

MISC BERHAD

(Registration No. 196801000580 (8178-H))

**QUARTERLY REPORT****FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Quarter Ended 31 December		Year Ended 31 December	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
Revenue	3,306.6	4,278.3	13,237.5	14,271.7
Cost of sales	(2,398.7)	(3,175.8)	(9,544.0)	(10,661.8)
GROSS PROFIT	907.9	1,102.5	3,693.5	3,609.9
Other operating income	192.6	229.1	670.9	740.5
General and administrative expenses	(482.7)	(394.6)	(1,518.5)	(1,405.5)
Impairment provisions	(241.1)	(62.3)	(252.2)	(63.5)
OPERATING PROFIT	376.7	874.7	2,593.7	2,881.4
Impairment provisions	(735.5)	(73.6)	(789.5)	(187.2)
Gain on disposal of ships	26.9	12.0	101.0	14.3
Finance costs	(164.6)	(190.9)	(718.8)	(730.5)
Share of profit of associates	0.3	0.1	2.3	1.0
Share of profit of joint ventures	58.9	40.0	94.8	114.7
(LOSS)/PROFIT BEFORE TAX	(437.3)	662.3	1,283.5	2,093.7
Taxation	0.7	(35.0)	(50.3)	(134.8)
(LOSS)/PROFIT AFTER TAX	(436.6)	627.3	1,233.2	1,958.9
(LOSS)/PROFIT ATTRIBUTABLE TO:				
Equity holders of the Corporation	(446.2)	627.3	1,193.5	2,123.5
Non-controlling interests	9.6	-	39.7	(164.6)
(LOSS)/PROFIT AFTER TAX	(436.6)	627.3	1,233.2	1,958.9
BASIC (LOSS)/EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY HOLDERS				
OF THE CORPORATION (SEN)	(10.0)	14.1	26.7	47.6

**QUARTERLY REPORT****FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Quarter Ended 31 December		Year Ended 31 December	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
(LOSS)/PROFIT AFTER TAX	(436.6)	627.3	1,233.2	1,958.9
OTHER COMPREHENSIVE INCOME/(LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Cash flow hedges:				
Fair value gain/(loss)				
Group	50.3	(299.7)	(110.2)	(231.0)
Joint ventures	27.6	(21.4)	15.5	(11.1)
Gain/(loss) on currency translation *	2,975.5	(808.3)	(1,178.6)	1,544.6
Total other comprehensive income/(loss)	3,053.4	(1,129.4)	(1,273.3)	1,302.5
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	2,616.8	(502.1)	(40.1)	3,261.4
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity holders of the Corporation	2,588.7	(492.5)	(74.8)	3,423.4
Non-controlling interests	28.1	(9.6)	34.7	(162.0)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	2,616.8	(502.1)	(40.1)	3,261.4

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

	2024	2023	2022
As at 31 December	4.46000	4.59950	4.41500
As at 30 September	4.10650	4.69500	4.63750

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**QUARTERLY REPORT****FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 December 2024 RM million	As at 31 December 2023 RM million
NON CURRENT ASSETS		
Ships	21,597.5	23,594.1
Offshore floating asset	19.3	19.9
Other property, plant and equipment	1,863.7	1,829.2
Prepaid lease payments on land and buildings	184.7	191.6
Finance lease receivables	20,047.0	12,873.1
Investments in associates	519.2	360.9
Investments in joint ventures	1,140.8	1,124.5
Other non current assets	586.5	9,394.7
Derivative assets	594.2	710.0
Intangible assets	920.6	949.1
Deferred tax assets	102.9	104.7
	47,576.4	51,151.8
CURRENT ASSETS		
Inventories	105.9	92.9
Finance lease receivables	1,641.2	1,517.2
Trade and other receivables, and contract assets	4,435.1	4,480.5
Cash, deposits and bank balances	6,676.6	7,731.6
Non current assets classified as held for sale	-	86.1
	12,858.8	13,908.3
TOTAL ASSETS	60,435.2	65,060.1
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	(0.3)
Reserves	9,598.1	10,866.4
Retained profits	19,083.0	19,496.4
Equity attributable to equity holders of the Corporation	37,604.1	39,285.8
Non-controlling interests	709.4	680.0
TOTAL EQUITY	38,313.5	39,965.8
NON CURRENT LIABILITIES		
Interest bearing loans and borrowings	12,161.4	15,825.6
Deferred income	877.3	1,006.0
Deferred tax liabilities	7.5	2.2
Other non current liabilities	-	317.0
Derivative liabilities	0.1	-
	13,046.3	17,150.8
CURRENT LIABILITIES		
Interest bearing loans and borrowings	3,332.9	1,719.4
Trade and other payables	5,706.2	6,110.6
Provision for taxation	35.0	87.5
Derivative liabilities	1.3	26.0
	9,075.4	7,943.5
TOTAL LIABILITIES	22,121.7	25,094.3
TOTAL EQUITY AND LIABILITIES	60,435.2	65,060.1

