

MISC BERHAD

(Registration No. 196801000580 (8178-H))

**QUARTERLY REPORT****FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
Revenue	2,963.2	3,365.1	9,930.9	9,993.4
Cost of sales	(2,232.1)	(2,473.0)	(7,145.3)	(7,486.0)
GROSS PROFIT	731.1	892.1	2,785.6	2,507.4
Other operating income	186.4	128.1	488.0	524.6
General and administrative expenses	(374.7)	(370.3)	(1,056.6)	(1,025.3)
OPERATING PROFIT	542.8	649.9	2,217.0	2,006.7
Impairment provisions	(19.1)	-	(54.0)	(113.6)
Gain on disposal of ships	-	-	74.1	2.3
Finance costs	(168.5)	(186.7)	(554.2)	(539.6)
Share of profit of associates	0.5	0.1	2.0	0.9
Share of profit of joint ventures	5.7	1.3	35.9	74.7
PROFIT BEFORE TAX	361.4	464.6	1,720.8	1,431.4
Taxation	(16.7)	(65.9)	(51.0)	(99.8)
PROFIT AFTER TAX	344.7	398.7	1,669.8	1,331.6
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Corporation	338.9	430.4	1,639.7	1,496.2
Non-controlling interests	5.8	(31.7)	30.1	(164.6)
PROFIT AFTER TAX	344.7	398.7	1,669.8	1,331.6
BASIC EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY HOLDERS				
OF THE CORPORATION (SEN)	7.6	9.6	36.7	33.5

**QUARTERLY REPORT****FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
PROFIT AFTER TAX	344.7	398.7	1,669.8	1,331.6
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Cash flow hedges:				
Fair value (loss)/gain				
Group	(240.2)	94.4	(160.5)	68.7
Joint ventures	(25.6)	10.7	(12.1)	10.3
(Loss)/gain on currency translation *	(5,152.9)	69.0	(4,154.1)	2,352.9
Total other comprehensive (loss)/income	(5,418.7)	174.1	(4,326.7)	2,431.9
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(5,074.0)	572.8	(2,656.9)	3,763.5
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Equity holders of the Corporation	(5,043.9)	598.8	(2,663.5)	3,915.9
Non-controlling interests	(30.1)	(26.0)	6.6	(152.4)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(5,074.0)	572.8	(2,656.9)	3,763.5

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

	2024	2023	2022
As at 30 June	4.72050	4.68600	4.40350
As at 30 September	4.10650	4.69500	4.63750
As at 31 December	-	4.59950	4.41500

**QUARTERLY REPORT****FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30 September 2024 RM million	As at 31 December 2023 RM million
NON CURRENT ASSETS		
Ships	20,643.4	23,594.1
Offshore floating assets	17.8	19.9
Other property, plant and equipment	1,770.8	1,829.2
Prepaid lease payments on land and buildings	185.6	191.6
Finance lease receivables	10,465.9	12,873.1
Investments in associates	464.4	360.9
Investments in joint ventures	930.9	1,124.5
Other non current assets	9,101.4	9,394.7
Derivative assets	460.0	710.0
Intangible assets	840.2	949.1
Deferred tax assets	100.8	104.7
	44,981.2	51,151.8
CURRENT ASSETS		
Inventories	62.1	92.9
Finance lease receivables	1,366.3	1,517.2
Trade and other receivables	4,703.5	4,480.5
Cash, deposits and bank balances	6,991.4	7,731.6
Derivative assets	41.0	-
Non current assets classified as held for sale	-	86.1
	13,164.3	13,908.3
TOTAL ASSETS	58,145.5	65,060.1
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	(0.3)
Reserves	6,563.2	10,866.4
Retained profits	19,886.3	19,496.4
Equity attributable to equity holders of the Corporation	35,372.5	39,285.8
Non-controlling interests	686.6	680.0
TOTAL EQUITY	36,059.1	39,965.8
NON CURRENT LIABILITIES		
Interest bearing loans and borrowings	11,538.5	15,825.6
Deferred income	834.6	1,006.0
Deferred tax liabilities	6.7	2.2
Other non current liabilities	271.3	317.0
Derivative liabilities	1.8	-
	12,652.9	17,150.8
CURRENT LIABILITIES		
Interest bearing loans and borrowings	4,339.9	1,719.4
Trade and other payables	5,036.5	6,110.6
Provision for taxation	57.1	87.5
Derivative liabilities	-	26.0
	9,433.5	7,943.5
TOTAL LIABILITIES	22,086.4	25,094.3
TOTAL EQUITY AND LIABILITIES	58,145.5	65,060.1

