# MISC BERHAD

(Registration No. 196801000580 (8178-H))

# QUARTERLY REPORT
# FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| | Quarter Ended 30 September | | Cumulative 9 Months Ended 30 September | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **RM million** | **RM million** | **RM million** | **RM million** |
| Revenue | 3,365.1 | 3,614.1 | 9,993.4 | 9,694.0 |
| Cost of sales | (2,473.0) | (2,548.0) | (7,486.0) | (7,291.9) |
| **GROSS PROFIT** | **892.1** | **1,066.1** | **2,507.4** | **2,402.1** |
| Other operating income | 128.1 | 307.3 | 524.6 | 480.9 |
| General and administrative expenses | (370.3) | (343.5) | (1,025.3) | (875.3) |
| **OPERATING PROFIT** | **649.9** | **1,029.9** | **2,006.7** | **2,007.7** |
| Impairment of non current assets | - | - | (113.6) | (309.8) |
| Gain on disposal of ships | - | 5.8 | 2.3 | 15.3 |
| Finance costs | (186.7) | (172.5) | (539.6) | (472.9) |
| Share of profit of associates | 0.1 | 0.7 | 0.9 | 2.6 |
| Share of profit/(loss) of joint ventures | 1.3 | (26.1) | 74.7 | (18.9) |
| **PROFIT BEFORE TAX** | **464.6** | **837.8** | **1,431.4** | **1,224.0** |
| Taxation | (65.9) | (15.4) | (99.8) | (40.1) |
| **PROFIT AFTER TAX** | **398.7** | **822.4** | **1,331.6** | **1,183.9** |
| **PROFIT ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Corporation | 430.4 | 820.6 | 1,496.2 | 1,177.9 |
| Non-controlling interests | (31.7) | 1.8 | (164.6) | 6.0 |
| **PROFIT AFTER TAX** | **398.7** | **822.4** | **1,331.6** | **1,183.9** |
| **BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION (SEN)** | 9.6 | 18.4 | 33.5 | 26.4 |

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Quarter Ended 30 September | | Cumulative 9 Months Ended 30 September | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **RM million** | **RM million** | **RM million** | **RM million** |
| **PROFIT AFTER TAX** | **398.7** | **822.4** | **1,331.6** | **1,183.9** |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| *Items that may be reclassified to profit or loss in subsequent periods:* | | | | |
| Cash flow hedges: | | | | |
| Fair value gain | | | | |
| Group | 94.4 | 338.6 | 68.7 | 1,031.6 |
| Joint ventures | 10.7 | 30.1 | 10.3 | 111.3 |
| Gain on currency translation * | 69.0 | 1,899.9 | 2,352.9 | 3,717.9 |
| **Total other comprehensive income** | **174.1** | **2,268.6** | **2,431.9** | **4,860.8** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **572.8** | **3,091.0** | **3,763.5** | **6,044.7** |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Corporation | 598.8 | 3,060.1 | 3,915.9 | 5,952.4 |
| Non-controlling interests | (26.0) | 30.9 | (152.4) | 92.3 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **572.8** | **3,091.0** | **3,763.5** | **6,044.7** |

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

| | **2023** | **2022** | **2021** |
|---|---|---|---|
| As at 30 September | 4.69500 | 4.63750 | 4.18900 |
| As at 30 June | 4.68600 | 4.40350 | 4.15450 |
| As at 31 December | - | 4.41500 | 4.17400 |

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30 September 2023 RM million | As at 31 December 2022 RM million |
|---|---|---|
| **NON CURRENT ASSETS** | | |
| Ships | 24,109.7 | 22,482.1 |
| Offshore floating assets | 20.3 | 19.1 |
| Other property, plant and equipment | 1,812.1 | 1,803.8 |
| Prepaid lease payments on land and buildings | 194.3 | 198.6 |
| Finance lease receivables | 13,521.1 | 14,752.8 |
| Investments in associates | 324.4 | 306.0 |
| Investments in joint ventures | 1,062.0 | 1,029.6 |
| Other non current assets | 9,082.2 | 7,316.2 |
| Derivative assets | 1,058.1 | 910.8 |
| Intangible assets | 1,015.0 | 1,001.6 |
| Deferred tax assets | 102.3 | 98.8 |
| | **52,301.5** | **49,919.4** |
| **CURRENT ASSETS** | | |
| Inventories | 89.5 | 97.9 |
| Finance lease receivables | 1,602.7 | 1,521.9 |
| Trade and other receivables | 4,748.0 | 3,858.6 |
| Cash, deposits and bank balances | 7,641.1 | 7,134.0 |
| Non current assets classified as held for sale | 239.5 | 132.5 |
| | **14,320.8** | **12,744.9** |
| **TOTAL ASSETS** | **66,622.3** | **62,664.3** |
| **EQUITY** | | |
| Share capital | 8,923.3 | 8,923.3 |
| Treasury shares | (0.3) | (0.3) |
| Reserves | 11,986.2 | 9,555.9 |
| Retained profits | 19,181.5 | 18,979.8 |
| **Equity attributable to equity holders of the Corporation** | **40,090.7** | **37,458.7** |
| Non-controlling interests | 689.6 | 845.4 |
| **TOTAL EQUITY** | **40,780.3** | **38,304.1** |
| **NON CURRENT LIABILITIES** | | |
| Interest bearing loans and borrowings | 16,127.8 | 14,256.1 |
| Deferred income | 1,055.2 | 1,063.6 |
| Deferred tax liabilities | 1.6 | 1.8 |
| Other non current liabilities | 310.0 | 271.5 |
| | **17,494.6** | **15,593.0** |
| **CURRENT LIABILITIES** | | |
| Interest bearing loans and borrowings | 2,005.1 | 3,605.5 |
| Trade and other payables | 6,221.3 | 5,147.7 |
| Provision for taxation | 74.5 | 7.6 |
| Derivative liabilities | 46.5 | 6.4 |
| | **8,347.4** | **8,767.2** |
| **TOTAL LIABILITIES** | **25,842.0** | **24,360.2** |
| **TOTAL EQUITY AND LIABILITIES** | **66,622.3** | **62,664.3** |