**QUARTERLY REPORT****FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year Ended	
	31 December 2024 RM million	31 December 2023 RM million
Cash Flows from Operating Activities:		
Profit before tax	1,283.5	2,093.7
Writeback of impairment loss on finance lease receivables, trade and other receivables	(5.7)	(12.8)
Impairment loss on receivables	257.9	63.2
Impairment loss on loan to a joint venture	-	13.1
Bad debts written off	0.1	-
Depreciation of ships, offshore floating asset and other property, plant and equipment	2,158.4	2,141.9
Amortisation of prepaid lease payments	6.8	7.1
Impairment provisions	789.5	187.2
Write off of ships, property, plant and equipment	29.8	7.1
Gain on disposal of ships	(101.0)	(14.3)
Net unrealised foreign exchange gain	(15.4)	(1.9)
Dividend income from equity investments	(5.5)	(1.0)
Interest expense	684.4	693.3
Finance income	(411.6)	(362.8)
Net fair value movement in other investments	(35.2)	6.6
Changes in fair value of hedging derivatives	(32.8)	25.7
Amortisation of intangibles	1.9	14.9
Amortisation of upfront fees for borrowings	34.4	37.2
Share of profit of associates	(2.3)	(1.0)
Share of profit of joint ventures	(94.8)	(114.7)
Amortisation of deferred income	(100.7)	(101.1)
Net (reversal of provisions)/provisions	(239.2)	14.2
Operating profit before working capital changes	4,202.5	4,695.6
Inventories	(16.1)	8.9
Trade and other receivables, and contract assets	505.2	158.5
Trade and other payables	(312.4)	893.4
Cash generated from operations	4,379.2	5,756.4
Net tax paid	(102.3)	(60.1)
Net cash generated from operating activities	4,276.9	5,696.3

* The working capital changes in trade and other payables include payments for costs relating to the turnkey activities for the conversion of a Floating, Production, Storage and Offloading ("FPSO") facility amounting to RM1,232.7million in the current year and RM1,822.2 million in the year ended 31 December 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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	Year Ended	
	31 December 2024	31 December 2023
	RM million	RM million
Cash Flows from Investing Activities:		
Purchase of ships, other property, plant and equipment	(1,812.9)	(2,523.4)
Investment in associates	(171.9)	(42.9)
Proceeds from disposal of ships	298.8	333.2
Dividend received from:		
Other investments	5.5	1.0
Joint ventures and an associate	188.9	167.5
Loan to a joint venture	-	(12.3)
Interest received	337.6	287.6
Net fixed deposit placements	(37.6)	(76.9)
Net cash used in investing activities	(1,191.6)	(1,866.2)
Cash Flows from Financing Activities:		
Drawdown of interest bearing loans and borrowings	1,924.8	3,766.3
Repayment of interest bearing loans and borrowings	(3,463.9)	(4,917.1)
Repayment of lease liabilities	(108.7)	(97.3)
Dividends paid to the equity holders of the Corporation	(1,606.9)	(1,606.9)
Dividends paid to non-controlling interest of subsidiaries	-	(8.0)
Interest paid	(726.9)	(709.6)
Placement of cash pledged with banks (restricted for use)	(184.0)	(347.8)
Net cash used in financing activities	(4,165.6)	(3,920.4)
Net change in cash and cash equivalents	(1,080.3)	(90.3)
Cash & cash equivalents at the beginning of the year	6,545.2	6,406.1
Currency translation differences	(154.8)	229.5
Cash & cash equivalents at the end of year	5,310.1	6,545.3
Cash pledged with banks - restricted for use and deposited with maturity more than 90 days	1,366.5	1,186.3
Cash, deposits and bank balances	6,676.6	7,731.6

