:				
- Financial year ended 31 December 2018 on 18 December 2018	-	-	7.0	312.5

A18. CAPITAL COMMITMENT

	30 September 2019	31 December 2018
	RM million	RM million
Approved and contracted for:		
Group	1,553.0	2,792.3
Share of capital commitments		
in a joint venture	97.3	-
	<u>1,650.3</u>	<u>2,792.3</u>
Approved but not contracted for:		
Group	2,622.7	939.9
Share of capital commitments		
in a joint venture	78.8	-
	<u>2,701.5</u>	<u>939.9</u>
Total	<u>4,351.8</u>	<u>3,732.2</u>

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 30 September 2019 comprise the following:

	RM million
Performance bonds on contract and bank guarantees extended to third parties	<u>386.8</u>

A20. SUBSEQUENT MATERIAL EVENT

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

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2019 RM million	2018 RM million	2019 RM million	2018 RM million
Revenue				
LNG	650.4	603.5	1,933.7	1,784.0
Petroleum	980.0	1,050.1	3,146.2	3,034.6
Offshore	260.2	337.3	788.9	921.3
Heavy Engineering	254.3	289.8	734.1	702.1
Others, Eliminations and Adjustments	2.9	(51.5)	(15.7)	(50.2)
Total Revenue	2,147.8	2,229.2	6,587.2	6,391.8
Operating Profit/(Loss)				
LNG	278.0	249.4	921.1	799.2
Petroleum	21.0	(27.4)	189.0	(121.0)
Offshore	117.0	139.9	398.9	436.4
Heavy Engineering	(4.8)	(22.8)	(42.5)	(94.3)
Others, Eliminations and Adjustments	(34.8)	15.4	(13.9)	64.6
Total Operating Profit	376.4	354.5	1,452.6	1,084.9
Impairment loss on ships, offshore floating asset and other investments	(50.0)	-	(101.1)	(1.1)
Gain on acquisition of businesses	-	70.4	23.7	70.4
(Loss)/gain on disposal of ships, offshore floating asset and property, plant and equipment	(5.2)	(3.7)	12.3	(2.7)
Finance costs	(116.1)	(109.9)	(365.9)	(285.1)
Share of profit of joint ventures	82.4	39.8	227.0	122.4
Profit Before Tax	287.5	351.1	1,248.6	988.8

Current quarter's performance against the quarter ended 30 September 2018

Group revenue of RM2,147.8 million was 3.7% lower than the quarter ended 30 September 2018 ("corresponding quarter") revenue of RM2,229.2 million, while Group operating profit of RM376.4 million was RM21.9 million higher than the corresponding quarter's profit of RM354.5 million. The variances in Group performance by segment are further explained below.

LNG

Revenue of RM650.4 million was RM46.9 million or 7.8% higher than the corresponding quarter's revenue of RM603.5 million, mainly from higher number of operating vessels in the current quarter following lower dry-dockings and acquisition of two (2) LNG carriers, each in December 2018 and January 2019.

Operating profit of RM278.0 million was RM28.6 million or 11.5% higher than the corresponding quarter's profit of RM249.4 million, mainly from higher revenue as explained above.

Petroleum

Revenue of RM980.0 million was RM70.1 million or 6.7% lower than the corresponding quarter's revenue of RM1,050.1 million mainly due to lower number of operating vessels in current quarter.

Operating profit of RM21.0 million was RM48.4 million higher than corresponding quarter's loss of RM27.4million, mainly from higher margin on freight rates in the current quarter.

Offshore

Revenue of RM260.2 million was RM77.1 million or 22.9% lower than the corresponding quarter's revenue of RM337.3 million as the corresponding quarter's revenue included one-time reimbursement cost on towing and installation of a project.

Operating profit of RM117.0 million was RM22.9 million lower than corresponding quarter's profit of RM139.9 million, mainly from lower revenue and recognition of demobilisation cost in the current quarter.

Heavy Engineering

Revenue of RM254.3 million was RM35.5 million or 12.2% lower than the corresponding quarter's revenue of RM289.8 million, mainly due to lower revenue from post sail away projects and lower cost plus revenue following completion of the main contract in the current quarter.