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Cumulative 9 Months Ended | |
|---|---|---|
| | **30 September 2023** | **30 September 2022** |
| | **RM million** | **RM million** |
| **Cash Flows from Operating Activities:** | | |
| Profit before tax | 1,431.4 | 1,224.0 |
| Writeback of impairment loss on finance lease receivables, trade and other receivables | (13.2) | (34.7) |
| Impairment loss on receivables | 14.4 | 17.5 |
| Depreciation of ships, offshore floating asset and other property, plant and equipment | 1,562.2 | 1,496.2 |
| Amortisation of prepaid lease payments | 4.5 | 5.6 |
| Impairment of non current assets | 113.6 | 309.8 |
| Write off of ships, property, plant and equipment | - | 1.6 |
| Gain on disposal of ships | (2.3) | (15.3) |
| Net unrealised foreign exchange gain | (10.0) | (19.6) |
| Dividend income from equity investments | (0.6) | (1.8) |
| Interest expense | 511.5 | 403.0 |
| Finance income | (224.3) | (78.0) |
| Fair value gain in other investments | (2.9) | (4.5) |
| Changes in fair value of hedging derivatives | 23.4 | (9.0) |
| Amortisation of intangibles | 11.6 | 29.0 |
| Amortisation of upfront fees for borrowings | 28.0 | 69.9 |
| Share of profit of associates | (0.9) | (2.6) |
| Share of profit/(loss) of joint ventures | (74.7) | 18.9 |
| Operating profit before working capital changes | 3,371.7 | 3,410.0 |
| Inventories | 13.9 | 0.6 |
| Trade and other receivables | 212.2 | (1,513.5) |
| Trade, other payables and other non current liabilities * | 825.1 | 8.1 |
| Deferred income | (72.6) | (78.7) |
| Cash generated from operations | 4,350.3 | 1,826.5 |
| Net tax paid | (33.0) | (34.2) |
| **Net cash generated from operating activities** | **4,317.3** | **1,792.3** |

* 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 RM1,233.9 million in the current period and RM2,157.0 million in the period ended 30 September 2022. 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 Customer.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| | Cumulative 9 Months Ended | |
|---|---|---|
| | 30 September 2023 RM million | 30 September 2022 RM million |
| **Cash Flows from Investing Activities:** | | |
| Purchase of ships, other property, plant and equipment | (2,021.9) | (1,906.7) |
| Proceeds from disposal of ships | 122.0 | 314.9 |
| Dividend received from: | | |
| Quoted investments | 0.6 | 1.8 |
| Joint ventures and an associate | 119.5 | 112.4 |
| Interest received | 173.6 | 54.5 |
| Net fixed deposit (placement)/withdrawal | (318.1) | 15.8 |
| **Net cash used in investing activities** | **(1,924.3)** | **(1,407.3)** |
| **Cash Flows from Financing Activities:** | | |
| Drawdown of interest bearing loans and borrowings | 3,417.0 | 10,097.6 |
| Repayment of interest bearing loans and borrowings | (4,158.1) | (8,634.4) |
| Repayment of lease liabilities | (85.5) | (97.5) |
| Dividends paid to the equity holders of the Corporation | (1,294.5) | (1,160.6) |
| Dividends paid to non-controlling interest of subsidiaries | (8.0) | - |
| Interest paid | (483.8) | (320.4) |
| (Placement)/receipt of cash pledged with banks (restricted for use) | (196.8) | 342.9 |
| **Net cash (used in)/ generated from financing activities** | **(2,809.7)** | **227.6** |
| Net change in cash & cash equivalents | (416.7) | 612.6 |
| Cash & cash equivalents at the beginning of the year | 6,406.1 | 6,994.3 |
| Currency translation difference | 342.5 | 714.1 |
| Cash & cash equivalents at the end of period | **6,331.9** | **8,321.0** |
| Cash pledged with banks - restricted for use and deposited with maturity more than 90 days | 1,309.2 | 680.5 |
| **Cash, deposits and bank balances** | **7,641.1** | **9,001.5** |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Corporation → | | | | | | | | | | | | |
| | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million | RM million |
| **9 MONTHS ENDED 30 SEPTEMBER 2023** | | | | | | | | | | | | | | |
| **At 1 January 2023** | **38,304.1** | **37,458.7** | **8,923.3** | **(0.3)** | **18,979.8** | **9,555.9** | **60.0** | **435.2** | **-** | **(10.6)** | **-** | **940.1** | **8,131.2** | **845.4** |
| Total comprehensive income | 3,763.5 | 3,915.9 | - | - | 1,496.2 | 2,419.7 | - | - | - | - | - | 79.5 | 2,340.2 | (152.4) |
| **Transactions with owners** | | | | | | | | | | | | | | |
| Dilution of interest in subsidiaries | 4.6 | - | - | - | - | - | - | - | - | - | - | - | - | 4.6 |
| Reversal of provision for put option | 10.6 | 10.6 | - | - | - | 10.6 | - | - | - | 10.6 | - | - | - | - |
| Dividends | (1,302.5) | (1,294.5) | - | - | (1,294.5) | - | - | - | - | - | - | - | - | (8.0) |
| **Total transactions with owners** | (1,287.3) | (1,283.9) | - | - | (1,294.5) | 10.6 | - | - | - | 10.6 | - | - | - | (3.4) |
| **At 30 September 2023** | **40,780.3** | **40,090.7** | **8,923.3** | **(0.3)** | **19,181.5** | **11,986.2** | **60.0** | **435.2** | **-** | **-** | **-** | **1,019.6** | **10,471.4** | **689.6** |
| **9 MONTHS ENDED 30 SEPTEMBER 2022** | | | | | | | | | | | | | | |
| **At 1 January 2022** | **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** |
| Total comprehensive income | 6,044.7 | 5,952.4 | - | - | 1,177.9 | 4,774.5 | - | - | - | - | - | 1,086.2 | 3,688.3 | 92.3 |
| **Transactions with owners** | | | | | | | | | | | | | | |
| Disposal of interest in joint ventures | (0.6) | (0.6) | - | - | - | (0.6) | - | - | - | - | (0.6) | - | - | - |
| Dilution of interest in subsidiaries | 1.2 | - | - | - | - | - | - | - | - | - | - | - | - | 1.2 |
| Dividends | (1,160.6) | (1,160.6) | - | - | (1,160.6) | - | - | - | - | - | - | - | - | - |
| **Total transactions with owners** | (1,160.0) | (1,161.2) | - | - | (1,160.6) | (0.6) | - | - | - | - | (0.6) | - | - | 1.2 |
| **At 30 September 2022** | **39,809.7** | **38,954.0** | **8,923.3** | **(0.3)** | **18,603.4** | **11,427.6** | **99.3** | **435.2** | **1.4** | **(10.6)** | **2.4** | **949.8** | **9,950.1** | **855.7** |

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

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### A1. CORPORATE INFORMATION

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

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 22 November 2023.

### A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2023 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market 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 financial statements and the accompanying notes for the year ended 31 December 2022.

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 2022.

The audited financial statements of the Group for the year ended 31 December 2022 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 Group’s annual financial statements for the year ending 31 December 2023 under the Malaysian Financial Reporting Standards (“MFRS”) framework. These policies do not differ significantly from those used in the Group’s audited financial statements for the year ended 31 December 2022 except as disclosed below.

As at 1 January 2023, the Group and the Corporation have adopted the following MFRS and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”):

**Effective for annual periods beginning on or after 1 January 2023:**
- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)
- Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from single transaction)

The adoption of the above pronouncements has no material financial impact to the Group and the Corporation.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A4. EXCEPTIONAL ITEMS

There were no exceptional items during the current financial period other than as disclosed in the condensed consolidated interim financial statements.

### A5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent audited financial statements of the Group for the year ended 31 December 2022 that may have a material effect in the current quarter results.