**QUARTERLY REPORT****FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Cumulative 9 Months Ended	
	30 September 2024	30 September 2023
	RM million	RM million
Cash Flows from Operating Activities:		
Profit before tax	1,720.8	1,431.4
Writeback of impairment loss on finance lease receivables, trade and other receivables	(9.7)	(13.2)
Impairment loss on receivables	20.8	14.4
Bad debts written off	0.1	-
Depreciation of ships, offshore floating asset and other property, plant and equipment	1,658.3	1,562.2
Amortisation of prepaid lease payments	5.6	4.5
Impairment provisions	54.0	113.6
Gain on disposal of ships	(74.1)	(2.3)
Net unrealised foreign exchange loss	(26.5)	(10.0)
Dividend income from equity investments	(4.7)	(0.6)
Interest expense	526.4	511.5
Finance income	(309.1)	(224.3)
Net fair value movement in other investments	(17.7)	(2.9)
Changes in fair value of hedging derivatives	(26.4)	23.4
Amortisation of intangibles	0.9	11.6
Amortisation of upfront fees for borrowings	27.9	28.0
Share of profit of associates	(2.0)	(0.9)
Share of profit of joint ventures	(35.9)	(74.7)
Operating profit before working capital changes	3,508.7	3,371.7
Inventories	23.8	13.9
Trade and other receivables	(206.0)	212.2
Trade, other payables and other non current liabilities *	(587.9)	825.1
Deferred income	(72.8)	(72.6)
Cash generated from operations	2,665.8	4,350.3
Net tax paid	(68.9)	(33.0)
Net cash generated from operating activities	2,596.9	4,317.3

* 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 RM1,143.3 million in the current period and RM1,233.9 million in the period ended 30 September 2023. 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.

**QUARTERLY REPORT****FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	Cumulative 9 Months Ended	
	30 September 2024	30 September 2023
	RM million	RM million
Cash Flows from Investing Activities:		
Purchase of ships, other property, plant and equipment	(1,362.2)	(2,021.9)
Investment in:		
Associates	(156.3)	-
Proceeds from disposal of ships	190.1	122.0
Dividend received from:		
Quoted investments	1.2	0.6
Unquoted investments	3.5	-
Joint ventures and an associate	109.8	119.5
Interest received	253.1	173.6
Net fixed deposit placements	(302.8)	(318.1)
Net cash used in investing activities	(1,263.6)	(1,924.3)
Cash Flows from Financing Activities:		
Drawdown of interest bearing loans and borrowings	1,885.8	3,417.0
Repayment of interest bearing loans and borrowings	(1,640.9)	(4,158.1)
Repayment of lease liabilities	(94.4)	(85.5)
Dividends paid to the equity holders of the Corporation	(1,249.8)	(1,294.5)
Dividends paid to non-controlling interest of subsidiaries	-	(8.0)
Interest paid	(498.1)	(483.8)
Placement of cash pledged with banks (restricted for use)	(138.3)	(196.8)
Net cash used in financing activities	(1,735.7)	(2,809.7)
Net change in cash and cash equivalents	(402.4)	(416.7)
Cash & cash equivalents at the beginning of the year	6,545.2	6,406.1
Currency translation differences	(601.5)	342.5
Cash & cash equivalents at the end of period	5,541.3	6,331.9
Cash pledged with banks - restricted for use and deposited with maturity more than 90 days	1,450.1	1,309.2
Cash, deposits and bank balances	6,991.4	7,641.1

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	Put option 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
9 MONTHS ENDED 30 SEPTEMBER 2024												
At 1 January 2024	39,965.8	39,285.8	8,923.3	(0.3)	19,496.4	10,866.4	60.0	435.2	-	701.4	9,669.8	680.0
Total comprehensive income	(2,656.9)	(2,663.5)	-	-	1,639.7	(4,303.2)	-	-	-	(180.5)	(4,122.7)	6.6
Transactions with owners												
Dividends	(1,249.8)	(1,249.8)	-	-	(1,249.8)	-	-	-	-	-	-	-
Total transactions with owners	(1,249.8)	(1,249.8)	-	-	(1,249.8)	-	-	-	-	-	-	-
At 30 September 2024	36,059.1	35,372.5	8,923.3	(0.3)	19,886.3	6,563.2	60.0	435.2	-	520.9	5,547.1	686.6
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

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 14 November 2024.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2024 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 2023.

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 2023.

The audited financial statements of the Group for the year ended 31 December 2023 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 2024 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 2023 except as disclosed below.

As at 1 January 2024, 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 2024:

- Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)
- Amendments to MFRS 107: Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 2023 that may have a material effect in current quarter results.

A6. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2023 were not subjected to any audit qualification.

