MISC BERHAD

(Registration No. 196801000580 (8178-H))

Unaudited Condensed Consolidated Income Statement

For The Year Ended 31 December 2021

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2021	2020	2021	2020
	RM million	RM million	RM million	RM million
Revenue	3,085.2	2,641.6	10,671.7	9,401.2
Cost of sales	(2,509.6)	(2,093.5)	(8,054.2)	(6,521.4)
GROSS PROFIT	**575.6**	**548.1**	**2,617.5**	**2,879.8**
Other operating income	88.2	53.6	417.8	254.3
General and administrative expenses	(290.5)	(282.4)	(1,086.9)	(1,116.8)
OPERATING PROFIT	**373.3**	**319.3**	**1,948.4**	**2,017.3**
Impairment of non current assets	(36.3)	(15.8)	(111.9)	(331.4)
Loss from deconsolidation of a subsidiary	-	-	(2.3)	-
Gain on disposal of interest in joint ventures	25.1	-	25.1	-
Gain on disposal of ships	27.6	3.4	31.6	25.0
Write back/(write off) of trade receivables and loss on re-measurement of finance lease receivables	-	89.0	-	(846.2)
Provision for litigation claims	-	-	-	(1,049.2)
Finance costs	(122.5)	(94.0)	(417.3)	(368.1)
Share of profit of associates	0.9	0.2	3.7	0.2
Share of profit of joint ventures	164.1	252.5	297.4	428.8
PROFIT/(LOSS) BEFORE TAX	**432.2**	**554.6**	**1,774.7**	**(123.6)**
Taxation	(9.6)	1.9	(41.1)	(46.2)
PROFIT/(LOSS) AFTER TAX	**422.6**	**556.5**	**1,733.6**	**(169.8)**
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Equity holders of the Corporation	461.7	556.0	1,831.3	(43.0)
Non-controlling interests	(39.1)	0.5	(97.7)	(126.8)
PROFIT/(LOSS) AFTER TAX	**422.6**	**556.5**	**1,733.6**	**(169.8)**
BASIC EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION (SEN)	10.3	12.5	41.0	(1.0)

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

Unaudited Condensed Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2021

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2021	2020	2021	2020
	RM million	RM million	RM million	RM million
PROFIT/(LOSS) AFTER TAX	**422.6**	**556.5**	**1,733.6**	**(169.8)**
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges:				
Fair value gain/(loss)				
Group	132.7	70.8	439.2	(392.5)
Joint ventures	1.0	(58.6)	14.2	(58.6)
(Loss)/gain on currency translation *	(116.4)	(967.2)	1,116.9	(505.7)
Total other comprehensive income/(loss)	**17.3**	**(955.0)**	**1,570.3**	**(956.8)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**439.9**	**(398.5)**	**3,303.9**	**(1,126.6)**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity holders of the Corporation	478.8	(380.8)	3,379.9	(981.3)
Non-controlling interests	(38.9)	(17.7)	(76.0)	(145.3)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**439.9**	**(398.5)**	**3,303.9**	**(1,126.6)**

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

	2021	2020	2019
As at 31 December	4.17400	4.02850	4.09950
As at 30 September	4.18900	4.15750	-

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	31 December 2021 RM million	31 December 2020 RM million
NON CURRENT ASSETS		
Ships	21,496.3	21,088.4
Offshore floating assets	25.5	51.3
Other property, plant and equipment	1,890.0	2,169.5
Prepaid lease payments on land and buildings	205.5	212.5
Finance lease receivables	15,439.5	13,754.5
Investments in associates	21.0	0.7
Investments in joint ventures	1,047.5	873.1
Other non current financial assets	3,289.2	389.5
Derivative assets	103.0	-
Intangible assets	1,060.9	819.2
Deferred tax assets	101.9	104.4
	44,680.3	**39,463.1**
CURRENT ASSETS		
Inventories	120.1	91.3
Finance lease receivables	1,347.5	1,282.9
Trade and other receivables	3,355.9	3,956.6
Cash, deposits and bank balances	7,952.3	6,855.0
Amounts due from related companies	41.0	104.6
Amounts due from joint ventures	9.9	62.7
Assets held for sale	14.3	4.8
	12,841.0	**12,357.9**
TOTAL ASSETS	**57,521.3**	**51,821.0**
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	(0.3)
Reserves	6,653.7	5,122.0
Retained profits	18,586.1	18,227.8
Equity attributable to equity holders of the Corporation	**34,162.8**	**32,272.8**
Non-controlling interests	762.2	878.3
TOTAL EQUITY	**34,925.0**	**33,151.1**
NON CURRENT LIABILITIES		
Interest bearing loans and borrowings	8,719.7	11,434.9
Deferred income	1,105.0	1,150.5
Deferred tax liabilities	6.8	7.8
Derivative liabilities	161.2	527.0
Other non current liabilities	176.0	-
	10,168.7	**13,120.2**
CURRENT LIABILITIES		
Interest bearing loans and borrowings	8,309.3	2,005.5
Trade and other payables	3,998.0	3,427.5
Provision for taxation	19.9	23.3
Amounts due to related companies	3.3	11.8
Amounts due to an associate	10.7	1.0
Amounts due to joint ventures	29.5	68.9
Derivative liabilities	56.9	11.7
	12,427.6	**5,549.7**
TOTAL LIABILITIES	**22,596.3**	**18,669.9**
TOTAL EQUITY AND LIABILITIES	**57,521.3**	**51,821.0**

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

Unaudited Condensed Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	31 December 2021 RM million	31 December 2020 RM million
Cash Flows from Operating Activities:		
Profit/(loss) before tax	1,774.7	(123.6)
Writeback of impairment loss on finance lease receivables and trade receivables	(4.1)	(8.9)
Impairment loss on receivables	69.7	34.6
Bad debts written off	0.2	6.1
Depreciation of ships, offshore floating assets and other property, plant and equipment	1,949.1	2,091.0
Amortisation of prepaid lease payments	7.1	7.4
Impairment of non current assets	111.9	331.4
Write off of ships, property, plant and equipment	8.3	23.6
Write off of trade receivables and loss on re-measurement of finance lease receivables	-	846.2
Provision for litigation claims	-	1,049.2
Gain on disposal of ships	(31.6)	(25.0)
Net unrealised foreign exchange gain	(15.5)	(4.9)
Dividend income from equity investments	(1.9)	(1.1)
Interest expense	390.3	346.6
Finance income	(48.2)	(112.6)
Loss from deconsolidation of a subsidiary	2.3	-
Gain on disposal of interest in joint ventures	(25.1)	-
Fair value movement in other investments	(10.4)	7.0
Changes in fair value of hedging derivatives	1.3	3.2
Amortisation of intangibles	22.6	5.9
Amortisation of upfront fees for borrowings	27.0	21.5
Share of profit of associates	(3.7)	(0.2)
Share of profit of joint ventures	(297.4)	(428.8)
Operating profit before working capital changes	3,926.6	4,068.6
Inventories	(25.5)	74.7
Trade and other receivables	(531.4)	399.6
Trade, other payables and other non current liabilities *	(330.6)	486.9
Deferred income	(86.3)	619.4
Cash generated from operations	2,952.8	5,649.2
Net tax paid	(44.0)	(61.3)
Net cash generated from operating activities	**2,908.8**	**5,587.9**

* The working capital changes in trade, other payables and other non current liabilities include payments for costs relating to the turnkey activities for the conversion of a Floating, Production, Storage and Offloading ("FPSO") facility amounting to RM1,126.1 million in the current year. These payments are disclosed as part of cash flows from operating activities as the turnkey activities contribute to the recognition of contract assets per MFRS 15: Revenue from Contract with Customers.