Heavy Engineering segment recorded lower operating loss of RM4.8 million compared to corresponding quarter's loss of RM22.8 million, mainly due to cost incurred for conversion work in its marine sub-segment in the corresponding quarter.

Others, Eliminations and Adjustments

Other segment operating loss of RM34.8 million was RM50.2 million lower compared to corresponding quarter's profit of RM15.4 million, mainly due to lower contribution from integrated marine, port and terminal services, fair value loss in an investment and lower net foreign exchange gain in the current quarter.

Current 9 months period performance against the 9 months period ended 30 September 2018

Group revenue of RM6,587.2 million was RM195.4 million or 3.1% higher than RM6,391.8 million revenue for the 9-month period ended 30 September 2018 ("corresponding period"). Group operating profit of RM1,452.6 million was RM367.7 million or 33.9% higher than the corresponding period's profit of RM1,084.9 million. The variances in Group performance by segments are further explained below.

LNG

LNG revenue of RM1,933.7 million was 8.4% higher than the corresponding period's revenue of RM1,784.0 million, mainly from higher number of operating vessels in the current period following lower dry-dockings and acquisition of two (2) LNG carriers, each in December 2018 and January 2019.

LNG operating profit of RM921.1 million was 15.3% higher than the corresponding period's profit of RM799.2 million, due to higher revenue as explained above coupled with additional charter rate for Floating Storage Units ("FSU").

Petroleum

Petroleum revenue of RM3,146.2 million was 3.7% higher than the corresponding period's revenue of RM3,034.6 million, mainly from higher freight rates.

Petroleum segment recorded an operating profit of RM189.0 million compared to the corresponding period's loss of RM121.0 million, mainly due to the higher revenue as mentioned above coupled with lower vessel operating costs in the current period.

Offshore

Revenue of RM788.9 million was 14.4% lower than the corresponding period's revenue of RM921.3 million as the corresponding period included construction revenue of Floating, Storage and Offloading ("FSO") Benchamas 2 which was completed in May 2018 and one-time reimbursement cost on towing and installation of a project.

The abovementioned lower revenue coupled with recognition of demobilisation cost in the current period have caused the decrease in Offshore operating profit by RM37.5 million.

Heavy Engineering

Heavy Engineering revenue of RM734.1 million was 4.6% higher than the corresponding period's revenue of RM702.1 million, mainly due to higher revenue from dry docking services on LNG carriers, higher progress of ongoing projects and new order intake in the current period.

Heavy Engineering operating loss of RM42.5 million was lower than the corresponding period's loss of RM94.3 million mainly due to higher contribution from conversion work and dry docking services on LNG carriers in the current period.

Others, Eliminations and Adjustments

Other segment recorded operating loss of RM13.9 million compared to corresponding period's profit of RM64.6 million mainly due to lower contribution from integrated marine, port and terminal services, fair value loss in an investment and lower net foreign exchange gain.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Quarter Ended 30 September 2019 RM million	Quarter Ended 30 June 2019 RM million
Revenue	<u>2,147.8</u>	<u>2,161.7</u>
Operating Profit	376.4	484.3
Impairment loss on ships and offshore floating asset	(50.0)	(51.1)
Loss on disposal of a ship	(5.2)	-
Finance costs	(116.1)	(115.6)
Share of profit of joint ventures	82.4	101.5
Profit Before Tax	<u>287.5</u>	<u>419.1</u>

Group revenue of RM2,147.8 million was RM13.9 million or 0.6% lower than the preceding quarter's revenue of RM2,161.7 million, mainly due to lower number of earning days in LNG segment and lower contribution from Heavy Engineering's marine sub-segment.

Group operating profit of RM376.4 million was RM107.9 million or 22.3% lower than the preceding quarter's profit of RM484.3 million, mainly from lower revenue, recognition of demobilisation cost, lower contribution from integrated marine, port and terminal services and fair value loss in an investment in the current quarter.

B3. GROUP CURRENT YEAR PROSPECTS

Petroleum tanker rates have spiked in recent months on strong seasonal fundamentals and reinforced by geopolitical factors. The attacks on Saudi oil installations and on tankers, and a series of US sanctions combined with tonnage being taken off the market for scrubber installations have tightened tonnage in all vessel sizes and regions, pushing freight rates to record highs. Freight rates are likely to remain robust in the fourth quarter. The Petroleum shipping segment will reap the benefits of the robust albeit volatile market and is expected to end the year on a firmer note.