A7. CHANGES IN COMPOSITION OF THE GROUP

- (a) On 12 March 2024, the Corporation had incorporated three (3) new subsidiaries, namely Polaris LNG Five Pte. Ltd. ("PLNG5"), Polaris LNG Six Pte. Ltd. ("PLNG6") and Polaris LNG Seven Pte. Ltd. ("PLNG7") in Singapore, for the purpose of owning and operating Liquefied Natural Gas ("LNG") ships for the transportation of LNG. PLNG5, PLNG6 and PLNG7 are wholly-owned subsidiaries of Portovenere and Lerici (Labuan) Private Limited, a wholly-owned subsidiary of the Corporation.
- (b) Pursuant to a Shareholders' Agreement entered into between Ocean Master Limited and Eaglestar Shipmanagement Ventures (S) Pte. Ltd. ("ESV"), an indirect wholly-owned subsidiary of the Corporation, ESV had, on 25 January 2024, completed the acquisition of shares in Sinostar Shipmanagement Pte. Ltd. ("Sinostar"), a company incorporated in Singapore. Consequent thereto, Sinostar became a 49%-owned joint venture company of ESV. The principal activities of Sinostar are to provide newbuilding project management and shipmanagement services as well as related services to shipowners in China.
- (c) MTTI Sdn. Bhd. ("MTTI"), a wholly-owned subsidiary of the Corporation, convened a Final Meeting on 30 August 2024 to conclude its Member's Voluntary Winding-up ("Final Meeting"). MTTI will be dissolved upon the expiration of 3 months from 2 September 2024, the date of the lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and the Official Receiver.

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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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	
Quarter Ended 30 September	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023
Revenue from contracts with customers	-	-	437.2	481.9	132.1	489.3	906.5	638.5	(31.0)	40.5	1,444.8	1,650.2
Revenue from charter *	674.2	860.6	722.8	728.2	121.4	126.1	-	-	-	-	1,518.4	1,714.9
	674.2	860.6	1,160.0	1,210.1	253.5	615.4	906.5	638.5	(31.0)	40.5	2,963.2	3,365.1

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments		Total	
Cumulative 9 months Ended 30 September	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023
Revenue from contracts with customers	-	-	1,553.8	1,523.5	858.7	1,283.0	2,791.0	2,191.0	(46.7)	107.0	5,156.8	5,104.5
Revenue from charter *	2,137.9	2,388.3	2,278.3	2,116.9	357.9	383.7	-	-	-	-	4,774.1	4,888.9
	2,137.9	2,388.3	3,832.1	3,640.4	1,216.6	1,666.7	2,791.0	2,191.0	(46.7)	107.0	9,930.9	9,993.4

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

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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

Revenue and operating results by segments are as follows:

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
Quarter Ended 30 September	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023
Revenue												
External sales	674.2	860.6	1,159.9	1,209.7	241.2	615.4	857.2	631.2	30.7	48.2	2,963.2	3,365.1
Inter-segment	-	-	0.1	0.4	12.3	-	49.3	7.3	(61.7)	(7.7)	-	-
	674.2	860.6	1,160.0	1,210.1	253.5	615.4	906.5	638.5	(31.0)	40.5	2,963.2	3,365.1
Operating profit/(loss)	257.7	427.9	338.4	296.2	(33.2)	58.1	20.7	(100.3)	(40.8)	(32.0)	542.8	649.9
	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
Cumulative 9 months Ended 30 September	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023	RM million 2024	2023
Revenue												
External sales	2,137.9	2,388.3	3,831.1	3,639.3	1,204.3	1,666.7	2,637.9	2,155.1	119.7	144.0	9,930.9	9,993.4
Inter-segment	-	-	1.0	1.1	12.3	-	153.1	35.9	(166.4)	(37.0)	-	-
	2,137.9	2,388.3	3,832.1	3,640.4	1,216.6	1,666.7	2,791.0	2,191.0	(46.7)	107.0	9,930.9	9,993.4
Operating profit/(loss)	868.0	1,231.3	1,130.7	933.9	186.6	464.5	114.2	(478.6)	(82.5)	(144.4)	2,217.0	2,006.7

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
Finance income	99.8	99.7	309.1	224.3
Other income	40.9	33.6	80.3	264.3
Depreciation of ships, offshore floating asset	(1,703.4)	33.6	(1,664.0)	264.3
Interest expense	(160.9)	(177.3)	(526.4)	(511.5)
Amortisation of upfront fees for borrowings	(7.7)	(9.3)	(27.9)	(28.0)
Depreciation of ships, offshore floating asset and other property, plant and equipment	(537.9)	(511.1)	(1,658.3)	(1,562.2)
Amortisation of prepaid lease payments	(1.9)	(1.5)	(5.6)	(4.5)
Amortisation of intangibles	(0.3)	(4.2)	(0.9)	(11.6)
Gain on disposal of ships	-	-	74.1	2.3
Impairment provisions	(19.1)	-	(54.0)	(113.6)
Impairment on receivables	(4.3)	(9.9)	(20.8)	(14.4)
Bad debts written off	-	-	(0.1)	-
Net fair value movement in other investments	(1.5)	-	17.7	2.9
Changes in fair value of hedging derivatives	2.1	(25.8)	26.4	(23.4)
Write back/(Write off) of impairment loss on finance lease receivables, trade and other receivables	4.8	(10.1)	9.7	13.2
Net realised foreign exchange loss	(6.1)	(9.2)	(18.3)	(16.6)
Net unrealised foreign exchange gain	32.0	20.3	26.5	10.0