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QUARTERLY REPORT FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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
YEAR ENDED 31 DECEMBER 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	(40.1)	(74.8)	-	-	1,193.5	(1,268.3)	-	-	-	(99.6)	(1,168.7)	34.7
Transactions with equity holders												
Acquisition of non-controlling interests	(5.3)	-	-	-	-	-	-	-	-	-	-	(5.3)
Dividends	(1,606.9)	(1,606.9)	-	-	(1,606.9)	-	-	-	-	-	-	-
Total transactions with equity holders	(1,612.2)	(1,606.9)	-	-	(1,606.9)	-	-	-	-	-	-	(5.3)
At 31 December 2024	38,313.5	37,604.1	8,923.3	(0.3)	19,083.0	9,598.1	60.0	435.2	-	601.8	8,501.1	709.4
YEAR ENDED 31 DECEMBER 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	3,261.4	3,423.4	-	-	2,123.5	1,299.9	-	-	-	(238.7)	1,538.6	(162.0)
Transactions with equity holders												
Dilution of interest in subsidiaries	4.6	-	-	-	-	-	-	-	-	-	-	4.6
Reversal of provision for put option	10.6	10.6	-	-	-	10.6	-	-	10.6	-	-	-
Dividends	(1,614.9)	(1,606.9)	-	-	(1,606.9)	-	-	-	-	-	-	(8.0)
Total transactions with equity holders	(1,599.7)	(1,596.3)	-	-	(1,606.9)	10.6	-	-	10.6	-	-	(3.4)
At 31 December 2023	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

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

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QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 21 February 2025.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 December 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 2024.

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 2024.

The audited financial statements of the Group for the year ended 31 December 2024 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.

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FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2024

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

A4. EXCEPTIONAL ITEMS

There were no exceptional items during the current financial year 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 and year 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) 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.
- (b) 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.
- (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"). The Return by Liquidator relating to the Final Meeting was lodged with the Companies Commission of Malaysia and the Official Receiver on 2 September 2024. MTTI was dissolved on 2 December 2024.
- (d) On 17 October 2024, the Corporation incorporated two (2) new subsidiaries under the Labuan Companies Act 1990, namely Horizon LNG 1 (L) Pte. Ltd. ("Horizon LNG 1") and Horizon LNG 2 (L) Pte. Ltd. ("Horizon LNG 2"), for the purpose of owning and operating Liquefied Natural Gas ("LNG") vessels for the transportation of LNG. Horizon LNG 1 and Horizon LNG 2 are wholly-owned subsidiaries of MISC Tankers Sdn. Bhd., an indirect wholly-owned subsidiary of the Corporation.
- (e) On 3 December 2024, SOL-X Pte. Ltd. ("SOL-X") ceased to be a subsidiary of the Corporation, following the completion of the disposal of the entire equity interest in SOL-X by Magellan X Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

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

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.

A10. REVENUE

The Group's revenue by segments are as follows:

Quarter Ended 31 December	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments		Total	
	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	261.3	-	511.5	625.6	154.2	758.2	817.6	1,118.2	7.8	13.2	1,752.4	2,515.2
Revenue from charter *	588.2	875.6	700.5	764.2	265.5	123.3	-	-	-	-	1,554.2	1,763.1
	849.5	875.6	1,212.0	1,389.8	419.7	881.4	817.6	1,118.2	7.8	13.2	3,306.6	4,278.3

Year Ended 31 December	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments		Total	
	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	261.3	-	2,065.3	2,149.1	1,012.9	2,041.2	3,608.6	3,309.2	(38.9)	120.2	6,909.2	7,619.7
Revenue from charter *	2,726.1	3,263.9	2,978.8	2,881.1	623.4	507.0	-	-	-	-	6,328.3	6,652.0
	2,987.4	3,263.9	5,044.1	5,030.2	1,636.3	2,548.2	3,608.6	3,309.2	(38.9)	120.2	13,237.5	14,271.7

* 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.