### A6. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2022 were not subjected to any audit qualification.

### A7. CHANGES IN COMPOSITION OF THE GROUP

(a) The Corporation had, on 10 March 2023, incorporated a new subsidiary, AET Tankers VLCC IV Pte. Ltd. ("AET VLCC IV"), under the Singapore Companies Act 1967 for the purpose of owning and operating vessels. AET VLCC IV is a wholly-owned subsidiary of AET Bermuda Holdings Limited, an indirect wholly-owned subsidiary of the Corporation.

(b) The Corporation had, on 15 March 2023, incorporated a new subsidiary, AET Tankers VLCC III Pte. Ltd. ("AET VLCC III"), under the Labuan Companies Act 1990, for the purpose of owning and operating vessels. AET VLCC III is a wholly-owned subsidiary of AET Holdings (L) Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

(c) The Corporation had, on 18 March 2023, incorporated a new subsidiary, MGLNX India Private Limited ("MGX India"), under the India Companies Act 2013, for the purpose of development of software and applications, and provision of consultancy and data processing services for information technology, energy, industrial and maritime sectors. MGX India is a wholly-owned subsidiary of Magellan X Pte. Ltd. ("MGX Singapore"), an indirect wholly-owned subsidiary of the Corporation.

(d) Pursuant to a Shareholders' Agreement entered into between the Corporation, Magellan X Holdings (L) Pte. Ltd. ("MGX Labuan"), MGX Singapore and The Boston Consulting Group, Inc. ("BCG"), MGX Singapore, then an indirect wholly-owned subsidiary of the Corporation, had on 31 March 2023 completed the issuance of 510,000 non-redeemable preference shares to BCG. Subsequent thereto, MGX Singapore became a 95.23%-owned subsidiary of the Corporation via MGX Labuan, a wholly-owned subsidiary of the Corporation.

(e) The Corporation had, on 26 April 2023, incorporated a new subsidiary, ES Marine Servicos (Brazil) Ltda. ("EMSB"), under the laws of Brazil for the purpose of provision of marine-related technical services, including ship management and crew management services. EMSB is a wholly-owned subsidiary of ES Crewing Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

(f) The Corporation had, on 26 June 2023, incorporated two (2) new subsidiaries, MISC Assets Holdings (L) Pte. Ltd. ("MISC Assets") and MISC Strategic Services Holdings (L) Pte. Ltd. ("MISC Strategic Services"), under the Labuan Companies Act 1990, for the purpose of investment holding. MISC Assets and MISC Strategic Services are wholly-owned subsidiaries of the Corporation.

(g) On 10 July 2023, the Corporation had incorporated three (3) new subsidiaries, namely MISC AET Holdings (L) Pte. Ltd. ("MISCAETH"), MISC GAS Holdings (L) Pte. Ltd. ("MISCGH") and MISC OBU Holdings (L) Pte. Ltd. ("MISCOBUH") under the Labuan Companies Act 1990, for the purpose of investment holding. MISCAETH, MISCGH and MISCOBUH are wholly-owned subsidiaries of MISC Assets Holdings (L) Pte. Ltd., which in turn is a wholly-owned subsidiary of the Corporation.''

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

(h) The Corporation had, on 20 July 2023, incorporated two (2) new subsidiaries, MISC GAS Tankers One (L) Pte. Ltd. ("MISCGTO") and MISC GAS Tankers Two (L) Pte. Ltd. ("MISCGTT") under the Labuan Companies Act 1990, for the purpose of investment holding. MISCGTO and MISCGTT are wholly-owned subsidiaries of MISCGH, an indirect wholly-owned subsidiary of the Corporation.

(i) On 20 July 2023, two (2) additional new subsidiaries were incorporated being, MISC OBU One (L) Pte. Ltd. ("MISCOBUO") and MISC OBU Two (L) Pte. Ltd. ("MISCOBUT") under the Labuan Companies Act 1990, for the purpose of investment holding. MISCOBUO and MISCOBUT are wholly-owned subsidiaries of MISCOBUH, an indirect wholly-owned subsidiary of the Corporation.

(j) The Corporation had, on 29 August 2023, incorporated a new subsidiary, AET Tankers VLCC V Pte. Ltd. ("AET VLCC V"), under the Singapore Companies Act 1967 for the purpose of owning, chartering and operating of vessel. AET VLCC V is a wholly-owned subsidiary of AET Bermuda Holdings Limited, an indirect wholly-owned subsidiary of the Corporation.

(k) The Corporation had, on 14 September 2023, incorporated a new subsidiary, Polestar One (S) Pte. Ltd. ("Polestar"), under the Singapore Companies Act 1967 for the purpose of chartering and liquefied natural gas trading activity. Polestar is a wholly-owned subsidiary of Portovenere and Lerici (Labuan) Private Limited, a wholly-owned subsidiary of the Corporation.

(l) On 22 September 2023, the Corporation had incorporated a new subsidiary, Oasis LNG Destiny Pte. Ltd. ("Oasis LNG Destiny"), under the Singapore Companies Act 1967 for the purpose of provision of ship management services and accounting services. Oasis LNG Destiny is a wholly-owned subsidiary of MISCGH, an indirect wholly-owned subsidiary of the Corporation.

### A8. DISCONTINUED OPERATIONS

There were no discontinued operations in the Group during the financial period under review.

### A9. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A10. REVENUE

The Group's revenue by segments are 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 | |
| **Quarter Ended 30 September** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Revenue from contracts with customers | - | - | 481.9 | 695.7 | 489.3 | 979.4 | 638.5 | 409.2 | 40.5 | 29.8 | 1,650.2 | 2,114.1 |
| Revenue from charter * | 860.6 | 790.1 | 728.2 | 569.5 | 126.1 | 140.4 | - | - | - | - | 1,714.9 | 1,500.0 |
| | **860.6** | **790.1** | **1,210.1** | **1,265.2** | **615.4** | **1,119.8** | **638.5** | **409.2** | **40.5** | **29.8** | **3,365.1** | **3,614.1** |

| | Gas Assets & Solutions | | Petroleum & Product Shipping | | Offshore Business | | Marine & Heavy Engineering | | Others, Eliminations and Adjustments | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cumulative 9 months** | RM million | | RM million | | RM million | | RM million | | RM million | | RM million | |
| **Ended 30 September** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Revenue from contracts with customers | - | - | 1,523.5 | 1,793.9 | 1,283.0 | 2,366.0 | 2,191.0 | 1,227.6 | 107.0 | 91.4 | 5,104.5 | 5,478.9 |
| Revenue from charter * | 2,388.3 | 2,310.3 | 2,116.9 | 1,490.5 | 383.7 | 414.3 | - | - | - | - | 4,888.9 | 4,215.1 |
| | **2,388.3** | **2,310.3** | **3,640.4** | **3,284.4** | **1,666.7** | **2,780.3** | **2,191.0** | **1,227.6** | **107.0** | **91.4** | **9,993.4** | **9,694.0** |

* Revenue from charter consists of charter income and finance income on lease receivables

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A11. SEGMENT REPORT

The operating segments of the Group are as follows:

**Gas Assets & Solutions** - provision of Liquefied Natural Gas ("LNG") carrier services and non-conventional gas asset solutions;

**Petroleum & Product Shipping** - provision of petroleum tanker and chemical tanker services;

**Offshore Business** - own, lease, operation and maintenance of offshore, floating, production, storage and offloading terminals;

**Marine & Heavy Engineering** - marine repair, marine conversion and engineering and construction works; and

**Others** - integrated marine services, port & terminal services, maritime education & training and other diversified businesses.