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 RM1,184.0 million (31 December 2023: RM894.5 million) and right-of-use assets amounting to RM193.7 million (31 December 2023: RM282.8 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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT**FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024****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 2023	1,051.4	521.0	1,572.4
Reclassification from property, plant and equipment	-	22.0	22.0
Currency translation differences	40.4	12.9	53.3
At 31 December 2023	1,091.8	555.9	1,647.7
Currency translation differences	(108.0)	-	(108.0)
At 30 September 2024	983.8	555.9	1,539.7
Accumulated amortisation and impairment			
At 1 January 2023	162.5	408.3	570.8
Amortisation	-	14.9	14.9
Impairment	-	103.9	103.9
Currency translation differences	-	9.0	9.0
At 31 December 2023	162.5	536.1	698.6
Amortisation	-	0.9	0.9
At 30 September 2024	162.5	537.0	699.5
Net carrying amount			
At 1 January 2023	888.9	112.7	1,001.6
At 31 December 2023	929.3	19.8	949.1
At 30 September 2024	821.3	18.9	840.2

Goodwill is tested for impairment annually, 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 2023.

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 30 September 2024				
Financial Assets				
Quoted investments	65.9	-	-	65.9
Unquoted investments	-	-	66.7	66.7
Interest rate swaps designated as hedging instruments	-	460.8	-	460.8
Forward currency contracts	-	40.2	-	40.2
	<u>65.9</u>	<u>501.0</u>	<u>66.7</u>	<u>633.6</u>
Financial Liabilities				
Interest rate swaps designated as hedging instruments	-	(1.8)	-	(1.8)
	<u>-</u>	<u>(1.8)</u>	<u>-</u>	<u>(1.8)</u>
	Level 1 RM million	Level 2 RM million	Level 3 RM million	Total RM million
At 31 December 2023				
Financial Assets				
Quoted investments	54.6	-	-	54.6
Unquoted investments	-	-	68.2	68.2
Interest rate swaps designated as hedging instruments	-	710.0	-	710.0
	<u>54.6</u>	<u>710.0</u>	<u>68.2</u>	<u>832.8</u>
Financial Liabilities				
Forward currency contracts	-	(26.0)	-	(26.0)
	<u>-</u>	<u>(26.0)</u>	<u>-</u>	<u>(26.0)</u>

No transfers between any levels of the fair value hierarchy took place during the current and prior year. 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 2024.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 2024 RM million	31 December 2023 RM million
Short Term Borrowings		
Secured	1,373.6	1,471.3
Unsecured	2,899.7	139.9
Lease liabilities	66.6	108.2
	<u>4,339.9</u>	<u>1,719.4</u>
Long Term Borrowings		
Secured	8,807.3	10,700.1
Unsecured	2,580.6	4,914.5
Lease liabilities	150.6	211.0
	<u>11,538.5</u>	<u>15,825.6</u>
Total	<u>15,878.4</u>	<u>17,545.0</u>

- ii) Foreign borrowings in United States Dollar equivalent as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024 RM million	31 December 2023 RM million
United States Dollar Borrowings	<u>15,356.9</u>	<u>17,072.3</u>

A18. DIVIDENDS PAID

The Corporation paid the following dividends in the period ended 30 September 2024 and year ended 31 December 2023:

	30 September 2024 RM million	31 December 2023 RM million
In respect of the financial year ended 31 December 2022:		
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
Third tax exempt dividend of 7.0 sen per share paid on 19 December 2023	-	312.5
Fourth tax exempt dividend of 12.0 sen per share paid on 26 March 2024	535.6	-
In respect of the financial year ended 31 December 2024:		
First tax exempt dividend of 8.0 sen per share paid on 27 June 2024	357.1	-
Second tax exempt dividend of 8.0 sen per share paid on 26 September 2024	357.1	-

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A19. RELATED PARTY TRANSACTIONS

There were no new and significant transactions entered with related parties for the period ended 30 September 2024, compared to the related party transactions disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2023.