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

Revenue and operating results by segments are as follows:

Quarter Ended 31 December	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
	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	849.5	875.6	1,211.3	1,389.7	388.4	881.5	782.6	1,077.5	74.8	54.0	3,306.6	4,278.3
Inter-segment	-	-	0.7	0.1	31.3	-	35.0	40.7	(67.0)	(40.8)	-	-
	849.5	875.6	1,212.0	1,389.8	419.7	881.5	817.6	1,118.2	7.8	13.2	3,306.6	4,278.3
Operating profit/(loss)	179.7	340.8	352.0	422.7	(135.1)	187.7	26.8	10.9	(46.7)	(87.4)	376.7	874.7

Year Ended 31 December	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
	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	2,987.4	3,263.9	5,042.4	5,029.0	1,592.7	2,548.2	3,420.5	3,232.6	194.5	198.0	13,237.5	14,271.7
Inter-segment	-	-	1.7	1.2	43.6	-	188.1	76.6	(233.4)	(77.8)	-	-
	2,987.4	3,263.9	5,044.1	5,030.2	1,636.3	2,548.2	3,608.6	3,309.2	(38.9)	120.2	13,237.5	14,271.7
Operating profit/(loss)	1,047.7	1,572.1	1,482.7	1,356.6	51.5	652.2	141.0	(467.7)	(129.2)	(231.8)	2,593.7	2,881.4

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

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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 31 December		Year Ended 31 December	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
Finance income	102.5	138.5	411.6	362.8
Other income	77.2	97.5	157.5	361.8
Interest expense	(158.0)	(181.8)	(684.4)	(693.3)
Amortisation of upfront fees for borrowings	(6.5)	(9.2)	(34.4)	(37.2)
Depreciation of ships, offshore floating asset and other property, plant and equipment	(500.1)	(579.7)	(2,158.4)	(2,141.9)
Amortisation of prepaid lease payments	(1.2)	(2.6)	(6.8)	(7.1)
Amortisation of intangibles	(1.0)	(3.3)	(1.9)	(14.9)
Write off of ships, property, plant and equipment	(29.8)	(7.1)	(29.8)	(7.1)
Gain on disposal of ships	26.9	12.0	101.0	14.3
Impairment provisions	(735.5)	(73.6)	(789.5)	(187.2)
Bad debts written off	-	-	(0.1)	-
Net fair value movement in other investments	17.5	(9.5)	35.2	(6.6)
Changes in fair value of hedging derivatives	6.4	(2.3)	32.8	(25.7)
Impairment loss on receivables	(241.1)	(49.8)	(252.2)	(50.4)
Impairment loss on loan to a joint venture	-	(12.5)	-	(13.1)
Net realised foreign exchange gain/(loss)	2.8	4.2	(15.5)	(12.4)
Net unrealised foreign exchange (loss)/gain	(11.1)	(8.1)	15.4	1.9

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 RM1,481.6 million (31 December 2023: RM894.5 million) and right-of-use assets amounting to RM119.3 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.

The review led to the recognition of net impairment losses of ships amounting to RM656.7 million in the current financial year as the recoverable amount of the ships was lower than their carrying value.

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QUARTERLY REPORT**FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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
Additions	-	4.0	4.0
Disposal of a subsidiary	-	(132.6)	(132.6)
Currency translation differences	(30.5)	(0.1)	(30.6)
At 31 December 2024	1,061.3	427.2	1,488.5
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	-	1.9	1.9
Disposal of a subsidiary	-	(132.6)	(132.6)
At 31 December 2024	162.5	405.4	567.9
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 31 December 2024	898.8	21.8	920.6

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.