	31 December 2021 RM million	31 December 2020 RM million
Cash Flows from Investing Activities:		
Purchase of ships, other property, plant and equipment and intangible assets	(3,775.2)	(5,108.3)
Investment in:		
Joint ventures	(95.1)	(50.5)
Other investment	(6.8)	-
Proceeds from disposal of ships and offshore floating assets	469.7	497.8
Proceeds from disposal of interest in a subsidiary	26.9	-
Proceeds from disposal of interest in joint ventures	50.3	-
Cash outflow from deconsolidation of a subsidiary	(48.6)	-
Dividend received from:		
Quoted and unquoted investments	1.9	1.1
Joint ventures	232.9	456.1
Loan to a joint venture	-	(189.6)
Interest received	19.2	81.3
Net fixed deposit placement	(10.6)	(5.9)
Net cash used in investing activities	**(3,135.4)**	**(4,318.0)**
Cash Flows from Financing Activities:		
Drawdown of term loans and revolving credit	6,135.6	7,454.0
Repayment of term loans and revolving credit	(2,943.0)	(6,598.0)
Repayment of lease liabilities	(188.3)	(316.3)
Dividends paid to the equity holders of the Corporation	(1,473.0)	(1,473.0)
Dividends paid to non-controlling interest of subsidiaries	(24.5)	(3.0)
Interest paid	(414.6)	(414.8)
Receipt/(placement) of cash pledged with banks - restricted	406.8	(37.6)
Net cash generated from/(used in) financing activities	**1,499.0**	**(1,388.7)**
Net change in cash & cash equivalents	1,272.4	(118.8)
Cash & cash equivalents at the beginning of the year	5,545.1	5,740.4
Currency translation difference	176.8	(76.5)
Cash & cash equivalents at the end of year	**6,994.3**	**5,545.1**
Cash pledged with banks - restricted and deposit with maturity more than 90 days	958.0	1,309.9
Cash, deposits and bank balances	**7,952.3**	**6,855.0**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020.

MISC BERHAD
(Registration No. 196801000580 (8178-H))

Unaudited Condensed Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

		← Attributable to equity holders of the Corporation →												
	Total equity	Equity attributable to equity holders of the Corporation	Share capital*	Treasury shares	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Put option reserve	Statutory reserve	Hedging reserve	Currency translation reserve	Non-controlling Interests
	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 2021														
At 1 January 2021	**33,151.1**	**32,272.8**	**8,923.3**	**(0.3)**	**18,227.8**	**5,122.0**	**99.3**	**435.2**	**1.4**	**-**	**3.2**	**(577.5)**	**5,160.4**	**878.3**
Total comprehensive income	3,303.9	3,379.9	-	-	1,831.3	1,548.6	-	-	-	-	-	441.1	1,107.5	(76.0)
Transactions with owners														
Liquidation of a joint venture	(0.5)	(0.5)	-	-	-	(0.5)	-	-	-	-	(0.2)	-	(0.3)	-
Disposal of interest in joint ventures	(5.8)	(5.8)	-	-	-	(5.8)	-	-	-	-	-	-	(5.8)	-
Deconsolidation of a subsidiary	(36.8)	-	-	-	-	-	-	-	-	-	-	-	-	(36.8)
Dilution of interest in subsidiaries	10.6	(10.6)	-	-	-	(10.6)	-	-	-	(10.6)	-	-	-	21.2
Dividends	(1,497.5)	(1,473.0)	-	-	(1,473.0)	-	-	-	-	-	-	-	-	(24.5)
Total transactions with owners	(1,530.0)	(1,489.9)	-	-	(1,473.0)	(16.9)	-	-	-	(10.6)	(0.2)	-	(6.1)	(40.1)
At 31 December 2021	**34,925.0**	**34,162.8**	**8,923.3**	**(0.3)**	**18,586.1**	**6,653.7**	**99.3**	**435.2**	**1.4**	**(10.6)**	**3.0**	**(136.4)**	**6,261.8**	**762.2**
12 MONTHS ENDED 31 DECEMBER 2020														
At 1 January 2020	**35,753.7**	**34,727.1**	**8,923.3**	**(0.3)**	**19,743.8**	**6,060.3**	**99.3**	**435.2**	**1.4**	**-**	**3.2**	**(160.0)**	**5,681.2**	**1,026.6**
Total comprehensive loss	(1,126.6)	(981.3)	-	-	(43.0)	(938.3)	-	-	-	-	-	(417.5)	(520.8)	(145.3)
Transactions with owners														
Dividends	(1,476.0)	(1,473.0)	-	-	(1,473.0)	-	-	-	-	-	-	-	-	(3.0)
Total transactions with owners	(1,476.0)	(1,473.0)	-	-	(1,473.0)	-	-	-	-	-	-	-	-	(3.0)
At 31 December 2020	**33,151.1**	**32,272.8**	**8,923.3**	**(0.3)**	**18,227.8**	**5,122.0**	**99.3**	**435.2**	**1.4**	**-**	**3.2**	**(577.5)**	**5,160.4**	**878.3**

* 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 2020.

MISC BERHAD

(Registration No. 196801000580 (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 17 February 2022.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the quarter and the year ended 31 December 2021 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 2020.

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 2020.

The audited consolidated financial statements of the Group for the year ended 31 December 2020 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 2021 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2020 except as disclosed below:

During the financial period, the Group and the Corporation have adopted the following Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2021:

- Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 139: Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 7: Financial Instruments: Disclosure (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 4: Insurance Contract (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 16: Leases (Interest Rate Benchmark Reform - Phase 2)

Effective for annual periods beginning on or after 1 April 2021:

- Amendment to MFRS 16: Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)

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

<u>Amendments to MFRS 7: Financial Instruments: Disclosures, Amendments to MFRS 9: Financial Instruments, Amendments to MFRS 139: Financial Instruments: Recognition and Measurement and Amendments to MFRS 16: Leases (Interest Rate Benchmark Reform - Phase 2)</u>

At 31 December 2021, the Group has interest rate swap arrangements to hedge its USD London Interbank Offered Rate ("LIBOR") risk. The Group expects that indexation of the hedged items and hedging instruments to USD LIBOR will be replaced with a risk free rate. Whenever the replacement occurs, the Group expects to apply the amendments related to hedge accounting. However, there is uncertainty about when and how replacement may occur. When the change occurs to the hedged item or the hedging instrument, the Group will remeasure the cumulative change in fair value of the hedged item or the fair value of the interest rate swap, respectively based on the risk free rate. Hedging relationships may experience hedge ineffectiveness if there is a timing or other mismatch between the transition of the hedge item and that of the hedging instrument to the risk free rate.

Under the Amendments to MFRS 7, MFRS 9, MFRS 139 and MFRS 16: (Interest Rate Benchmark Reform – Phase 2), entities will account for these changes by updating the effective interest rate without the recognition of an immediate gain or loss in the income statement. This applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis. The Group will apply these practical expedients in future periods if they become applicable. As of 31 December 2021, the Group has had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate.

A4. CHANGES IN ESTIMATES

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

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 2020.