Revenue and operating results by segments are as follows:

| Quarter Ended 30 September | Gas Assets & Solutions RM million 2023 | 2022 | Petroleum & Product Shipping RM million 2023 | 2022 | Offshore Business RM million 2023 | 2022 | Marine & Heavy Engineering RM million 2023 | 2022 | Others, Eliminations and Adjustments * RM million 2023 | 2022 | Total RM million 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | | | | | |
| External sales | 860.6 | 790.1 | 1,209.7 | 1,264.7 | 615.4 | 1,119.8 | 631.2 | 400.0 | 48.2 | 39.5 | 3,365.1 | 3,614.1 |
| Inter-segment | - | - | 0.4 | 0.5 | - | - | 7.3 | 9.2 | (7.7) | (9.7) | - | - |
| | **860.6** | **790.1** | **1,210.1** | **1,265.2** | **615.4** | **1,119.8** | **638.5** | **409.2** | **40.5** | **29.8** | **3,365.1** | **3,614.1** |
| Operating profit/(loss) | **427.9** | **355.1** | **296.2** | **470.7** | **58.1** | **190.0** | **(100.3)** | **19.0** | **(32.0)** | **(4.9)** | **649.9** | **1,029.9** |

| Cumulative 9 months Ended 30 September | Gas Assets & Solutions RM million 2023 | 2022 | Petroleum & Product Shipping RM million 2023 | 2022 | Offshore Business RM million 2023 | 2022 | Marine & Heavy Engineering RM million 2023 | 2022 | Others, Eliminations and Adjustments * RM million 2023 | 2022 | Total RM million 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | | | | | |
| External sales | 2,388.3 | 2,310.3 | 3,639.3 | 3,283.3 | 1,666.7 | 2,780.3 | 2,155.1 | 1,198.5 | 144.0 | 121.6 | 9,993.4 | 9,694.0 |
| Inter-segment | - | - | 1.1 | 1.1 | - | - | 35.9 | 29.1 | (37.0) | (30.2) | - | - |
| | **2,388.3** | **2,310.3** | **3,640.4** | **3,284.4** | **1,666.7** | **2,780.3** | **2,191.0** | **1,227.6** | **107.0** | **91.4** | **9,993.4** | **9,694.0** |
| Operating profit/(loss) | **1,231.3** | **1,076.3** | **933.9** | **618.0** | **464.5** | **354.4** | **(478.6)** | **51.1** | **(144.4)** | **(92.1)** | **2,006.7** | **2,007.7** |

* Comprises other diversified businesses, net foreign exchange differences, interest income, dividend income from quoted investment, corporate expenses, eliminations, and adjustments.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A12. 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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | RM million | RM million | RM million | RM million |
| Finance income | 99.7 | 41.7 | 224.3 | 78.0 |
| Other income | 33.6 | 231.4 | 264.3 | 300.5 |
| Interest expense | (177.3) | (162.1) | (511.5) | (403.0) |
| Amortisation of upfront fees for borrowings | (9.3) | (10.4) | (28.0) | (69.9) |
| Depreciation of ships, offshore floating asset and other property, plant and equipment | (511.1) | (523.3) | (1,562.2) | (1,496.2) |
| Amortisation of prepaid lease payments | (1.5) | (1.9) | (4.5) | (5.6) |
| Amortisation of intangibles | (4.2) | (10.2) | (11.6) | (29.0) |
| Write off of ships, property, plant and equipment | - | - | - | (1.6) |
| Gain on disposal of ships | - | 5.8 | 2.3 | 15.3 |
| Impairment of non current assets | - | - | (113.6) | (309.8) |
| Fair value (loss)/gain in other investments | - | (1.8) | 2.9 | 4.5 |
| Changes in fair value of hedging derivatives | (25.8) | 2.1 | (23.4) | 9.0 |
| (Write off)/writeback of impairment loss on finance lease receivables, trade and other receivables | (20.0) | 7.2 | (1.2) | 17.2 |
| Net realised foreign exchange (loss)/gain | (9.2) | 7.1 | (16.6) | 11.7 |
| Net unrealised foreign exchange gain | 20.3 | 12.0 | 10.0 | 19.6 |

### A13. SHIPS, OFFSHORE FLOATING ASSET AND OTHER PROPERTY, PLANT AND EQUIPMENT

Included in ships, offshore floating asset and other property, plant and equipment are construction work-in-progress, mainly for the construction of ships totalling RM1,024.6 million (31 December 2022: RM1,633.6 million) and right-of-use assets amounting to RM136.5 million (31 December 2022: RM170.9 million).

The volatility of charter hire rates, expired charter contracts or contracts that are approaching their expiry dates were identified as indications that the carrying amount of certain ships may be impaired. The Group has performed a review of the recoverable amount of the ships at the end of the quarter. The recoverable amount was based on the higher of fair value less costs of disposal or value-in-use, and determined at the cash generating unit (“CGU”) level of each asset.

The review led to the recognition of net impairment losses of ships amounting to RM65.6 million in the current financial period as the recoverable amount of the ships amounting to RM1,043.3 million was lower than their carrying value.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A14. INTANGIBLE ASSETS

| | Goodwill | Other Intangible Assets | Total |
|---|---|---|---|
| | RM million | RM million | RM million |
| **Cost** | | | |
| **At 1 January 2022** | **998.3** | **445.2** | **1,443.5** |
| Reclassification from property, plant and equipment | - | 61.7 | 61.7 |
| Currency translation differences | 53.1 | 11.8 | 64.9 |
| **At 31 December 2022** | **1,051.4** | **518.7** | **1,570.1** |
| Reclassification from property, plant and equipment | - | 8.6 | 8.6 |
| Currency translation differences | 61.3 | 3.1 | 64.4 |
| **At 30 September 2023** | **1,112.7** | **530.4** | **1,643.1** |
| **Accumulated amortisation and impairment** | | | |
| **At 1 January 2022** | **162.5** | **220.1** | **382.6** |
| Amortisation | - | 38.8 | 38.8 |
| Impairment | - | 147.1 | 147.1 |
| **At 31 December 2022** | **162.5** | **406.0** | **568.5** |
| Amortisation | - | 11.6 | 11.6 |
| Impairment | - | 48.0 | 48.0 |
| **At 30 September 2023** | **162.5** | **465.6** | **628.1** |
| **Net carrying amount** | | | |
| **At 1 January 2022** | **835.8** | **225.1** | **1,060.9** |
| **At 31 December 2022** | **888.9** | **112.7** | **1,001.6** |
| **At 30 September 2023** | **950.2** | **64.8** | **1,015.0** |

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 were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

The other intangible assets relate to the fair value of long term customer contracts from acquisition of a subsidiary at the date of acquisition, which is amortised over the remaining contract periods and digital products, measured at cost which comprises the development costs and all costs that can be directly attributed to preparing the asset for its intended use. The intangible assets on digital products are amortised on a straight-line basis over its estimated useful life. The other intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired.