A20. CAPITAL COMMITMENTS

The Group's outstanding commitments in respect of capital expenditure not provided for in the financial statements as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024 RM million	31 December 2023 RM million
Approved and contracted for:		
Group	<u>5,046.4</u>	<u>2,732.3</u>
	<u>5,046.4</u>	<u>2,732.3</u>

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 RM634.3 million as at 30 September 2024 (31 December 2023: RM1,112.9 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 2024 and 31 December 2023 comprise the following:

	30 September 2024 RM million	31 December 2023 RM million
Performance bonds on contract and bank guarantees extended to customers	<u>1,228.7</u>	<u>1,037.5</u>

A22. SUBSEQUENT MATERIAL EVENTS

On 1st October 2024, MISC Berhad have signed shipbuilding contracts for the construction of two (2) newbuild LNG carriers ("New LNGCs"). The New LNGCs will be delivered in 2027. In parallel, MISC has signed a letter of intent ("LOI") with PETRONAS LNG Sdn. Bhd. ("PLSB") for the provision of long-term LNG shipping services to PLSB and/or its subsidiaries which involves the time charter of the New LNGCs. Concurrently, both MISC and PLSB have agreed to the early termination of the time charters of three (3) existing steam LNG carriers, Seri Ayu, Seri Angkasa and Seri Begawan ("Seri AAB") as well as extending the time charters for two (2) LNG carriers, Seri Alam and Seri Amanah ("Seri AA") upon expiry of their existing time charters.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2024 RM million	2023 RM million	2024 RM million	2023 RM million
Revenue				
Gas Assets & Solutions	674.2	860.6	2,137.9	2,388.3
Petroleum & Product Shipping	1,160.0	1,210.1	3,832.1	3,640.4
Offshore Business	253.5	615.4	1,216.6	1,666.7
Marine & Heavy Engineering	906.5	638.5	2,791.0	2,191.0
Others, Eliminations and Adjustments	(31.0)	40.5	(46.7)	107.0
Total Revenue	2,963.2	3,365.1	9,930.9	9,993.4
Operating Profit/(Loss)				
Gas Assets & Solutions	257.7	427.9	868.0	1,231.3
Petroleum & Product Shipping	338.4	296.2	1,130.7	933.9
Offshore Business	(33.2)	58.1	186.6	464.5
Marine & Heavy Engineering	20.7	(100.3)	114.2	(478.6)
Others, Eliminations and Adjustments	(40.8)	(32.0)	(82.5)	(144.4)
Total Operating Profit	542.8	649.9	2,217.0	2,006.7
Impairment provisions	(19.1)	-	(54.0)	(113.6)
Gain on disposal of ships	-	-	74.1	2.3
Finance costs	(168.5)	(186.7)	(554.2)	(539.6)
Share of profit of associates	0.5	0.1	2.0	0.9
Share of profit of joint ventures	5.7	1.3	35.9	74.7
Profit Before Tax	361.4	464.6	1,720.8	1,431.4

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

Current quarter's performance against the quarter ended 30 September 2023

Group revenue of RM2,963.2 million was RM401.9 million or 11.9% lower than the quarter ended 30 September 2023 ("corresponding quarter") of RM3,365.1 million, while Group operating profit of RM542.8 million was RM107.1 million or 16.5% lower than the corresponding quarter's profit of RM649.9 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions

Revenue of RM674.2 million was RM186.4 million or 21.7% lower than the corresponding quarter's revenue of RM860.6 million due to lower earning days from contract expiries and lower charter rates in the current quarter.

Operating profit of RM257.7 million was RM170.2 million or 39.8% lower than the corresponding quarter's profit of RM427.9 million due to lower revenue as explained above and higher vessel operating costs.

Petroleum & Product Shipping

Revenue of RM1,160.0 million was RM50.1 million or 4.1% lower than the corresponding quarter's revenue of RM1,210.1 million, primarily driven by the translational impact from strengthening of Ringgit Malaysia ("RM") against the United States Dollar ("USD") in the current quarter. Operationally, the segment's revenue in the current quarter was comparable to the corresponding quarter.

Operating profit of RM338.4 million was RM42.2 million or 14.2% higher than the corresponding quarter's profit of RM296.2 million from lower vessel operating costs.

Offshore Business

Revenue of RM253.5 million was RM361.9 million or 58.8% lower than the corresponding quarter's revenue of RM615.4 million due to lower recognition of revenue from the conversion of a Floating, Production, Storage and Offloading unit ("FPSO") following lower project progress in this quarter.

The segment recorded an operating loss of RM33.2 million compared to an operating profit of RM58.1 million in the corresponding quarter from lower construction profit following lower project progress as well as increase in construction costs of the FPSO.

Marine & Heavy Engineering

Revenue of RM906.5 million was RM268.0 million or 42.0% higher than the corresponding quarter's revenue of RM638.5 million due to higher revenue from ongoing Heavy Engineering projects and Marine sub-segment.

Operating profit of RM20.7 million was RM121.0 million higher than the corresponding quarter's loss of RM100.3 million mainly due to project close-out and the favourable impact from project hedging. The operating loss suffered in the corresponding quarter was mainly attributed to additional cost provisions from price escalation impact on ongoing projects.