A6. CHANGES IN COMPOSITION OF THE GROUP

(a) Pursuant to a Share Sale and Purchase Agreement entered into between the Corporation and Ombak Simfoni Sdn. Bhd. on 31 March 2021 in respect of the disposal of a portion of equity interest held by the Corporation in FPSO Ventures Sdn. Bhd. ("FVSB"), comprising 3,795,200 ordinary shares representing approximately 31% of the total issued share capital of FVSB ("Proposed Disposal"), the Proposed Disposal was subsequently completed. Subsequent thereto, the Corporation's equity interest in FVSB stood at 20% and FVSB has since ceased to be a subsidiary of the Corporation.

(b) Based on the Notice of Formalization of Withdrawal of MISC from Nikorma Transport Limited ("Nikorma") dated 16 April 2021, Nikorma had completed the filings at the Nigerian Corporate Affairs Commission to formalize exit of MISC Berhad ("MISC") from Nikorma as per MISC's notice of withdrawal dated 4 June 2015. MISC's withdrawal from Nikorma was made effective from 19 June 2015 and Nikorma has since ceased to be an associate company of MISC.

(c) On 19 April 2021, the Corporation has been notified by its joint venture counterpart that MISC Shipping Services UAE (LLC), a 49%-owned joint venture company of MISC Agencies Sdn. Bhd., a wholly owned subsidiary of the Corporation, had completed its liquidation process.

(d) Pursuant to a Shareholders' Agreement entered into between the Corporation, Magellan X Pte. Ltd. ("Magellan X"), BCG Digital Ventures, an operating division of The Boston Consulting Group, Inc. ("BCGDV") and SOL-X Pte. Ltd. ("SOL-X"), SOL-X, then an indirect wholly-owned subsidiary of the Corporation, had on 1 April 2021 issued 200,000 Series A Shares to The Boston Consulting Group, Inc. Subsequent thereto, SOL-X became an 87.5%-owned subsidiary of the Corporation via Magellan X. Magellan X is wholly-owned by Magellan X Holdings (L) Pte. Ltd., a wholly-owned subsidiary of the Corporation.

(e) Pursuant to a Shareholders' Agreement entered into between the Corporation, Magellan X Pte. Ltd. ("Magellan X"), BCG Digital Ventures, an operating division of The Boston Consulting Group, Inc. ("BCGDV") and CHORD X Pte. Ltd. ("CHORD X"), CHORD X, then an indirect wholly-owned subsidiary of the Corporation, had on 1 April 2021 issued 150,000 Series A Shares to The Boston Consulting Group, Inc. Subsequent thereto, CHORD X became an 88.5%-owned subsidiary of the Corporation via Magellan X. Magellan X is wholly-owned by Magellan X Holdings (L) Pte. Ltd., a wholly-owned subsidiary of the Corporation.

(f) Pursuant to a Shareholders' Agreement entered into between the Corporation, Magellan X Pte. Ltd. ("Magellan X"), BCG Digital Ventures, an operating division of The Boston Consulting Group, Inc. ("BCGDV") and Spares CNX Pte. Ltd. ("Spares CNX"), Spares CNX, then an indirect wholly-owned subsidiary of the Corporation, had on 1 April 2021 issued 160,000 Series A Shares to The Boston Consulting Group, Inc. Subsequent thereto, Spares CNX became an 89%-owned subsidiary of the Corporation via Magellan X. Magellan X is wholly-owned by Magellan X Holdings (L) Pte. Ltd., a wholly-owned subsidiary of the Corporation.

(g) The Corporation had, on 30 June 2021, incorporated a new subsidiary, AET Norway AS ("AETNAS"), under the Norwegian Companies Act for the purpose of providing management services and related activities. AETNAS is a wholly-owned subsidiary of AET UK Limited, an indirect wholly-owned subsidiary of the Corporation.

(h) The Corporation had, on 29 July 2021, incorporated a new subsidiary, AET Tankers VLCC Pte. Ltd. ("AETVLCC"), under the Singapore Companies Act (Chapter 50) for the purpose of owning, chartering and operating of vessel. AETVLCC is a wholly-owned subsidiary of AET Bermuda Holdings Limited, an indirect wholly-owned subsidiary of the Corporation.

(i) The Corporation had, on 30 July 2021, incorporated a new subsidiary, AET DP Shuttle Tankers Sdn. Bhd. ("AETDPST"), under the Malaysian Companies Act 2016 for the purpose of owning, chartering and operating of vessels. AETDPST is a wholly-owned subsidiary of AET Labuan Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

(j) The Corporation had, on 2 August 2021, incorporated a new subsidiary, AET Tankers VLCC II Sdn. Bhd. ("AETVLCC II"), under the Malaysian Companies Act 2016 for the purpose of owning, chartering and operating of vessels. AETVLCC II is a wholly-owned subsidiary of AET Holdings (L) Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

(k) The Corporation had, on 22 November 2021, incorporated a new subsidiary, MISC Capital Two (Labuan) Limited ("MISCCT"), under the Labuan Companies Act 1990, as the Special Purpose Vehicle to finance the business operations of the Corporation or companies controlled by it. MISCCT is a wholly-owned subsidiary of the Corporation.

(l) Pursuant to a Share Transfer Agreement entered into between MISC Offshore Holdings (Brazil) Sdn. Bhd. ("MOHB"), a wholly-owned subsidiary of the Corporation and SBM Holding Inc. S.A. on 10 December 2021, MOHB had disposed its entire shareholding in SBM Systems Inc. ("SBMSI") and FPSO Brasil Venture S.A. ("FPSOBV"), comprising 7,399 SBMSI shares and 49 FPSOBV shares representing 49% of the total issued share capital of SBMSI and FPSOBV respectively. Subsequent thereto, SBMSI, FPSOBV and SBM Operaçoes Ltda, then a wholly-owned subsidiary of FPSOBV, have since ceased to be joint venture companies of MOHB.

A7. SEGMENT REPORT

Segmental analysis for the current financial year is as follows:

	Gas Assets & Solutions	Petroleum & Product Shipping	Offshore Business	Marine & Heavy Engineering	Others, Eliminations and Adjustments		Total
	RM million	RM million	RM million	RM million	RM million		RM million
Revenue							
External sales	2,882.8	3,199.4	3,022.8	1,409.2	157.5		10,671.7
Inter-segment	-	1.0	16.1	58.1	(75.2)		-
	2,882.8	**3,200.4**	**3,038.9**	**1,467.3**	**82.3**	*	**10,671.7**
Operating profit/(loss)	1,250.7	280.6	805.5	(252.2)	(136.2)	**	1,948.4

* 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 year are the following items:

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2021 RM million	2020 RM million	2021 RM million	2020 RM million
Finance income	17.7	36.2	48.2	112.6
Other income	68.1	29.2	332.9	115.6
Finance costs	(122.5)	(94.0)	(417.3)	(368.1)
Depreciation of ships, offshore floating assets and other property, plant and equipment	(498.7)	(516.1)	(1,949.1)	(2,091.0)
Amortisation of prepaid lease payments	(1.5)	(1.8)	(7.1)	(7.4)
Amortisation of intangibles	(8.4)	(1.5)	(22.6)	(5.9)
Write off of ships, property, plant and equipment	(8.2)	(23.5)	(8.3)	(23.6)
Gain on disposal of ships	27.6	3.4	31.6	25.0
Impairment of non current assets	(36.3)	(15.8)	(111.9)	(331.4)
Loss from deconsolidation of a subsidiary	-	-	(2.3)	-
Impairment loss on receivables	(15.8)	(0.6)	(69.7)	(34.6)
Bad debts written off	-	-	(0.2)	(6.1)
Gain on disposal of interest in joint ventures	25.1	-	25.1	-
Writeback/(write-off) of trade receivables and loss on re-measurement of finance lease receivables	-	89.0	-	(846.2)
Provision for litigation claims	-	-	-	(1,049.2)
Fair value gain/(loss) in other investments	4.5	0.9	10.4	(7.0)
Changes in fair value of hedging derivatives	(4.4)	(3.2)	(1.3)	(3.2)
(Write-off)/writeback of impairment loss on finance lease receivables and trade receivables	(2.0)	0.1	4.1	8.9
Net realised foreign exchange gain/(loss)	0.5	(8.4)	(14.3)	(11.7)
Net unrealised foreign exchange gain/(loss)	3.5	(12.3)	15.5	4.9

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 RM3,368.1 million (31 December 2020: RM2,229.6 million) and right-of-use assets amounting to RM168.7 million (31 December 2020: RM229.9 million).

A11. INTANGIBLE ASSETS

	Goodwill RM million	Other Intangible Assets RM million	Total RM million
Cost			
At 1 January 2020	**982.1**	**212.7**	**1,194.8**
Currency translation differences	(15.6)	-	(15.6)
At 31 December 2020	**966.5**	**212.7**	**1,179.2**
Reclassification from property, plant and equipment	-	231.2	231.2
Deconsolidation of a subsidiary	(0.2)	-	(0.2)
Currency translation differences	32.0	1.3	33.3
At 31 December 2021	**998.3**	**445.2**	**1,443.5**
Accumulated amortisation and impairment			
At 1 January 2020	**162.5**	**191.6**	**354.1**
Amortisation	-	5.9	5.9
At 31 December 2020	**162.5**	**197.5**	**360.0**
Amortisation	-	22.6	22.6
At 31 December 2021	**162.5**	**220.1**	**382.6**
Net carrying amount			
At 1 January 2020	**819.6**	**21.1**	**840.7**
At 31 December 2020	**804.0**	**15.2**	**819.2**
At 31 December 2021	**835.8**	**225.1**	**1,060.9**

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 will be disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

A12. INVENTORIES

The Group did not recognise any write-down of inventories nor reversal of inventories during the year ended 31 December 2021.

A13. CASH, DEPOSITS AND BANK BALANCES

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

	31 December 2021 RM million	31 December 2020 RM million
Cash with PETRONAS Integrated Financial Shared Service Centre *	5,462.4	4,023.3
Cash and bank balances	2,088.1	1,840.1
Deposits with licensed banks	401.8	991.6
Total cash, deposits and bank balances	**7,952.3**	**6,855.0**

* 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 total cash, deposits and bank balances is the retention account of RM941.0 million (31 December 2020: RM1,303.4 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 and liabilities that are measured at fair value:

	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2021				
Financial Assets				
Quoted investments	51.0	-	-	51.0
Unquoted investments	-	-	72.6	72.6
Interest rate swaps designated as hedging instruments	-	103.0	-	103.0
	51.0	**103.0**	**72.6**	**226.6**
Financial Liabilities				
Forward currency contracts	-	(4.7)	-	(4.7)
Interest rate swaps designated as hedging instruments	-	(213.4)	-	(213.4)
	-	**(218.1)**	**-**	**(218.1)**

	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2020				
Financial Assets				
Quoted investments	40.7	-	-	40.7
Unquoted investments	-	-	63.5	63.5
	40.7	**-**	**63.5**	**104.2**
Financial Liabilities				
Forward currency contracts	-	(19.2)	-	(19.2)
Interest rate swaps designated as hedging instruments	-	(519.5)	-	(519.5)
	-	**(538.7)**	**-**	**(538.7)**

No transfers between any levels of the fair value hierarchy took place during the current year and the comparative year. 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 year ended 31 December 2021.

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 2021 RM million	31 December 2020 RM million
Short Term Borrowings		
Secured	5,726.5	1,478.5
Unsecured	2,448.6	342.4
Lease liabilities	134.2	184.6
	8,309.3	2,005.5
Long Term Borrowings		
Secured	7,211.9	10,977.5
Unsecured	1,408.6	292.7
Lease liabilities	99.2	164.7
	8,719.7	11,434.9
Total	**17,029.0**	**13,440.4**

ii) Foreign borrowings in United States Dollar equivalent as at 31 December 2021 is as follows:

	RM million
United States Dollar Borrowings	16,567.4

A17. DIVIDENDS PAID

The Corporation paid the following dividends in the year ended 31 December 2021 and year ended 31 December 2020:

	31 December 2021 RM million	31 December 2020 RM million
In respect of the financial year ended 31 December 2019:		
Fourth tax exempt dividend of 9.0 sen per share paid on 17 March 2020	-	401.7
Special tax exempt dividend of 3.0 sen per share paid on 17 March 2020	-	133.9
In respect of the financial year ended 31 December 2020:		
First tax exempt dividend of 7.0 sen per share paid on 9 June 2020	-	312.5
Second tax exempt dividend of 7.0 sen per share paid on 15 September 2020	-	312.5
Third tax exempt dividend of 7.0 sen per share paid on 15 December 2020	-	312.5
Fourth tax exempt dividend of 12.0 sen per share paid on 16 March 2021	535.6	-
In respect of the financial year ended 31 December 2021:		
First tax exempt dividend of 7.0 sen per share paid on 9 June 2021	312.5	-
Second tax exempt dividend of 7.0 sen per share paid on 14 September 2021	312.5	-
Third tax exempt dividend of 7.0 sen per share paid on 14 December 2021	312.5	-

A18. CAPITAL COMMITMENTS

	31 December 2021 RM million	31 December 2020 RM million
Approved and contracted for:		
Group	3,416.8	6,637.5
	3,416.8	6,637.5

In the previous financial year, the approved and contracted capital expenditure included an amount totalling RM1,591,805,000 relating to the turnkey activities for the conversion of a vessel to an FPSO to be leased out to a customer under a time charter contract. Accordingly, the Group has excluded the approved and contracted amount relating to the vessel conversion as at 31 December 2021 of RM3,799,088,000 from the above capital commitments as the turnkey activities contribute to the recognition of contract assets per MFRS 15: Revenue from Contract with Customers.