The review of the impairment led to the recognition of impairment losses on other intangible assets amounting to RM48.0 million in the current financial period as the recoverable amount of the asset amounting to RM53.4 million was lower than their carrying value. The recoverable amount is based on value-in-use for CGU, calculated using cash flow projections.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A15. 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<br>RM million | Level 2<br>RM million | Level 3<br>RM million | Total<br>RM million |
|---|---|---|---|---|
| **At 30 September 2023** | | | | |
| **Financial Assets** | | | | |
| Quoted investments | 53.6 | - | - | 53.6 |
| Unquoted investments | - | - | 80.3 | 80.3 |
| Interest rate swaps designated as hedging instruments | - | 1,058.1 | - | 1,058.1 |
| | **53.6** | **1,058.1** | **80.3** | **1,192.0** |
| **Financial Liabilities** | | | | |
| Forward currency contracts | - | (46.5) | - | (46.5) |
| | **-** | **(46.5)** | **-** | **(46.5)** |

| | Level 1<br>RM million | Level 2<br>RM million | Level 3<br>RM million | Total<br>RM million |
|---|---|---|---|---|
| **At 31 December 2022** | | | | |
| **Financial Assets** | | | | |
| Quoted investments | 51.0 | - | - | 51.0 |
| Unquoted investments | - | - | 75.4 | 75.4 |
| Interest rate swaps designated as hedging instruments | - | 910.8 | - | 910.8 |
| | **51.0** | **910.8** | **75.4** | **1,037.2** |
| **Financial Liabilities** | | | | |
| Forward currency contracts | - | (6.4) | - | (6.4) |
| | **-** | **(6.4)** | **-** | **(6.4)** |

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

### A16. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance or repayment of debt and equity securities made by the Group during the period ended 30 September 2023.

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A17. 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 2023 RM million | 31 December 2022 RM million |
|---|---|---|
| Short Term Borrowings | | |
| Secured | 1,433.3 | 1,164.8 |
| Unsecured | 494.2 | 2,350.0 |
| Lease liabilities | 77.6 | 90.7 |
| | 2,005.1 | 3,605.5 |
| Long Term Borrowings | | |
| Secured | 11,017.7 | 8,934.3 |
| Unsecured | 5,029.8 | 5,208.9 |
| Lease liabilities | 80.3 | 112.9 |
| | 16,127.8 | 14,256.1 |
| **Total** | **18,132.9** | **17,861.6** |

ii) Foreign borrowings in United States Dollar equivalent as at 30 September 2023 and 31 December 2022 are as follows:

| | 30 September 2023 RM million | 31 December 2022 RM million |
|---|---|---|
| United States Dollar Borrowings | 17,502.5 | 17,419.9 |

### A18. DIVIDENDS PAID

The Corporation paid the following dividends in the period ended 30 September 2023 and year ended 31 December 2022:

| | 30 September 2023 RM million | 31 December 2022 RM million |
|---|---|---|
| **In respect of the financial year ended 31 December 2021:** | | |
| Fourth tax exempt dividend of 12.0 sen per share paid on 16 March 2022 | - | 535.6 |
| **In respect of the financial year ended 31 December 2022:** | | |
| First tax exempt dividend of 7.0 sen per share paid on 22 June 2022 | - | 312.5 |
| Second tax exempt dividend of 7.0 sen per share paid on 14 September 2022 | - | 312.5 |
| Third tax exempt dividend of 7.0 sen per share paid on 14 December 2022 | - | 312.5 |
| Fourth tax exempt dividend of 12.0 sen per share paid on 15 March 2023 | 535.6 | - |
| **In respect of the financial year ended 31 December 2023:** | | |
| First tax exempt dividend of 7.0 sen per share paid on 22 June 2023 | 312.5 | - |
| Second tax exempt dividend of 10.0 sen per share paid on 21 September 2023 | 446.4 | - |

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Continued)

### A19. RELATED PARTY TRANSACTIONS

In the current financial period, Gas Asia Terminal (L) Pte. Ltd. ("GATL"), a wholly-owned subsidiary of the Corporation has entered into an agreement with Regas Terminal (Sg. Udang) Sdn. Bhd. ("RGTSU") for a one-off prepayment amounting to USD233.6 million for the early settlement of all capital expenditure hire fees payable for the remaining charter period of the Time Charter Parties ("TCPs") for the provision of floating storage units ("FSUs"), FSU Tenaga Satu and FSU Tenaga Empat at LNG Regas Terminal Sg. Udang, to be fully satisfied in cash ("Prepayment"). Pursuant to the TCPs, the FSUs will continue to be employed by RGTSU until August 2032. Notwithstanding the Prepayment, the operating portion of the TCPs will remain unaffected.

Other than the above Prepayment, there were no new and significant transactions entered with related parties for the period ended 30 September 2023, compared to the related party transactions disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2022.

### A20. CAPITAL COMMITMENTS

The Group's outstanding commitments in respect of capital expenditure not provided for in the financial statements as at 30 September 2023 and 31 December 2022 are as follows:

| | 30 September 2023<br>RM million | 31 December 2022<br>RM million |
|---|---|---|
| Approved and contracted for | 3,096.5 | 4,403.8 |

The Group has excluded the approved and contracted capital expenditure 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 amount of RM1,672.3 million as at 30 September 2023 (31 December 2022: RM2,282.4 million) from the above capital commitments as the turnkey activities contribute to the recognition of contract assets per MFRS 15: Revenue from Contract with Customers.

### A21. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 30 September 2023 and 31 December 2022 comprise the following:

| | 30 September 2023<br>RM million | 31 December 2022<br>RM million |
|---|---|---|
| Performance bonds on contract and bank guarantees extended to customers | 873.0 | 745.6 |

### A22. SUBSEQUENT MATERIAL EVENTS

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

## PART B – OTHER EXPLANATORY NOTES

### B1. REVIEW OF GROUP PERFORMANCE

| | Quarter Ended 30 September | | Cumulative 9 Months Ended 30 September | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | RM million | RM million | RM million | RM million |
| **Revenue** | | | | |
| Gas Assets & Solutions | 860.6 | 790.1 | 2,388.3 | 2,310.3 |
| Petroleum & Product Shipping | 1,210.1 | 1,265.2 | 3,640.4 | 3,284.4 |
| Offshore Business | 615.4 | 1,119.8 | 1,666.7 | 2,780.3 |
| Marine & Heavy Engineering | 638.5 | 409.2 | 2,191.0 | 1,227.6 |
| Others, Eliminations and Adjustments | 40.5 | 29.8 | 107.0 | 91.4 |
| **Total Revenue** | **3,365.1** | **3,614.1** | **9,993.4** | **9,694.0** |
| **Operating Profit/(Loss)** | | | | |
| Gas Assets & Solutions | 427.9 | 355.1 | 1,231.3 | 1,076.3 |
| Petroleum & Product Shipping | 296.2 | 470.7 | 933.9 | 618.0 |
| Offshore Business | 58.1 | 190.0 | 464.5 | 354.4 |
| Marine & Heavy Engineering | (100.3) | 19.0 | (478.6) | 51.1 |
| Others, Eliminations and Adjustments | (32.0) | (4.9) | (144.4) | (92.1) |
| **Total Operating Profit** | **649.9** | **1,029.9** | **2,006.7** | **2,007.7** |
| Impairment of non current assets | - | - | (113.6) | (309.8) |
| Gain on disposal of ships | - | 5.8 | 2.3 | 15.3 |
| Finance costs | (186.7) | (172.5) | (539.6) | (472.9) |
| Share of profit of associates | 0.1 | 0.7 | 0.9 | 2.6 |
| Share of profit/(loss) of joint ventures | 1.3 | (26.1) | 74.7 | (18.9) |
| **Profit Before Tax** | **464.6** | **837.8** | **1,431.4** | **1,224.0** |