Others, Eliminations and Adjustments

Others segment's operating loss was comparable to the corresponding quarter's loss.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

Current 9 months period performance against the 9 months period ended 30 September 2023

Group revenue of RM9,930.9 million was comparable to the revenue for the 9-month period ended 30 September 2023 (“corresponding period”) of RM9,993.4 million.

Group operating profit of RM2,217.0 million was RM210.3 million or 10.5% higher than the corresponding period’s profit of RM2,006.7 million contributed by higher margin in the Petroleum & Product Shipping segment. In addition, the higher operating profit was also contributed by the recognition of cost recovery claims in the current period, offset with additional cost provisions recorded in the corresponding period due to revised schedules and price escalation impact for ongoing projects in the Marine and Heavy Engineering segment.

The increase in the operating profit was however offset by the lower profit in the Offshore Business from lower construction profit following lower project progress as well as increase in construction costs of an FPSO as mentioned above. Gas Assets & Solutions segment also recorded lower profit from lower earning days and charter rates coupled with higher vessel operating costs.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

<u>GROUP</u>	Quarter Ended 30 September 2024 RM million	Quarter Ended 30 June 2024 RM million
Revenue	<u>2,963.2</u>	<u>3,329.4</u>
Operating Profit	542.8	792.2
Impairment provisions	(19.1)	(34.9)
Finance costs	(168.5)	(190.9)
Share of profit of associates	0.5	0.9
Share of profit of joint ventures	<u>5.7</u>	<u>21.0</u>
Profit Before Tax	<u>361.4</u>	<u>588.3</u>

Group revenue of RM2,963.2 million was RM366.2 million or 11.0% lower than the preceding quarter’s revenue of RM3,329.4 million due to lower revenue recognition from the conversion of an FPSO in the Offshore Business segment and lower freight rates and earning days in the Petroleum & Product Shipping segment in the current quarter.

Group operating profit of RM542.8 million was RM249.4 million or 31.5% lower than the preceding quarter's profit of RM792.2 million following lower construction profit of an FPSO from Offshore Business as mentioned above and from Marine & Heavy Engineering segment mainly due to the recognition of cost recovery claims in the preceding quarter.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2024 RM million	As at 31 December 2023 RM million
Total assets	58,145.5	65,060.1
Total equity attributable to equity holders of the Corporation	35,372.5	39,285.8
Total liabilities	22,086.4	25,094.3

The Group's overall financial position, including assets, liabilities, and equity, declined mainly due to the impact of in the currency translation following the strengthening RM against the USD.

B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative 9 Month Ended 30 September 2024 RM million	30 September 2023 RM million
Net cash generated from operating activities	2,596.9	4,317.3
Net cash used in investing activities	(1,263.6)	(1,924.3)
Net cash used in financing activities	(1,735.7)	(2,809.7)
Net change in cash and cash equivalents	(402.4)	(416.7)

The Group's net cash generated from operating activities of RM2,596.9 million was lower by RM1,720.4 million compared to RM4,317.3 million in the corresponding period, due to higher payments made to creditors and lower collections from trade receivables.

The Group's net cash used in investing activities of RM1,263.6 million was lower by 34.3% or RM660.7 million compared to net cash used investing activities of RM1,924.3 million in the corresponding period, due to lower payment on capital expenditure for ships, property, plant and equipment in the current period.

The Group's net cash used in financing activities of RM1,735.7 million was lower by RM1,074.0 million compared to RM2,809.7 million in the corresponding period following lower net repayment of loans and borrowings in 2024.

PART B – OTHER EXPLANATORY NOTES (continued)**B5. GROUP CURRENT YEAR PROSPECTS**

In the LNG shipping market, spot rates remained moderate in the third quarter of 2024 amidst subdued LNG demand in Asia and elevated inventory levels in Europe, keeping rates below previous years' levels. The outlook for spot rates moving into the fourth quarter and beyond remains softer, driven by a high number of vessel deliveries, limited additional liquefaction capacity, and moderate anticipated demand in Europe. The segment also faces potential asset impairment risks amid a weakened spot market, where softer rates may affect the long-term value of assets. Furthermore, heightened geopolitical tensions could disrupt certain contractual arrangements which may have an adverse financial impact. Despite these challenges, the Gas Assets & Solutions segment will continue to pursue strategic opportunities to mitigate impacts on operating income, including repurposing vessels into floating solutions and redeploying them to charter parties where feasible.

Petroleum shipping rates for VLCC stabilised in the third quarter of 2024 amidst improving Asian oil demand, while mid-sized tanker rates softened due to weak seasonal demand and a slowdown in refinery runs in the US and Europe. Nonetheless, mid-sized tanker rates continue to remain above its ten-year average rate. The overall tanker market outlook remains supported for the rest of the year driven by strong growth in long-haul Atlantic-Asia trade as well as limited fleet growth. The Petroleum & Product Shipping segment's operating income is projected to remain steady, underpinned by its fleet of long-term chartered vessels and the potential to capitalise on opportunities in the spot trading market.