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31 December 2021 comprise the following:

	RM million
Performance bonds on contract and bank guarantees extended to customers	498.4

A20. SUBSEQUENT MATERIAL EVENTS

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

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 31 December		Cumulative 12 Months Ended 31 December	
	2021	2020	2021	2020
	RM million	RM million	RM million	RM million
Revenue				
Gas Assets & Solutions	765.4	651.4	2,882.8	2,652.7
Petroleum & Product Shipping	842.2	694.3	3,200.4	3,863.5
Offshore Business	1,026.1	604.6	3,038.9	1,288.5
Marine & Heavy Engineering	432.0	696.5	1,467.3	1,567.6
Others, Eliminations and Adjustments	19.5	(5.2)	82.3	28.9
Total Revenue	**3,085.2**	**2,641.6**	**10,671.7**	**9,401.2**
Operating Profit/(Loss)				
Gas Assets & Solutions	342.5	237.8	1,250.7	1,191.0
Petroleum & Product Shipping	42.5	(78.0)	280.6	480.4
Offshore Business	136.1	172.4	805.5	565.8
Marine & Heavy Engineering	(103.9)	(7.7)	(252.2)	(100.0)
Others, Eliminations and Adjustments	(43.9)	(5.2)	(136.2)	(119.9)
Total Operating Profit	**373.3**	**319.3**	**1,948.4**	**2,017.3**
Impairment of non current assets	(36.3)	(15.8)	(111.9)	(331.4)
Loss from deconsolidation of a subsidiary	-	-	(2.3)	-
Gain on disposal of interest in joint ventures	25.1	-	25.1	-
Gain on disposal of ships	27.6	3.4	31.6	25.0
Write back/ (write off) of trade receivables and loss on re-measurement of finance lease receivables	-	89.0	-	(846.2)
Provision for litigation claims	-	-	-	(1,049.2)
Finance costs	(122.5)	(94.0)	(417.3)	(368.1)
Share of profit of associates	0.9	0.2	3.7	0.2
Share of profit of joint ventures	164.1	252.5	297.4	428.8
Profit/(Loss) Before Tax	**432.2**	**554.6**	**1,774.7**	**(123.6)**

Current quarter's performance against the quarter ended 31 December 2020

Group revenue of RM3,085.2 million was RM443.6 million or 16.8% higher than the quarter ended 31 December 2020 ("corresponding quarter") revenue of RM2,641.6 million, while Group operating profit of RM373.3 million was RM54.0 million or 16.9% higher than the corresponding quarter's profit of RM319.3 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions

Revenue of RM765.4 million was RM114.0 million or 17.5% higher than the corresponding quarter's revenue of RM651.4 million, mainly from higher earning days following deliveries of five Very Large Ethane Carriers ("VLEC") since the fourth quarter of 2020.

Operating profit of RM342.5 million was RM104.7 million or 44.0% higher than the corresponding quarter's profit of RM237.8 million, mainly from higher earning days as mentioned above.

Petroleum & Product Shipping
Revenue of RM842.2 million was RM147.9 million or 21.3% higher than the corresponding quarter's revenue of RM694.3 million resulting from higher freight rates in the Aframax segment and higher earning days for Dynamic Positioning Shuttle Tankers mainly from the delivery of one vessel since the fourth quarter of 2020.

Petroleum & Product Shipping segment recorded an operating profit of RM42.5 million compared to the corresponding quarter's loss of RM78.0 million, mainly due to abovementioned higher revenue.

Offshore Business
Revenue of RM1,026.1 million was RM421.5 million or 69.7% higher than the corresponding quarter's revenue of RM604.6 million, mainly from higher recognition of revenue from conversion of a Floating, Production, Storage and Offloading unit ("FPSO") following higher project progress in this quarter.

Operating profit of RM136.1 million was RM36.3 million or 21.1% lower than the corresponding quarter's profit of RM172.4 million, mainly due to additional cost provisions for construction of an FPSO.

Marine & Heavy Engineering
Revenue of RM432.0 million was RM264.5 million or 38.0% lower than the corresponding quarter's revenue of RM696.5 million, mainly from lower activities for on-going Heavy Engineering projects and lower dry-docking activities in the Marine sub-segment in the current quarter.

Marine & Heavy Engineering segment's operating loss of RM103.9 million was RM96.2 million higher than the corresponding quarter's loss of RM7.7 million, mainly due to additional cost provision recognised for on-going Heavy Engineering projects and lower revenue in the Marine sub-segment in the current quarter.

Others, Eliminations and Adjustments
Others segment operating loss of RM43.9 million was RM38.7 million higher than the corresponding quarter's loss of RM5.2 million, mainly due to net foreign exchange loss in the current quarter and amortisation of new intangible assets beginning May 2021.

Current year performance against the year ended 31 December 2020

Group revenue of RM10,671.7 million was RM1,270.5 million or 13.5% higher than the revenue for the year ended 31 December 2020 ("prior year") of RM9,401.2 million. Group operating profit of RM1,948.4 million was RM68.9 million or 3.4% lower than the prior year's profit of RM2,017.3 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions
Revenue of RM2,882.8 million was RM230.1 million or 8.7% higher than the prior year's revenue of RM2,652.7 million, mainly from deliveries of five Very Large Ethane Carriers ("VLEC") since the fourth quarter of 2020.

Operating profit of RM1,250.7 million was RM59.7 million or 5.0% higher than the prior year's profit of RM1,191.0 million, mainly from the abovementioned higher revenue.

Petroleum & Product Shipping
Revenue of RM3,200.4 million was RM663.1 million or 17.2% lower than the prior year's revenue of RM3,863.5 million, mainly from lower freight rates in the current year and lower earning days from vessel disposals and redeliveries since last year.

Operating profit of RM280.6 million was RM199.8 million or 41.6% lower compared to prior year's profit of RM480.4 million, mainly from lower margin on freight rates in the current year and lower earning days from vessel disposals and redeliveries since last year.

Offshore Business
Revenue of RM3,038.9 million was RM1,750.4 million or more than 100% higher than the prior year's revenue of RM1,288.5 million mainly from higher recognition of revenue from conversion of an FPSO following higher project progress in the current year.

Operating profit of RM805.5 million was RM239.7 million or 42.4% higher compared to the prior year's profit of RM565.8 million, mainly from the abovementioned higher revenue.

Marine & Heavy Engineering

Revenue of RM1,467.3 million was RM100.3 million or 6.4% lower than the prior year's revenue of RM1,567.6 million mainly due to lower dry-docking activities in the current year as a result of prolonged border restrictions imposed by the Government to curb the COVID-19 pandemic. This was partially offset by higher revenue from on-going Heavy Engineering projects.

Operating loss of RM252.2 million was RM152.2 million or more than 100% higher compared to operating loss of RM100.0 million in the prior year mainly due to additional cost provision recognised for on-going projects during the current year.

Others, Eliminations and Adjustments

Others segment posted an operating loss for the year of RM136.2 million as compared to corresponding year's loss of RM119.9 million mainly due to higher corporate expenses during the year, and amortisation of new intangible assets beginning May 2021.

In the corresponding year, the Group recorded a provision for litigation claims of RM1,049.2 million and write off of trade receivables and loss on re-measurement of finance lease receivables of RM846.2 million following the decision by the Arbitration Tribunal on the Group's arbitration proceeding against Sabah Shell Petroleum Company Limited ("SSPC").

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP	**Quarter Ended 31 December 2021 RM million**	**Quarter Ended 30 September 2021 RM million**
Revenue	**3,085.2**	**2,691.8**
Operating Profit	**373.3**	**484.3**
Impairment of non current assets	(36.3)	(9.0)
Gain on disposal of interest in joint ventures	25.1	-
Gain on disposal of ships	27.6	-
Finance costs	(122.5)	(103.8)
Share of profit of associates	0.9	1.2
Share of profit of joint ventures	164.1	29.4
Profit Before Tax	**432.2**	**402.1**

Group revenue of RM3,085.2 million was RM393.4 million or 14.6% higher than the preceding quarter's revenue of RM2,691.8 million, mainly from higher recognition of revenue from conversion of an FPSO in the Offshore Business segment in the current quarter, as well as higher revenue from progress of ongoing projects in the Heavy Engineering segment.