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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 31 December 2024				
Financial Assets				
Quoted investments	63.7	-	-	63.7
Unquoted investments	-	-	92.2	92.2
Interest rate swaps designated as hedging instruments	-	594.2	-	594.2
	<u>63.7</u>	<u>594.2</u>	<u>92.2</u>	<u>750.1</u>
Financial Liabilities				
Forward currency contracts	-	(1.3)	-	(1.3)
Interest rate swaps designated as hedging instruments	-	(0.1)	-	(0.1)
	<u>-</u>	<u>(1.4)</u>	<u>-</u>	<u>(1.4)</u>
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.

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

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 year ended 31 December 2024.

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:

	31 December 2024 RM million	31 December 2023 RM million
Short Term Borrowings		
Secured	1,382.3	1,471.3
Unsecured	1,853.4	139.9
Lease liabilities	97.2	108.2
	<u>3,332.9</u>	<u>1,719.4</u>
Long Term Borrowings		
Secured	9,199.6	10,700.1
Unsecured	2,785.8	4,914.5
Lease liabilities	176.0	211.0
	<u>12,161.4</u>	<u>15,825.6</u>
Total	<u>15,494.3</u>	<u>17,545.0</u>

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

	31 December 2024 RM million	31 December 2023 RM million
United States Dollar Borrowings	<u>15,137.5</u>	<u>17,072.3</u>

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

A18. DIVIDENDS PAID

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

	31 December 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	-
Third tax exempt dividend of 8.0 sen per share paid on 17 December 2024	357.1	-

A19. RELATED PARTY TRANSACTIONS

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

A20. CAPITAL COMMITMENTS

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

	31 December 2024 RM million	31 December 2023 RM million
Approved and contracted for:		
Group	<u>7,836.1</u>	<u>2,732.3</u>
	<u>7,836.1</u>	<u>2,732.3</u>

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

A21. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31 December 2024 and 31 December 2023 comprise the following:

	31 December 2024 RM million	31 December 2023 RM million
Performance bonds on contract and bank guarantees extended to customers	<u>1,261.2</u>	<u>1,037.5</u>

A22. SUBSEQUENT MATERIAL EVENTS

On 31 January 2025, the Group has completed the following transactions with SBM Holdings Inc. S.A.

- The acquisition of 49% equity interest in the joint venture companies of FPSO Kikeh, namely Malaysian Deepwater Floating Terminal (Kikeh) Limited ("MDFT") and Malaysian Deepwater Production Contractors Sdn. Bhd. ("MDPC") by MISC OBU One (L) Pte. Ltd., a wholly owned subsidiary of the Group.
- The divestment of 49% equity interest in the joint venture companies of FPSO Espirito Santo, namely Brazilian Deepwater Production B.V. ("BDPV"), Brazilian Deepwater Production Contractors Ltd. ("BDPC"), Brazilian Deepwater Production Ltd. ("BDPL") and Brazilian Deepwater Floating Terminals Ltd. ("BDFT") by MISC Offshore Holdings (Brazil) Sdn. Bhd., a wholly owned subsidiary of the Group.

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PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 31 December		Year Ended 31 December	
	2024	2023	2024	2023
	RM million	RM million	RM million	RM million
Revenue				
Gas Assets & Solutions	849.5	875.6	2,987.4	3,263.9
Petroleum & Product Shipping	1,212.0	1,389.8	5,044.1	5,030.2
Offshore Business	419.7	881.5	1,636.3	2,548.2
Marine & Heavy Engineering	817.6	1,118.2	3,608.6	3,309.2
Others, Eliminations and Adjustments	7.8	13.2	(38.9)	120.2
Total Revenue	3,306.6	4,278.3	13,237.5	14,271.7
Operating Profit/(Loss)				
Gas Assets & Solutions	179.7	340.8	1,047.7	1,572.1
Petroleum & Product Shipping	352.0	422.7	1,482.7	1,356.6
Offshore Business	(135.1)	187.7	51.5	652.2
Marine & Heavy Engineering	26.8	10.9	141.0	(467.7)
Others, Eliminations and Adjustments	(46.7)	(87.4)	(129.2)	(231.8)
Total Operating Profit	376.7	874.7	2,593.7	2,881.4
Impairment provisions	(735.5)	(73.6)	(789.5)	(187.2)
Gain on disposal of ships	26.9	12.0	101.0	14.3
Finance costs	(164.6)	(190.9)	(718.8)	(730.5)
Share of profit of associates	0.3	0.1	2.3	1.0
Share of profit of joint ventures	58.9	40.0	94.8	114.7
(Loss)/Profit Before Tax	(437.3)	662.3	1,283.5	2,093.7