The medium-term outlook for the offshore business segment remains positive supported by stable oil prices, with projects in South America, West Africa and the Asia-Pacific regions driving demand for newbuild Floating Production Storage and Offloading (FPSO) units. The revenue stream from the existing portfolio of long-term contracts and project being commissioned will continue to support this segment's financial performance. Moving forward, the Offshore Business segment will actively pursue new opportunities in the market while maintaining a strong focus on the timely and efficient completion of existing projects to mitigate potential cost overruns.

For the Marine & Heavy Engineering segment, upstream capex spending is expected to remain stable amidst ongoing energy security concerns and geopolitical conflicts. While demand for oil and gas remains strong in the era of energy transition, the Heavy Engineering sub-segment aims to advance its growth by capitalising on opportunities in both conventional and new energy sectors. In the Marine sub-segment, the increase in upstream activities is expected to encourage expansion within the conversion portfolio, while the growing LNG fleet provides further opportunities for repair and maintenance services. The Marine & Heavy Engineering segment will remain focused on improving its contracting strategies to mitigate risks associated with supply chain disruptions and price volatility in view of a persistently uncertain operating environment.

B6. PROFIT FORECAST AND PROFIT GUARANTEE

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

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B7. TAXATION

	Quarter Ended 30 Sep 2024 RM million	Cumulative 9 Months Ended 30 Sep 2024 RM million
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(16.2)	(46.5)
- prior year	1.7	1.4
Deferred taxation	(2.2)	(5.9)
	<u>(16.7)</u>	<u>(51.0)</u>

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, has previously been deferred up to YA2023 via several gazette orders issued by the Ministry of Finance (“MOF”).

On 5 July 2024, MOF issued another Gazette Order (i.e. Income Tax (Exemption for Malaysian Ship) Order 2024 (P.U. (A) 184) granting a further extension of the 100% shipping tax exemption from YA2024 to YA2026. The exemption is granted subject to the Malaysian shipping companies comply 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 latest Gazette Order, the Group would be able to continue to enjoy the 100% shipping tax exemption up to YA 2026 on the basis that the substance requirements as per Gazette Order 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 2024.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

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. USD222.1 million,
 - b. That an amount of USD88.8 million is deducted from USD222.1 million 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 USD133.3 million 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. USD236.4 million for defects rectification work (inclusive of USD15.0 million for Liquidated Damages);
 - b. USD88.3 million 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 USD12.7 million;
 - 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.

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”).

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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) Setting Aside OS

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. Upon review of the written grounds of the High Court, 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 appeal was originally fixed for hearing on 29 March 2024. On 27 March 2024, we were informed that the hearing has been rescheduled to 3 September 2024. On 25 July 2024 we were informed that the hearing has been rescheduled to 10 February 2025.

(ii) 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. 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.

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 USD99.8 million and service rates totalling approximately RM22.6 million. In this respect, the following actions have been filed:

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 USD9.9 million. On 9 January 2019, MOMPL was awarded its entire claim of USD9.9 million plus interest and costs.
2. The second adjudication proceedings under CIPAA was commenced to recover the disputed demobilisation costs amounting to approximately USD4.8 million. On 7 October 2019, MOMPL received the second Adjudication decision dated 26 July 2019 where MOMPL was awarded its entire claim of USD4.8 million 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.

Arbitration

6. The first arbitration proceedings seek to claim for part of the outstanding sums amounting to approximately USD18.8 million and RM17.9 million. MOMPL’s Statement of Claim was filed on 21 December 2016.
7. MOMPL has re-filed the Notice of Arbitration for the second arbitration proceedings for part of the outstanding sums amounting to approximately USD81.0 million and RM4.7 million. PCPP has responded to the Notice of Arbitration on 15 July 2020.
8. 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 of by the High Court.

Proceedings in Court

Originating Summons against PCPP for Early Termination Fees and Demobilisation Costs

9. On 7 August 2018 an Originating Summons was filed in the High Court to recover the undisputed portion of the early termination fees and demobilisation costs amounting to approximately USD42.3 million.
 - a. On 30 May 2019, the High Court, 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 USD7.8 million 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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

- b. The matter was heard on both 7 October 2021 and 26 October 2021, the High Court decided the matter in favour of MOMPL. MOMPL has now been awarded the full sum claimed amounting to USD42.3 million 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 failed to pay the sum awarded to MOMPL. Due to PCPP's failure to pay the sum awarded, MOMPL proceeded to issue a Statutory Notice pursuant to Sections 465 and 466 of the Companies Act 2016 against PCPP on 14 December 2021.