**Current quarter's performance against the quarter ended 30 September 2022**

Group revenue of RM3,365.1 million was RM249.0 million or 6.9% lower than the quarter ended 30 September 2022 ("corresponding quarter") revenue of RM3,614.1 million, while Group operating profit of RM649.9 million was RM380.0 million or 36.9% lower than the corresponding quarter's profit of RM1,029.9 million. The variances in Group performance by segments are further explained below.

**Gas Assets & Solutions**

Revenue of RM860.6 million was RM70.5 million or 8.9% higher than the corresponding quarter's revenue of RM790.1 million, mainly from higher charter rates in the current quarter coupled with higher earning days following deliveries of two LNG Carriers in the first quarter of 2023.

Operating profit of RM427.9 million was RM72.8 million or 20.5% higher than the corresponding quarter's profit of RM355.1 million, mainly from higher revenue in the current quarter as mentioned above.

## PART B – OTHER EXPLANATORY NOTES (Continued)

**Petroleum & Product Shipping**

Revenue of RM1,210.1 million was RM55.1 million or 4.4% lower than the corresponding quarter's revenue of RM1,265.2 million mainly due to lower earning days achieved in the current quarter.

Operating profit of RM296.2 million was RM174.5 million or 37.1% lower than the corresponding quarter's profit of RM470.7 million mainly due to a one-off compensation for a contract renegotiation in the corresponding quarter.

**Offshore Business**

Revenue of RM615.4 million was RM504.4 million or 45.0% lower than the corresponding quarter's revenue of RM1,119.8 million, mainly due to lower recognition of revenue from the conversion of a Floating, Production, Storage and Offloading unit ("FPSO") following lower project progress in the current quarter.

Operating profit of RM58.1 million was RM131.9 million or 69.4% lower than the corresponding quarter's profit of RM190.0 million mainly from lower construction gain from the FPSO conversion and additional cost provisions recognised in the current quarter relating to an incident involving an asset earlier this year.

**Marine & Heavy Engineering**

Revenue of RM638.5 million was RM229.3 million or 56.0% higher than the corresponding quarter's revenue of RM409.2 million, mainly due to higher revenue from new and ongoing projects for Heavy Engineering sub-segment.

Marine & Heavy Engineering segment recorded an operating loss of RM100.3 million compared to an operating profit of RM19.0 million in the corresponding quarter due to additional cost provisions from the price escalation impact on ongoing projects in the current quarter.

**Others, Eliminations and Adjustments**

Others segment recorded an operating loss of RM32.0 million which was RM27.1 million or more than 100% higher than the corresponding quarter's loss of RM4.9 million, mainly due to higher intercompany eliminations in the current quarter.

**Current 9 months period performance against the 9 months period ended 30 September 2022**

Group revenue of RM9,993.4 million was RM299.4 million or 3.1% higher than the revenue for the 9-months period ended 30 September 2022 ("corresponding period") of RM9,694.0 million mainly contributed by higher revenue from new and ongoing projects, coupled with higher dry-docking and repair activities in the Marine & Heavy Engineering segment and improved freight rates in the Petroleum & Product Shipping segment. The increase in Group's revenue was, however, offset by lower revenue recognition from the conversion of an FPSO following lower project progress in the current period.

Group operating profit of RM2,006.7 million was comparable to the corresponding period's profit of RM2,007.7 million.

## PART B – OTHER EXPLANATORY NOTES (Continued)

### B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| GROUP | Quarter Ended 30 September 2023 RM million | Quarter Ended 30 June 2023 RM million |
|---|---|---|
| **Revenue** | **3,365.1** | **3,549.6** |
| **Operating Profit** | **649.9** | **531.3** |
| Impairment of non current assets | - | (17.4) |
| Finance costs | (186.7) | (176.6) |
| Share of profit of associates | 0.1 | 0.5 |
| Share of profit of joint ventures | 1.3 | 1.4 |
| **Profit Before Tax** | **464.6** | **339.2** |

Group revenue of RM3,365.1 million was RM184.5 million or 5.2% lower than the preceding quarter's revenue of RM3,549.6 million, mainly from lower revenue from the Marine & Heavy Engineering segment.

Group operating profit of RM649.9 million was RM118.6 million or 22.3% higher than the preceding quarter's profit of RM531.3 million, mainly due to lower additional costs provisions recognised in the Marine & Heavy Engineering segment for on-going Heavy Engineering projects in the current quarter.

## PART B – OTHER EXPLANATORY NOTES (Continued)

### B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30 September 2023 RM million | As at 31 December 2022 RM million |
|---|---|---|
| Total assets | 66,622.3 | 62,664.3 |
| Total equity attributable to equity holders of the Corporation | 40,090.7 | 37,458.7 |
| Total liabilities | 25,842.0 | 24,360.2 |

The Group's total assets at RM66,622.3 million was higher by RM3,958.0 million or 6.3% as a result of higher recognition of contract asset from conversion of an FPSO and capital expenditure incurred for ships in the current period.

Total equity attributable to shareholders of the Company increased by RM2,632.0 million or 7.0% mainly from favourable movement in currency translation reserve following weakening of RM against USD.

Total liabilities were higher by RM1,481.8 million or 6.1% mainly due to accruals relating to additional cost provision for on-going projects under Marine & Heavy Engineering segment and loans and borrowings which were impacted by the weakening of RM against the USD in the current period.

### B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

| | Cumulative 9 Months Ended | |
|---|---|---|
| | 30 September 2023 RM million | 30 September 2022 RM million |
| Net cash generated from operating activities | 4,317.3 | 1,792.3 |
| Net cash used in investing activities | (1,924.3) | (1,407.3) |
| Net cash (used in)/ generated from financing activities | (2,809.7) | 227.6 |
| Net change in cash and cash equivalents | (416.7) | 612.6 |

The Group's net cash generated from operating activities of RM4,317.3 million was higher by RM2,525.0 million compared to RM1,792.3 million in the corresponding period, mainly due to receipt of charter hire prepayment for two FSUs. Additionally, the Group recorded lower payments for cost relating to turnkey activities for the conversion of a FPSO amounting to RM1,233.9 million in the current period compared to payments of RM2,157.0 million in the corresponding period. Excluding the payments for the above turnkey activities, the Group's adjusted net cash generated from operating activities of RM5,551.2 million was higher by RM1,601.9 million or 40.6% compared to RM3,949.3 million in the corresponding period.