Similarly, in the LNG shipping segment, a surge in spot rates has raised expectation that the ground is being laid for a robust winter market. Tonnage availability remains low and increased US liquefaction capacity is expected to drive spot rates further in the coming months. Nevertheless, the operating income of MISC's LNG business unit continues to be underwritten by the portfolio of long term contracts that are in place.

The offshore segment continues to be supported by healthy activities in oil and gas exploration and production. The renewed surge in upstream investments driven by strong growth in deep-water spending by oil companies is expected to increase the number of floating production system contract awards in the next few years and MISC's Offshore business unit will continue to assess the merit of pursuing these opportunities. The unit's core operating income remain underpinned by a portfolio of assets on long term charters.

While there is an increase in offshore activities, the Heavy Engineering segment remains vigilant on the outlook for its business in the near term due to the uncertainty on the timing of capital spending by major oil and gas players. Meanwhile, the outlook for the marine business is expected to remain challenging as shipyards strive to capture opportunities in order to maximise utilisation amidst stiff competition in a volatile market. Notwithstanding, the Heavy Engineering segment is cautiously optimistic on the recovery of the industry and shall continue to focus on replenishing its order book in various geographical areas as well as diversifying into new businesses.

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 30 September 2019 RM million	Cumulative 9 Months Ended 30 September 2019 RM million
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(9.3)	(58.8)
- prior year	(7.7)	(2.1)
Deferred taxation	0.4	1.1
	(16.6)	(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 2021.

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 30 September 2019.

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 has been concluded and parties have filed their respective closing submissions. The decision is expected to be delivered in 2020.

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.
3. MOMPL continues to pursue and progress the two arbitration proceedings.

Adjudication

4. 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 USD9,949,734.00 plus interest and costs. PCPP has since filed an application in the High Court to set aside the Adjudication decision, which MOMPL is contesting.
5. The second adjudication proceedings under CIPAA was commenced to recover the disputed demobilisation costs amounting to approximately USD4,796,000. On 7 October 2019, MOMPL received the second Adjudication decision dated 26 July 2019 where MOMPL was awarded its entire claim of USD4,752,239.11 plus interest and costs. MOMPL is currently in the midst of registering the second Adjudication decision in the High Court for enforcement.

Proceedings in Court

6. 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. The High Court had, on 30 May 2019, allowed PCPP's application to stay the Originating Summons pending the disposal of the arbitration proceedings. MOMPL has filed an appeal to the Court of Appeal against this decision.
7. 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 and PCPP filed applications in the High Court to strike out and stay the proceedings pending the disposal of the arbitration proceedings which were allowed on 26 October 2018 and 11 December 2018 respectively. MOMPL appealed against both decisions to the Court of Appeal. MOMPL's appeal against PCSB's striking out application was dismissed by the Court of Appeal on 26 September 2019. The appeal against PCPP's stay application has been fixed for hearing on 13 February 2020.

(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")

MMHE, a wholly owned subsidiary of the Company, and EAT are parties to a contract entered 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 "Contract").

Disputes and differences have arisen between parties, amongst others, in relation to MMHE's entitlement to payment for additional works completed under the Contract pursuant to the Additional Work Orders ("AWOs"), as well as in relation to a Letter of Undertaking dated 22 June 2018 ("LOU"). In this respect, the following proceedings have been filed:

Arbitration Proceedings

A Notice of Arbitration was filed by EAT on 27 September 2018 claiming for the sum of USD21,656,198 being (a) alleged over-payment; (b) refund of sums paid by EAT to MMHE under the LOU; (c) certain costs incurred under the Contract as well as (d) a declaration that MMHE is not entitled to payment for the AWOs.

MMHE disputed EAT's claims and filed in a counter claim, amongst others, for the sum USD49,095,096 being payment for the AWOs, prolongation costs and additional costs incurred due to variations to the original scope of work.

The Group will continue to rigorously defend the claims made by EAT and pursue its counterclaims.

The evidential hearing has commenced and presently scheduled to conclude by 8 November 2019.