Writ Action for Declaration against the Shareholders of PCPP

10. 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 failed to respond to MOMPL's claim and therefore MOMPL applied for a summary judgment against PVEP. PPHE 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.

Winding Up of PCPP

11. MOMPL issued a Statutory Notice pursuant to Sections 465 and 466 of the Companies Act 2016 against PCPP on 14 December 2021 ("Statutory Notice"). PCPP 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 Petition"). The Winding-up Petition was heard on 6 September 2022 and a 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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

Proceedings Post Winding Up of PCPP

12. On 24 October 2022, MOMPL filed its Proof of Debt against PCPP together with the supporting documents to substantiate its entire claim.

- a. 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 USD121.9 million 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 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.
- b. 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.
- c. PCSB appointed solicitors and filed an application to intervene (for PCSB to be added as the party to the proceedings) and the Court allowed PCSB's application to intervene as a party to the liquidator's application on 8 January 2024. A further case management was fixed for 24 January 2024 for the Court to give directions on filing of affidavits, written submissions and to fix a hearing date for the liquidator's Application for Directions.
- d. MOMPL also filed an application to intervene as a party to the liquidator's Application for Directions to enable MOMPL to actively participate in the proceedings. MOMPL's application to intervene was heard and allowed by the High Court on 23 January 2024.
- e. On 29 July 2024, the liquidator withdrew the Application for Directions, with no liberty to file afresh and with costs of RM5,000 to be paid to MOMPL.
- f. On 2 August 2024, MOMPL's solicitors wrote to the liquidator to inquire what further active steps are being taken to explore recovery. On 6 August 2024, the liquidator responded to confirm that upon the advice of PCPP's solicitors, the liquidator intends to commence arbitration proceedings against the shareholders of PCPP.

(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 Kebangsaan 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 Kebangsaan ("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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

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 RM17.2 million 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 RM9.8 million 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 RM1.0 million 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 RM28.0 million.

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.

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, which 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.

On 11 July 2024, the Hearing of the Appeals were adjourned by the Court of Appeal and the Appeals were instead scheduled for a case management on 12 July 2024, to fix a new Hearing date. On 12 July 2024, the Court of Appeal fixed KPOC's Appeals for Hearing on 9 December 2024.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B10. DIVIDENDS

The Board of Directors has approved a second tax exempt dividend of 8.0 sen per share in respect of financial year 2024 amounting to RM357.1 million. The proposed dividend will be paid on 17 December 2024 to shareholders registered at the close of business on 28 November 2024.

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 28 November 2024 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 2024 RM million	31 December 2023 RM million
Trade receivables		
Third parties	3,297.3	3,391.2
Fellow subsidiaries	168.0	83.1
Joint ventures	29.9	32.6
	3,495.2	3,506.9
Due from customers on contracts	1,209.2	1,066.5
Other receivables	382.3	319.7
Less: Impairment	(383.2)	(412.6)
Trade and other receivables	4,703.5	4,480.5

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.

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

	30 September 2024 RM million	31 December 2023 RM million
Current	658.6	619.3
Past due 1-30 days	219.4	115.7
Past due 31-60 days	185.5	52.5
Past due 61-90 days	20.7	16.5
Past due more than 90 days	2,411.0	2,702.9
	3,495.2	3,506.9
Less: Impairment	(382.5)	(412.1)
Trade receivables, net	3,112.7	3,094.8

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

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 2024 are as follows:

Contract/Tenure	Notional Value RM million	Fair Value as at 30 September 2024 RM million
<u>Foreign currency contracts</u>		
Within 1 year	460.3	40.2
	<u>460.3</u>	<u>40.2</u>
<u>Interest rate swaps</u>		
1 year to 3 years	3,442.0	174.8
More than 3 years	5,504.6	284.2
	<u>8,946.6</u>	<u>459.0</u>

During the current period ended 30 September 2024, 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 2023:

- (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.

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.

MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

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/(loss) from change in fair value of derivative financial instruments:

	Quarter Ended 30 September 2024		Cumulative 9 Months Ended 30 September 2024	
	Gain recognised in income statements	(Loss)/gain recognised in other comprehensive income	Gain recognised in income statements	(Loss)/gain recognised in other comprehensive income
	RM million	RM million	RM million	RM million
Interest rate swaps	-	(306.4)	-	(212.4)
Foreign currency contracts	2.1	40.6	26.4	39.8

B14. EARNINGS PER SHARE

	Quarter Ended 30 September		Cumulative 9 Months Ended 30 September	
	2024	2023	2024	2023
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM million):	338.9	430.4	1,639.7	1,496.2
Weighted average number of ordinary shares outstanding (million)	<u>4,463.7</u>	<u>4,463.7</u>	<u>4,463.7</u>	<u>4,463.7</u>
Basic earnings per share (sen)	7.6	9.6	36.7	33.5

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

By Order of the Board