The Group's net cash used in investing activities of RM1,924.3 million was higher by RM517.0 million or 36.7% compared to net cash used in investing activities of RM1,407.3 million in the corresponding period, mainly due to higher fixed deposit placement.

The Group recorded net cash used in financing activities of RM2,809.7 million in the current period due to higher repayment of loans and borrowings, payment of dividends and interest in the current period. In the corresponding period, the Group recorded net cash generated from financing activities of RM227.6 million mainly from higher drawdowns of loans and borrowings.

## PART B – OTHER EXPLANATORY NOTES (Continued)

### B5. GROUP CURRENT YEAR PROSPECTS

Spot rates continued to strengthen in the LNG shipping market in the third quarter of 2023, driven by rerouting of shipments through longer routes due to the geopolitical situation and seasonal demand. In the near term, prospects remain positive backed by growing global LNG demand and additional LNG infrastructure investments which further supports LNG growth. Based on this, the Gas Assets and Solutions segment will continue to pursue available growth opportunities while its operating income is expected to remain stable, underwritten by its portfolio of long-term charters.

The petroleum shipping market rates have seen a period of softer conditions since the last quarter with average tanker rates declining given weak seasonal demand due to autumn refinery maintenance and surge in oil prices, which has capped tonnage demand. In addition, voluntary output cuts by Saudi Arabia which has now been extended to the end of the year, has further reduced VLCC rates. Notwithstanding this, the petroleum shipping market rates are expected to strengthen for the rest of the year from strong seasonal demand, firm Atlantic exports, acceleration in refinery runs and seasonal trends. The Middle East conflict has introduced further global geopolitical and macroeconomic uncertainties. Amidst this volatile backdrop, the Petroleum and Product Shipping segment is continuing to improve the quality of its secured income and balance sheet through its shuttle tanker business and asset rejuvenation with dual-fueled newbuildings.

Higher oil prices have encouraged global upstream capex spending to remain strong as the world economy continues to return to its pre-pandemic path despite a slow yet resilient recovery. The demand for FPSOs is expected to remain positive with a healthy number of project sanctions around the world particularly from Brazil, being the largest market for FPSOs, followed by West Africa. The Offshore Business segment will selectively pursue new opportunities in the market and remain focused on executing the project in hand and undertake mitigation measures to minimize cost and schedule pressures. The segment's financial performance will continue to be supported by its existing portfolio of long-term contracts.

For the Marine & Heavy Engineering segment, continuing higher oil prices amidst growing global demand is expected to encourage further recovery in upstream capex spending. Execution of some of the ongoing projects secured a few years ago remains challenging for its Heavy Engineering sub-segment due to additional cost and schedule impact, of which the recovery will continue to be pursued from clients. Vessel owners are likely to defer dry-docking due to anticipated rising energy shipment demand in the Far East and Europe this upcoming winter, creating stiffer competition amongst shipyards. Given this backdrop, the Marine sub-segment expects its business to remain challenging. The segment will continuously explore domestic and international markets, including venturing into decarbonisation and renewable energy. Additionally, it will continue to focus on the execution and delivery of all projects and improve its contracting strategies with clients.

### B6. PROFIT FORECAST AND PROFIT GUARANTEE

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

## PART B – OTHER EXPLANATORY NOTES (Continued)

### B7. TAXATION

| | Quarter Ended 30 September 2023 RM million | Cumulative 9 Months Ended 30 September 2023 RM million |
|---|---|---|
| Taxation for the period comprises the following charge: | | |
| Income tax charge | | |
| - current period | (11.9) | (45.7) |
| - prior year | (54.5) | (54.2) |
| Deferred taxation | 0.5 | 0.1 |
| | (65.9) | (99.8) |

Section 54A of the Malaysian 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 several times up to YA2020. On 6 October 2022, Gazette Order (i.e. Income Tax (Exemption) (No. 7) Order 2022 (P.U. (A) 312)) was enacted for the extension of the 100% shipping tax exemption from YA2021 to YA2023 subject to obtaining annual verification from the Ministry of Transport Malaysia that each Malaysian shipowner complies with the minimum substance requirements in terms of annual operating expenditure and minimum number of full-time Malaysian employees for each Malaysian ship for both shore employees and ship personnel.

Based on the Gazette Order, 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 another jurisdiction and other activities of the Group.

### B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no outstanding corporate proposals submitted by the Group for the quarter ended 30 September 2023.

## B9. CHANGES IN MATERIAL LITIGATION

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

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"), in particular to the announcement on 10 April 2020 regarding the award issued by the Arbitral Tribunal and on 30 December 2022 regarding the decision of the High Court.

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").

## PART B – OTHER EXPLANATORY NOTES (Continued)

**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 which was heard on 6 July 2022. On 7 November 2022, the Court of Appeal dismissed GKL's appeal in respect of the interim application. General grounds were delivered orally and no written grounds were provided by the Court of Appeal. GKL is filing an application for leave to appeal to the Federal Court against the Court of Appeal's dismissal of its appeal in respect of the interim application. In addition, GKL is seeking to secure the Court of Appeal's written grounds of judgement.

GKL's Setting Aside OS was heard on 20 and 25 October 2021, 13 January 2022, 16 and 17 February 2022, 4 April 2022, 10 August 2022 and 23 September 2022. As announced on 30 December 2022, the High Court had dismissed GKL's Originating Summons to set aside parts of the Arbitral Award on 29 December 2022 with costs. The High Court's written grounds of judgment were only delivered thereafter. Upon review of the same, GKL has been advised that it has legal grounds to appeal against the High Court's decision and has filed notices of appeal to the Court of Appeal on 19 January 2023. The records of appeal were filed on 29 March 2023 and a case management was conducted on 19 April 2023. A further case management was held on 18 May 2023, where the hearing of the appeal is now fixed on 29 March 2024.

**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:

## PART B – OTHER EXPLANATORY NOTES (Continued)

**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 on 25 March 2022, MOMPL proceeded to file a winding-up petition against PCPP in the High Court ("Winding-up Proceedings"). The Winding-up Proceedings was heard on 6 September 2022 and the Winding-Up Order against PCPP was granted in the terms prayed for together with costs. This means that PCPP has been wound up and a liquidator has been appointed. On 24 October 2022, MOMPL filed its Proof of Debt against PCPP together with the supporting documents to substantiate its entire claim.