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PART B – OTHER EXPLANATORY NOTES (continued)

Current quarter's performance against the quarter ended 31 December 2023

Group revenue of RM3,306.6 million was RM971.7 million or 22.7% lower than the quarter ended 31 December 2023 ("corresponding quarter") of RM4,278.3 million, while Group operating profit of RM376.7 million was RM498.0 million or 56.9% lower than the corresponding quarter's profit of RM874.7 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions

Revenue of RM849.5 million was RM26.1 million or 3.0% lower than the corresponding quarter's revenue of RM875.6 million primarily driven by the translational impact from strengthening of Ringgit Malaysia ("RM") against the United States Dollar ("USD") in the current quarter.

Operating profit of RM179.7 million was RM161.1 million or 47.3% lower than the corresponding quarter's profit of RM340.8 million due to higher operating costs.

Petroleum & Product Shipping

Revenue of RM1,212.0 million was RM177.8 million or 12.8% lower than the corresponding quarter's revenue of RM1,389.8 million due to lower freight rates and earning days achieved in the current quarter.

Operating profit of RM352.0 million was RM70.7 million or 16.7% lower than the corresponding quarter's profit of RM422.7 million in tandem with lower revenue as mentioned above.

Offshore Business

Revenue of RM419.7 million was RM461.8 million or 52.4% lower than the corresponding quarter's revenue of RM881.5 million due to lower recognition of revenue from the conversion of a Floating, Production, Storage and Offloading unit ("FPSO") following lower project progress upon achievement of its first oil in this quarter.

The segment recorded an operating loss of RM135.1 million compared to an operating profit of RM187.7 million in the corresponding quarter from lower project progress as well as increase in construction costs of the FPSO and higher cost provisions relating to an asset.

Marine & Heavy Engineering

Revenue of RM817.6 million was RM300.6 million or 26.9% lower than the corresponding quarter's revenue of RM1,118.2 million due to lower revenue from ongoing Heavy Engineering projects as several projects nearing completion, leading to reduced activity and revenue generation.

Operating profit of RM26.8 million was RM15.9million higher than the corresponding quarter's profit of RM10.9 million mainly due to recognition of cost recovery claims.

Others, Eliminations and Adjustments

Others segment's operating loss was RM40.7 million lower than the corresponding quarter's loss mainly due from favourable movement in fair value of other investments.

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PART B – OTHER EXPLANATORY NOTES (continued)

Current year performance against the year ended 31 December 2023

Group revenue of RM13,237.5 million was RM1,034.2 million or 7.2% lower than the revenue for the year ended 31 December 2023 ("prior year") of RM14,271.7 million primarily driven by the current quarter's revenue performance.

Group operating profit of RM2,593.7 million was RM287.7 million or 10.0% lower than the prior year's profit of RM2,881.4 million due to the lower profit in the Offshore Business following lower project progress as well as higher cost provisions as mentioned above. Gas Assets & Solutions segment also recorded lower profit from lower earning days and charter rates coupled with higher operating costs.

The decrease in the operating profit was however offset by higher margin in the Petroleum & Product Shipping segment, higher operating profit in the Marine & Heavy Engineering segment from the recognition of cost recovery claims and better cost discipline.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Quarter Ended 31 December 2024 RM million	Quarter Ended 30 September 2024 RM million
Revenue	<u>3,306.6</u>	<u>2,963.2</u>
Operating Profit	376.7	542.8
Impairment provisions	(735.5)	(19.1)
Gain on disposal of a ship	26.9	-
Finance costs	(164.6)	(168.5)
Share of profit of associates	0.3	0.5
Share of profit of joint ventures	58.9	5.7
(Loss)/Profit Before Tax	<u>(437.3)</u>	<u>361.4</u>

Group revenue of RM3,306.6 million was RM343.4 million or 11.6% higher than the preceding quarter's revenue of RM2,963.2 million due to the recognition of construction revenue for a Floating Storage Unit ("FSU") in Gas Assets & Solutions segment and revenue recognition from the commencement of charter hire of an FPSO in the Offshore Business segment following the production of its first oil in the current quarter.