Group operating profit of RM373.3 million was RM111.0 million or 22.9% lower than the preceding quarter's profit of RM484.3 million, mainly from lower construction profit for an FPSO in the Offshore Business segment, as well as additional cost provisions recognised for on-going projects in the Heavy Engineering segment, in the current quarter.

B3. GROUP CURRENT YEAR PROSPECTS

In the LNG shipping market, spot rates jumped to a record high in the fourth quarter of 2021 on strong winter demand for LNG in Asia and Europe, amidst shortages and elevated prices of natural gas. Spot charter rates were also driven by tight vessel availability, exacerbated by increased shipping distances as US LNG supply was pulled into the Far East, as well as congestion at the Panama Canal. Although spot rates have since eased moving into 2022, the medium-term outlook for LNG shipping remains favourable as reflected by the record number of new LNG carriers ordered in 2021. Notwithstanding, the operating income of the Gas Assets and Solutions segment continues to remain stable, supported by its existing portfolio of long-term charters.

The petroleum shipping market continues to be challenged by low freight rates although there has been some modest improvement in the fourth quarter of 2021. Despite continuing oil demand recovery and easing of production cuts by OPEC+ in 2021, seaborne trading volumes have remained below pre-pandemic levels, while the tanker fleet has continued to grow, albeit slowly. In the short term, the outlook is clouded by the rapid spread of the Omicron virus variant. However, the tanker market fundamentals are expected to improve further in 2022, especially towards the second half. Given the uncertain landscape, the Petroleum Shipping segment will continue to focus on building long-term secured income through its niche shuttle tanker business and rejuvenation of its fleet with eco-friendly tankers.

As the oil market continues to rebalance and with oil prices staying high, the outlook of the upstream oil and gas sector continues to be positive. FPSO contract awards rebounded strongly in 2021 after the slump in 2020, and demand for FPSOs is expected to stay robust in 2022, despite lingering COVID-19 concerns. The Offshore Business segment continues to focus on the execution of the FPSO project in hand while sourcing for opportunities in targeted markets. In the meantime, the segment's existing portfolio of long-term contracts will underwrite its financial performance.

The surge of Omicron variant cases globally has caused concerns for the oil and gas industry heading into 2022 despite the improved oil and gas demand in 2021. As such, the Marine and Heavy Engineering segment remains vigilant on the prospects of its Heavy Engineering sub-segment. With high LNG demand, the expected increase in LNG trade would lead to dry-docking deferrals resulting in stiffer competition amongst shipyards for limited dry-docking opportunities. Considering various border restrictions worldwide, foreign clients will continue to send their vessels to other countries with less restrictions, hence the Marine sub-segment is expected to remain challenging. Given this environment, the segment will remain focused on replenishing its order book, as well as prioritising cost management efforts, safe execution and timely delivery of ongoing projects.

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 2021 RM million	**Cumulative 12 Months Ended 31 December 2021 RM million**
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(15.4)	(49.0)
- prior year	6.1	8.4
Deferred taxation	(0.3)	(0.5)
	(9.6)	(41.1)

Section 54A of the Income Tax Act, 1967 was amended effective from Year of Assessment ("YA") 2012, in which the tax exemption on shipping profits was reduced from 100% to 70%. The implementation of the amended Section 54A, however, was deferred and on 10 July 2020, the Ministry of Finance ("MoF") issued an approval letter for the extension of the 100% shipping tax exemption up to YA2023 subject to the following two conditions to be implemented by the Ministry of Transport ("MoT"):

a) Each Malaysian shipowner to comply with the minimum substance requirements in terms of annual operating expenditure and number of full-time employees. MoT has been requested to establish the framework for each category of vessels; and

b) MoT to develop a framework and implement the imposition of annual tonnage fee to Malaysian shipowners by 1 January 2022.

In respect of the imposition of tonnage fee, MoF has indicated in their letter that if MoT fails to start imposing tonnage fee from 1 January 2022, the 100% tax exemption will be reverted to 70% from YA2022.

On 2 November 2021, MoT notified the Malaysian Shipowners' Association that MoF has approved for a deferment in the imposition of the annual tonnage fee to latest by 31 December 2023. Based on this latest development, the Group would now be able to continue to enjoy the 100% shipping tax exemption up to YA 2023 on the basis that the substance requirements are duly met.

The taxation charge in the accounts 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 year ended 31 December 2021.

B7. CHANGES IN MATERIAL LITIGATION

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

We refer to previous announcements made by MISC Berhad ("MISC or the Company") in respect of the Arbitration Proceedings commenced by the Company's wholly-owned subsidiary, Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") against Sabah Shell Petroleum Company Limited ("SSPC").

As announced on 10 April 2020, the Arbitral Tribunal has issued its Award on 8 April 2020 ("Award") which found, among others, as follows:

(1) That GKL's claim in relation to the achievement of Handover Completion under the Contract was rejected and the Arbitral Tribunal decided that Handover Completion did not occur prior to 11 October 2014;

(2) In relation to GKL's claims for Variation Works, GKL was awarded:
   a. USD222,132,575.60;
   b. That an amount of USD88,791,006.17 is deducted from USD222,132,575.60 being manpower costs incurred by way of the Variation Works for rectification of defects (which the Tribunal held GKL to be liable for);
   c. That the remainder sum of USD133,341,569.49 is converted to an Additional Lease Rate and represents a reduction from the Additional Lease Rate awarded by the Adjudication Awards. The new Additional Lease Rate is payable from the date of the Award. The base rate is unaffected by the Award and will continue for the Fixed Term.

(3) SSPC was awarded the following sums:
   a. USD236,378,824.46 for defects rectification work (inclusive of USD15,000,000.00 for Liquidated Damages);
   b. USD88,317,146.13 as a refund for overpayment of the Additional Lease Rate originally awarded in the Adjudication Proceedings for the period of April 2014 to January 2020 due to the reduction of the Additional Lease Rate as set out in Item 2(c) above;
   c. Applicable interest up to the date of the Award;
   d. Costs of USD12,746,570.70;
   e. Interest at 6.65% on the sums awarded from the date of the Award until payment.

(4) SSPC is entitled to set-off the above claims against moneys owed by SSPC to GKL under the Contract, including but not limited to the lease rate.

(5) Any GST payable pursuant to the Goods and Services Tax Act 2014 to be accounted by the parties.

Proceedings Post the Award

GKL was advised that it has legal grounds to challenge the Award and on 7 July 2020, GKL has filed the following court applications:

(i) an Originating Summons dated 7 July 2020 for setting aside of parts of the Arbitral Award dated 8 April 2020 ("**Setting Aside OS**"); and

(ii) a Notice of Application for an injunction to restrain SSPC from setting off the sums that GKL was ordered to pay to SSPC under the Arbitral Award dated 8 April 2020 ("**Injunction NOA**").

Setting Aside OS

On 7 July 2020, GKL filed an Originating Summons to set aside parts of the Arbitral Award dated 8 April 2020. The proceeding of this Setting Aside OS was delayed due to the COVID-19 situation and the various applications filed by both Parties in relation to this matter:

(i) Injunction NOA

On 6 October 2020, GKL withdrew the Injunction NOA on the basis that a statutory stay of enforcement is automatically imposed on SSPC upon GKL's application to set aside SSPC's Award enforcement.