## PART B – OTHER EXPLANATORY NOTES (Continued)

d. During the first creditor's meeting which was held on 11 April 2023, MOMPL was informed by PCPP's liquidator that it was PCPP's only creditor and that the liquidator has admitted the full amount of MOMPL's claim against PCPP amounting to USD121,892,523.00 as stated in the Proof of Debt. The liquidator has since requested a cash call from PCPP's shareholders pursuant to the terms of the Joint Operating Agreement executed in respect of PCPP. PCSB responded to dispute the cash call. Following this, the liquidator requested for further information to support PCSB's position. Since there was no response, the liquidator has instructed their solicitors to file an application for directions in the Winding Up Court for the cash call to be effectively ordered against PCSB, PPHE and PVEP.

e. On 15 August 2023 a Forms of Summons was filed by the liquidator to seek directions from the High Court for the cash call ("Application for Directions"). On 2 November 2023, the High Court allowed the liquidator's application to serve the court papers out of the jurisdiction, to allow the liquidator to serve the cause papers on PPHE and PVEP in Vietnam and Indonesia. PCSB has appointed solicitors and has filed an application to intervene (for PCSB to be added as the party to the proceedings). The liquidator has no objection to this application as PCSB is already a party to the liquidator's application. The hearing date for PCSB's application to intervene is fixed on 29 November 2023.

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 Winding-up Proceedings 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.

## PART B – OTHER EXPLANATORY NOTES (Continued)

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 Winding-up Proceedings, 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 Winding-up Proceedings 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”)**

On 13 March 2019, MMHE received a notice of arbitration from KPOC in relation to claims arising from the Kebabangan ("KBB") field project. KPOC claimed that MMHE was in breach of contract in respect of matters relating to supply of certain valves. The valves procured by MMHE were claimed to be defective and that KPOC suffered substantial loss and damage.

Pursuant to the Statement of Claim by KPOC dated 13 October 2019, total claims of approximately RM93.1 million were made in relation to loss and damage in respect of the valves procured by MMHE. KPOC, subsequently, as part of its Closing Submissions dated 9 March 2021, identified its claim amount as RM58.9 million.

By way of Final Award dated 23 July 2021 that was made available to MMHE on 3 August 2021 (“Final Award”), the 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 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 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. (collectively, “Applications”).

The Applications were heard by the High Court on 15 April 2022 and 20 May 2022. After the completion of the Hearing, the matter proceeded for Clarification on 21 July 2022.

## PART B – OTHER EXPLANATORY NOTES (Continued)

On 30 August 2022, the High Court allowed MMHE's application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, amongst others, on grounds that there was a breach of the rules of natural justice in connection with the making of the Final Award with costs in favour of MMHE for the sum of RM30,000 and further dismissed KPOC's application for leave to register and enforce the Final Award as a Judgment of the High Court with the costs to MMHE of RM10,000.

On 27 September 2022, KPOC lodged Notices of Appeal at the Court of Appeal against the Orders of the High Court dated 30 August 2022. KPOC was instructed to obtain the Grounds of Judgment from the High Court and was made available on 5 September 2023. In light of the above, at the last case management on 16 October 2023, the Court of Appeal fixed KPOC's Appeals for Hearing on 11 July 2024. A case management was scheduled on 27 June 2024, during which the Parties will provide an update on the status of filing the written submissions, ahead of the Hearing.

### B10. DIVIDENDS

The Board of Directors has approved a third tax exempt dividend of 7.0 sen per share in respect of financial year 2023 amounting to RM312.5 million. The proposed dividend will be paid on 19 December 2023 to shareholders registered at the close of business on 7 December 2023.

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 7 December 2023 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.

### B11. TRADE AND OTHER RECEIVABLES

| | 30 September 2023<br>RM million | 31 December 2022<br>RM million |
|---|---|---|
| **Trade receivables** | | |
| Third parties | 3,533.9 | 3,259.8 |
| Fellow subsidiaries | 125.0 | 38.0 |
| Joint ventures | 27.2 | 30.1 |
| | **3,686.1** | **3,327.9** |
| **Due from customers on contracts** | 896.3 | 511.7 |
| **Other receivables** | 620.6 | 421.2 |
| Less: Impairment | (455.0) | (402.2) |
| **Trade and other receivables** | **4,748.0** | **3,858.6** |

The Group's normal trade credit terms with its customers range from 7 to 90 days. Credit terms are assessed and approved on a case-by-case basis and each customer is assigned a maximum credit limit.

## PART B – OTHER EXPLANATORY NOTES (Continued)

The ageing of trade receivables (excluding amount due from customers on contracts) as at reporting date are as follows:

| | 30 September 2023<br>RM million | 31 December 2022<br>RM million |
|---|---|---|
| Current | 519.2 | 552.8 |
| Past due 1-30 days | 341.9 | 149.1 |
| Past due 31-60 days | 44.1 | 18.6 |
| Past due 61-90 days | 42.5 | 16.7 |
| Past due more than 90 days | 2,738.4 | 2,590.7 |
| | 3,686.1 | 3,327.9 |
| Less: Impairment | (454.4) | (401.5) |
| **Trade receivables, net** | **3,231.7** | **2,926.4** |

### B12. 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 30 September 2023 are as follows:

| Contract/Tenure | Notional Value<br>RM million | Fair Value as at<br>30 September 2023<br>RM million |
|---|---|---|
| **Foreign currency contracts** | | |
| Within 1 year | 851.7 | (46.5) |
| | 851.7 | (46.5) |
| **Interest rate swaps** | | |
| 1 year to 3 years | 211.3 | 11.3 |
| More than 3 years | 10,464.4 | 1,046.8 |
| | 10,675.7 | 1,058.1 |

During the current period ended 30 September 2023, 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 mainly 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 2022:

(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.

## PART B – OTHER EXPLANATORY NOTES (Continued)

### B13. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group's derivative financial instruments such as interest rate swaps and foreign currency contracts are measured at fair value. The fair value of the derivative financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

(a) using recent arm's length market transactions;

(b) reference to the current fair value of another instrument that is substantially the same; and

(c) discounted cash flow analysis or other valuation models.

Any gains or losses arising from changes in fair value on derivative financial instruments during the period that do not qualify for hedge accounting and the ineffective portion of an effective hedge are recognised in the income statement. During the financial period, the Group recorded the following gain from change in fair value of derivative financial instruments:

| | **Quarter Ended 30 September 2023** | | **Cumulative 9 Months Ended 30 September 2023** | |
|---|---|---|---|---|
| | **Loss recognised in income statements** | **Gain recognised in other comprehensive income** | **Loss recognised in income statements** | **Gain/(loss) recognised in other comprehensive income** |
| | **RM million** | **RM million** | **RM million** | **RM million** |
| Interest rate swaps | - | 92.1 | - | 95.6 |
| Foreign currency contracts | (25.8) | 13.0 | (23.4) | (16.6) |

### B14. EARNINGS PER SHARE

| | **Quarter Ended 30 September** | | **Cumulative 9 Months Ended 30 September** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Basic earnings per share are computed as follows: | | | | |
| Profit for the period attributable to equity holders of the Corporation (RM million): | 430.4 | 820.6 | 1,496.2 | 1,177.9 |
| Weighted average number of ordinary shares in issue (million) | **4,463.8** | **4,463.8** | **4,463.8** | **4,463.8** |
| Basic earnings per share (sen) | 9.6 | 18.4 | 33.5 | 26.4 |

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

By Order of the Board