Group operating profit of RM376.7 million was RM166.1 million or 30.6% lower than the preceding quarter's profit of RM542.8 million from higher cost provisions relating to an asset under Offshore Business and higher operating cost in Gas Assets & Solutions segment.

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QUARTERLY REPORT

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PART B – OTHER EXPLANATORY NOTES (continued)

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2024 RM million	As at 31 December 2023 RM million
Total assets	60,435.2	65,060.1
Total equity attributable to equity holders of the Corporation	37,604.1	39,285.8
Total liabilities	22,121.7	25,094.3

The Group's total asset at RM60,435.2 million was lower by RM4,624.9 million or 7.1% mainly due to the higher impairment provisions on ships and receivables during the year.

Total equity attributable to shareholders of the Corporation decrease by RM1,681.7 million or 4.3% mainly attributed from unfavourable movement in currency translation reserve following strengthening of RM against the USD.

Total liabilities were lower by RM2,972.6 million or 11.8% mainly due to repayment of interest bearing loans and borrowings during the year.

B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 31 December 2024 RM million	31 December 2023 RM million
Net cash generated from operating activities	4,276.9	5,696.3
Net cash used in investing activities	(1,191.6)	(1,866.2)
Net cash used in financing activities	(4,165.6)	(3,920.4)
Net change in cash and cash equivalents	(1,080.3)	(90.3)

The Group's net cash generated from operating activities of RM4,276.9 was lower by RM1,419.4 million compared to RM5,696.3 million in the prior year, due to higher payments made to creditors.

The Group's net cash used in investing activities of RM1,191.6 million was lower by 36.1% or RM674.6 million compared to net cash used in investing activities of RM1,866.2 million in the prior year, due to lower payment on capital expenditure for ships, property, plant and equipment during the year.

The Group's net cash used in financing activities of RM4,165.6 million was higher by RM245.2 million compared to RM3,920.4 million in the prior year following higher net repayment of loans and borrowings during the year.

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

In the fourth quarter of 2024, LNG Carrier (LNGC) spot rates declined further, mainly due to high vessel availability arising from strong LNGC newbuild deliveries. The declining rates have significantly impacted the long-term valuation of our assets, affecting the financial results of the Gas Assets & Solutions segment. The outlook for LNGC rates is expected to remain soft in 2025 driven by the continued influx of new vessels and delays in additional supply from new LNG liquefaction projects. However, LNGC rates are expected to recover post-2026, driven by the gradual increase in LNG supply as the delayed projects become operational. Nevertheless, the Gas Assets & Solutions segment will continue exploring strategic opportunities for its spot vessels, including repurposing the vessels into floating storage solutions.

In the Petroleum shipping segment, despite seeing a quarter-on-quarter improvement, the crude tanker spot rates remained subdued in the fourth quarter of 2024 compared to the first half of the year due to softer oil demand, particularly from China and ongoing OPEC+ output curbs. However, the overall tanker market outlook for 2025 remains positive, supported by high tonne-mile demand from continuous vessel rerouting and from long-haul Atlantic-Asia trade, as well as minimal fleet expansion. The Petroleum & Products segment's income will continue to be supported by its fleet of long-term chartered vessels and niche lightering business.

Steady oil prices and sustained global oil demand continue to encourage investments in offshore projects, supporting a positive outlook for the Offshore segment. These favourable conditions drive ongoing growth of Floating Production Storage and Offloading (FPSO) vessels in South America, West Africa and the Asia-Pacific. The fourth quarter of 2024 saw the FPSO Marechal Duque de Caxias successfully achieved first oil and commence operations. This milestone, together with revenue from existing long-term contracts, is expected to further strengthen the segment's financial performance. The Offshore segment will remain focused on pursuing new opportunities and expand its presence in the market.