Additionally, GKL had filed an interim application preventing SSPC from enforcing the Award prior to the determination of the Setting Aside OS. This application was heard on 16 August 2021 and 1 October 2021. On 25 October 2021, the High Court dismissed GKL's interim application and decided that SSPC has the right to set off the award against the charter hire without full grounds of judgment. GKL has since obtained the High Court's written grounds of judgment and is of the opinion that there are grounds to appeal against the High Court's decision in dismissing GKL's interim application. As such, on 22 November 2021 GKL filed an appeal to the Court of Appeal against the High Court's decision. This appeal has now been fixed for hearing on 6 July 2022 with a final case management date fixed on 22 June 2022 for any final instructions that may be required.

(ii) SSPC Expungement Application

SSPC filed an interim application to expunge the affidavit of GKL's quantum expert ("**SSPC Expungement Application**"), which was filed by GKL to clarify certain issues in support of the Setting Aside OS.

This application was heard on 9 August 2021 and 9 September 2021. On 1 October 2021, the High Court allowed SSPC's application with costs. Although no reasons were given by the High Court, attempts are being made by GKL's lawyers to try and secure the same. Despite the High Court's decision in allowing SSPC's Expungement Application, GKL's lawyers have advised that this argument can still be shown from the records and therefore, the expungement of the quantum expert's affidavit does not affect GKL's arguments in the Setting Aside.

GKL's Setting Aside OS was partly heard on 20 and 25 October 2021 and 13 January 2022 where GKL's counsel presented its case before the Judge at the High Court. The matter is fixed for continued hearing on 16 February 2022, 17 February 2022 and 4 April 2022.

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:

Adjudication

1. 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.

2. 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.

3. The Federal Court ("FC") had on 16 October 2019 made a ruling that the CIPAA, which provides the basis upon which the Adjudication Proceedings were commenced, only applies prospectively to construction contracts entered into after the date CIPAA became effective i.e. 15 April 2014. The MOMPL lease agreement is dated 28 November 2008 and as such, falls outside the purview of CIPAA.

4. In view of the FC decision, MOMPL has stayed its hand on moving for the enforcement of the Adjudication decisions and will focus on the Arbitration Proceedings in order to recover the monies owing by PCPP.

5. As far as MOMPL is aware, there is no pending application to set aside the said Adjudication decisions.

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.

    a. 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 filed an appeal to the Court of Appeal ("CA") against this decision which was heard on 12 April 2021. The CA set aside the stay application granted by the High Court and instead imposed a conditional stay on PCPP wherein PCPP is required to deposit a sum of USD7,766,549.61 into a joint account held by both parties' solicitors within 30 days, failing which MOMPL will be able to proceed with the full hearing in the High Court action against PCPP. PCPP failed to make any such deposit and therefore the Originating Summons was reinstated in the High Court at MOMPL's request.

    b. The matter was heard on 7 October 2021 and on 26 October 2021, the High Court decided the matter in favour of MOMPL. MOMPL has now been awarded the full sum claimed amounting to USD42,307,549.61 together with interest and costs which is to be paid by PCPP. PCPP did not file any appeal against the High Court's decision however PCPP has failed to pay the sum awarded to MOMPL.

    c. In the circumstances, MOMPL proceeded to file a Statutory Notice pursuant to Sections 465 and 466 of the Companies Act 2016 against PCPP on 14 December 2021 ("Statutory Notice"). PCPP has failed to comply with the Statutory Notice and therefore MOMPL will proceed to file a winding-up petition against PCPP in the High Court.

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 ("PCSB's Striking Out Application") and stay the proceedings pending the disposal of the arbitration proceedings ("PCPP's Stay Application") which were allowed on 26 October 2018 and 11 December 2018 respectively. MOMPL appealed against both decisions to the Court of Appeal.

a. MOMPL's appeal against PCSB's Striking Out Application by the High Court was dismissed by the Court of Appeal on 26 September 2019. MOMPL has filed leave to appeal against the Court of Appeal's decision to uphold the High Court's decision to strike out the proceedings against PCSB to the Federal Court. On 18 August 2020, the Federal Court dismissed MOMPL's appeal.

b. MOMPL's appeal against PCPP's Stay Application by the High Court was heard by the Court of Appeal on 19 June 2020. The Court of Appeal has set aside the stay against the shareholders i.e. PCSB, PPHE and PVEP, whilst the stay against PCPP is affirmed. Pursuant to this decision, MOMPL has proceeded to serve the cause papers out of jurisdiction on PPHE and PVEP. PVEP has failed to respond to MOMPL's claim and therefore MOMPL has applied for a summary judgment to be made against PVEP. PPHE has filed an application in the High Court of Malaysia to challenge the service of the cause papers in Indonesia which was heard on 11 August 2021. On 24 September 2021, the High Court allowed PPHE's application. MOMPL has elected to await the outcome of the Statutory Notice against PCPP and will consider whether to file a fresh claim against PCPP's shareholders thereafter.

Arbitration

8. 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.

9. MOMPL has re-filed the Notice of Arbitration for the second arbitration proceedings for part of the outstanding sums amounting to approximately USD80,954,000.00 and RM4,674,000.00. PCPP has responded to the Notice of Arbitration on 15 July 2020.

   The arbitral tribunal for both arbitration proceedings have now been constituted respectively and parties are in the midst of negotiating and finalising the terms of appointment. However given the development in the filing of the Statutory Notice against PCPP, MOMPL has written to the arbitral tribunal for both the first and second arbitrations to request for the proceedings to be kept in abeyance until the Statutory Notice is disposed off by the High Court.

(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 Kebabangan Petroleum Operating Company Sdn Bhd ("KPOC")

MMHE had on 13 March 2019 received a notice of arbitration from KPOC in relation to claims arising from the Kebabangan ("KBB") field project. KPOC claims that MMHE is in breach of the contract in respect of the appointed supplier of the valves per the contract. The actual valves procured were claimed to be defective and thus KPOC has suffered substantial loss and damage.

By way of Final Award dated 23 July 2021 that was made available to MMHE on 3 August 2021 ("Final Award"), Arbitral Tribunal has ordered that MMHE shall pay KPOC the following:-

a. The sum of RM17,241,178 as damages for the expenses incurred by KPOC for assessment, procurement and replacement of valves in the period of 2016 to 2019, together with interest at the rate of 5% per annum from 11 October 2019 to the date of payment;

b. The sum of RM9,820,770 as damages suffered by KPOC in having to procure 1,365 valves and install 1,454 valves in the future, together with interest at the rate of 5% per annum from 11 October 2019 till the date of payment; and

c. The sum of RM1,029,167 for its legal fees and expenses.

In the Final Award, the Arbitral Tribunal also dismissed all of KPOC's claim for loss of revenue in the sum of RM28,030,906.

On 30 September 2021, MMHE filed an application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, whereby MMHE seeks for the Final Award to be set aside on grounds, amongst others, that there was a breach of the rules of natural justice in connection with the making of the Final Award.

KPOC, in this regard, has filed an application to seek leave from the High Court to register and enforce the Final Award as a Judgment of the High Court.

The Hearing for both applications were heard on 11 February 2022. During that hearing application, the Judge ordered for both Originating Summons to be heard simultaneously in a single session and a new Hearing date is fixed on 15 April 2022.

iv) <u>Boskalis Malaysia Sdn Bhd (“BMSB”) and Malaysia Marine and Heavy Engineering Sdn Bhd (“MMHE”)</u>

MMHE had on 16 March 2021 received a Notice of Arbitration from BMSB in relation to claims arising from Transportation and Installation Works for Topside Float Over for Bokor CPP Project.