Adjudication Proceedings

MMHE also filed for the following Adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") for the following:

- a) The First Adjudication proceeding was in relation to MMHE's claim for the sum of USD30,211,301.42 for additional works performed by MMHE pursuant to the Contract in the form of the AWOs. In particular, MMHE seeks payment for invoices raised in Batch 1-34, 36 and 37 in respect of the AWOs, in which MMHE was successful via an Adjudication Decision date 27 May 2019.

EAT has applied for a setting aside as well as stay of the Adjudication Decision at the High Court of Malaya at Kuala Lumpur. In turn, MMHE applied to register and enforce the Adjudication Decision. All three (3) applications are currently part-heard, with Hearing having taken place on 30 August 2019, 11 October 2019 and 23 October 2019. The applications are fixed for continued Hearing on 14 November 2019.

- b) The Second Adjudication proceeding was in relation to MMHE's claim for the sum of USD6,096,791.91, also for additional works performed by MMHE pursuant to the Contract in the form of AWOs. In particular, MMHE seeks payment for the invoices raised in Batch 38 as well as for a set of works known to Parties as Tank Treatment works. All cause papers have been filed by the Parties and the decision is expected to be delivered in December 2019.

iv) Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE") and Kebabangan Petroleum Operating Company Sdn Bhd ("KPOC")

MMHE, a wholly owned subsidiary of the Company, received on 14 March 2019, via its solicitors, a Notice of Arbitration dated 13 March 2019 from KPOC in relation to claims arising from contracts known to parties as (a) Fabrication of KBB Topsides dated 20 September 2011 (Contract No. KPOC/COC/2009/015); and (b) Novation Agreement dated 30 March 2012, collectively hereinafter referred to as the "Contracts".

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 in the sum of approximately RM125.1 million in the Notice of Arbitration, and claims that it continues, allegedly, to suffer losses.

On 11 April 2019, MMHE, through its solicitors, filed its Response to the Notice of Arbitration dated 11 April 2019 ("Response"). In the Response, MMHE has denied owing any liability whatsoever to KPOC. MMHE will vigorously defend itself from the claims made by KPOC.

The Hearing is scheduled to take place between 17 and 30 November 2020, and 1 and 4 December 2020.

On 11 October 2019, KPOC, through its solicitors, filed the Statement of Claim dated 11 October 2019 ("SOC") and claimed, amongst others, an identified sum of RM93,191,304.29 (as compared to the Notice of Arbitration for RM125.1 million as previously announced by the Group on 18 March 2019) as loss and damage in respect of the valves procured by MMHE. KPOC further alleged in the SOC that such damage, arising from the procurement of valves, is continuing. MMHE is scheduled to serve its Statement of Defence and Counterclaim (if any) on or by 22 November 2019.

Apart from the Arbitration, 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.

B8. DIVIDENDS

The Board of Directors has approved a third tax exempt dividend of 7.0 sen per share in respect of financial year 2019 amounting to RM312.5 million. The proposed dividend will be paid on 10 December 2019 to shareholders registered at the close of business on 27 November 2019.

A third tax exempt dividend of 7.0 sen per share was declared on 19 November 2018 in respect of financial year 2018 amounting to RM312.5 million and paid on 18 December 2018.

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

- i) Shares transferred into the Depositor's Securities Account before 4.30 pm on 27 November 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 30 September 2019 are as follows:

Contract/Tenure	Notional Value RM million	Fair Value Loss RM million
<u>Interest rate swaps</u>		
1 year to 3 years	1,233.7	(20.3)
More than 3 years	6,953.1	(237.0)
	<u>8,186.8</u>	<u>(257.3)</u>

During the quarter ended 30 September 2019, the Group had entered into an IRS arrangement to hedge against adverse movements in interest rates in compliance with the facility agreement.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2018:

(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 30 September 2019, the Group does not have any financial liabilities measured at fair value through profit or loss.

B11. EARNINGS PER SHARE

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2019	2018	2019	2018
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM million):	266.1	341.0	1,176.4	972.8
Weighted average number of ordinary shares in issue (million)	<u>4,463.8</u>	<u>4,463.8</u>	<u>4,463.8</u>	<u>4,463.8</u>
Basic earnings per share (sen)	6.0	7.6	26.4	21.8

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

By Order of the Board