Following a full and final settlement reached between MMHE and BMSB, the Arbitral Tribunal had issued an Order dated 15 November 2021 to formally record the termination of the arbitration proceedings.

B8. DIVIDENDS

The Board of Directors has approved a fourth tax exempt dividend of 12.0 sen per share in respect of financial year 2021 amounting to RM535.6 million. The proposed dividend will be paid on 16 March 2022 to shareholders registered at the close of business on 4 March 2022.

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 4 March 2022 in respect of Ordinary Transfers; and

ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

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.

The Group had also entered into forward currency contracts to manage its foreign currency risk.

Details of the Group's derivative financial instruments outstanding as at 31 December 2021 are as follows:

Contract/Tenure	**Notional Value**	**Fair Value as at 31 December 2021**
	RM million	**RM million**
<u>Foreign currency contracts</u>		
1 year to 3 years	380.1	(4.7)
	380.1	(4.7)
<u>Interest rate swaps</u>		
1 year to 3 years	3,811.8	(58.6)
More than 3 years	7,714.9	(51.8)
	11,526.7	(110.4)

During the current year ended 31 December 2021, the Group had entered into IRS arrangements to hedge against adverse movements in interest rates in compliance with the facility agreement as well as forward currency contracts designated as hedges of expected future payments denominated in United States Dollars.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2020:

(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 2021, the Group does not have any material financial liabilities measured at fair value through profit or loss.

B11. EARNINGS/(LOSS) PER SHARE

	Quarter Ended 31 December		**Cumulative 12 Months Ended 31 December**	
	2021	**2020**	**2021**	**2020**
Basic earnings/(loss) per share are computed as follows:				
Profit/(loss) for the period attributable to equity holders of the Corporation (RM million):	461.7	556.0	1,831.3	(43.0)
Weighted average number of ordinary shares in issue (million)	**4,463.8**	**4,463.8**	**4,463.8**	**4,463.8**
Basic earnings/(loss) per share (sen)	10.3	12.5	41.0	(1.0)

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

B12. IMPACT OF COVID-19 PANDEMIC

The current quarter continues to see the Petroleum & Product Shipping segment's results being affected by low tanker freight rates due to weak global oil demand caused by the pandemic.

The majority of Gas Assets & Solutions segment's vessels are on long-term time charter and these long-term charter contracts support its stable financial performance although there were some off hire days due to the pandemic in the current quarter.

Both the Gas Assets & Solutions and Petroleum & Product Shipping segments had recorded some increase in their ship operating costs arising from the pandemic, mainly relating to quarantine and crew change activities.

As for the Offshore Business segment, all of their assets are on long-term charter contracts which underwrite its stable financial performance. However, the segment has incurred additional operating costs due to the pandemic, mainly for crew change, quarantine and support activities during the current quarter.

However, the Marine & Heavy Engineering segment's financial performance continues to be affected by the pandemic. In the Heavy Engineering sub-segment, the constraints from the "new normal" still had an adverse impact on its operational performance. The segment is aggressively pursuing recovery of COVID-19 costs from client to mitigate the impact. Meanwhile, the Marine sub-segment remains at a disadvantage compared to the neighbouring yards even with the easing of border restrictions.

Impact on the Group's financial performance, financial position, cash flows and liquidity

Although there have been off hire days and increase in operating costs, the COVID-19 pandemic has not materially affected the financial performance, financial position, cash flows and liquidity of Gas Assets & Solutions and Offshore Business segments in the current year.

However, the financial performance of the Petroleum & Product Shipping segment for the current year was affected by the lower tanker freight rates as explained above.

Additionally, the Marine & Heavy Engineering segment was also impacted by the COVID-19 pandemic. The Heavy Engineering sub-segment's loss widened due to additional cost provisions made for on-going projects due to the extended project completion date despite recording higher revenue than prior year. As a result of the extended project completion date, certain Heavy Engineering projects may potentially be exposed to risks of significant Liquidated Damages ("LDs"). However, as the extended project completion date was mainly caused by COVID-19, the Group expects to be able to defend against any application of the LDs. Furthermore, the client has agreed in principle to extend certain project milestones which the Group is now striving to meet. As such, the Group did not recognise any impact of the potential LDs in the current financial year. At the same time, the Group is also pursuing COVID-19 cost recovery and other claims from the client on the same projects. The Group will continue to monitor the situation and will account for any potential LDs and cost recovery claims accordingly. The Marine sub-segment continues to record losses from lower revenue in the current year as a result of the border restrictions as explained above.

In terms of cash flow and liquidity, the Group has not experienced any major delinquencies in its receivables account relating to the COVID-19 pandemic.

The Group's financial position remains healthy at the end of the current year with cash balance of RM7,952.3 million coupled with low gearing as well as adequate working capital facilities to remain resilient in the current crisis. As a result, the Group does not anticipate any financial difficulties to meet its debt obligations in the foreseeable future as well as its ability to operate as a going concern. Notwithstanding this, the Group remains steadfast in its efforts to preserve cash through optimizing overheads and CAPEX spending.

Impact on the Group's business and earning prospects

The performance of the Gas Assets & Solutions and Offshore Business segments remain steady and are not expected to be significantly impacted by COVID-19. This is due to the recurring income streams from the portfolio of long-term contracts under these business segments.

The Petroleum & Product Shipping segment is expected to be affected by low spot rates and low trading volumes as well as vessel oversupply in the short term due to the spread of Omicron virus variant. Nevertheless, the medium-term prospects remain positive, with market conditions expected to improve further in 2022, particularly towards the second half of the year.

The Marine & Heavy Engineering segment remains vigilant on the prospects of the Heavy Engineering sub-segment taking into account the rise in Omicron variant cases globally. The Marine sub-segment is also expected to remain challenging. The expected increase in LNG trade would lead to deferrals of dry-docking resulting in stiffer competition amongst shipyards. Additionally, considering various border restrictions worldwide, foreign clients will continue to send their vessels to countries with less restrictions.

Going forward, the Group continues its emphasis on completing ongoing projects, optimising operating expenditure while also pursuing growth prospects as the global economy gradually recovers.

COVID-19 health and safety measures

The Group remains vigilant and has continuously implemented all necessary COVID-19 mitigation measures in accordance with Standard Operating Procedures ("SOPs") issued by the Ministry of Health Malaysia and regulators of home countries where we operate such as physical distancing at work, workplace segregation, staggered work hours and lunch breaks, flexible working arrangements including working from home, virtual meetings, temperature checks and regular workplace sanitization. Only staff who were fully vaccinated, did not exhibit flu-like symptoms and tested negative after performing COVID-19 self-test were allowed to return to office on rotation. However, effective January 2022, staff are returning to office in full capacity with similar health and safety measures put in place per described earlier. To further enhance health and safety at the office, 300 units of True HEPA air cleaners have been installed at the head office.

Continuous advisories were sent out to the Group staff on strict adherence to the SOPs. Online programs were also carried out to ensure employees mental wellness and wellbeing.

Staff returning from international business travel are required to undergo quarantine as per Government's directive and perform the COVID-19 self-test before returning to office. All ships and offshore crew are also required to undergo COVID-19 RT-PCR testing during sign-on and sign-off (joining and leaving the vessel).

For suspected and positive cases at the workplace within the Group, there are SOPs established to follow through and render assistance accordingly.

By Order of the Board