For the Marine & Heavy Engineering segment, upstream capex spending is expected to grow steadily amidst heightened geopolitical tensions and continued energy security concerns. The Heavy Engineering sub-segment is poised to capitalise on the sustained strength of the upstream oil and gas demand and pursue growth opportunities to ensure a well-balanced portfolio across both conventional and new energy sectors. In the Marine sub-segment, the increase in upstream activities is expected to drive greater opportunities for conversion, repair and maintenance services, which the sub-segment will continue to pursue to strengthen its market position and ensure stable income. The Marine & Heavy Engineering segment will remain focused on pursuing contracts that are aligned with its strategic objectives while refining its contracting strategies to support its performance and long-term growth.

B6. PROFIT FORECAST AND PROFIT GUARANTEE

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

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PART B – OTHER EXPLANATORY NOTES (continued)

B7. TAXATION

	Quarter Ended 31 December 2024 RM million	Year Ended 31 December 2024 RM million
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(10.7)	(103.1)
- prior year	6.0	53.3
Deferred taxation	5.4	(0.5)
	<u>0.7</u>	<u>(50.3)</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 year ended 31 December 2024.

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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.
- (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”).

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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. On 10 February 2025, the hearing was adjourned by the Court of Appeal. At the case management on 14 February 2025 the hearing was rescheduled to 20 and 21 August 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:

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.

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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.

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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.

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PART B – OTHER EXPLANATORY NOTES (continued)

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.

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. 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 against the Orders of the High Court dated 30 August 2022. After a series of case management sessions, the Court of Appeal has set a hearing date for the appeal on 11th July 2024.

On 11th 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. The Hearing was heard on 9 December 2024, at the Court of Appeal. On 24 January 2025, the Court of Appeal dismissed the Appeals with a total cost of RM65,000.00 to be paid by KPOC to MMHE.

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PART B – OTHER EXPLANATORY NOTES (continued)

B10. DIVIDENDS

The Board of Directors has approved a fourth tax exempt dividend of 12.0 sen per share in respect of financial year 2024 amounting to RM535.6 million. The proposed dividend will be paid on 20 March 2025 to shareholders registered at the close of business on 10 March 2025.

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 10 March 2025 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, AND CONTRACT ASSETS

	31 December 2024 RM million	31 December 2023 RM million
Trade receivables		
Third parties	3,517.1	3,391.2
Fellow subsidiaries	146.1	83.1
Associates and joint ventures	40.1	32.6
	3,703.3	3,506.9
Contract assets	872.9	1,066.5
Other receivables	315.5	319.7
Less: Impairment	(456.6)	(412.6)
Trade and other receivables	4,435.1	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:

	31 December 2024 RM million	31 December 2023 RM million
Current	898.2	619.3
Past due 1-30 days	110.2	115.7
Past due 31-60 days	32.6	52.5
Past due 61-90 days	24.8	16.5
Past due more than 90 days	2,637.5	2,702.9
	3,703.3	3,506.9
Less: Impairment	(455.1)	(412.1)
Trade receivables, net	3,248.2	3,094.8

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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 31 December 2024 are as follows:

Contract/Tenure	Notional Value RM million	Fair Value as at 31 December 2024 RM million
<u>Foreign currency contracts</u>		
Within 1 year	410.5	(1.3)
	<u>410.5</u>	<u>(1.3)</u>
<u>Interest rate swaps</u>		
1 year to 3 years	5,287.8	205.8
More than 3 years	8,601.1	388.3
	<u>13,888.9</u>	<u>594.1</u>

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.

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PART B – OTHER EXPLANATORY NOTES (continued)

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

	Quarter Ended 31 December 2024		Year Ended 31 December 2024	
	Gain recognised in income statements	Gain/(loss) recognised in other comprehensive income	Gain recognised in income statements	Loss recognised in other comprehensive income
	RM million	RM million	RM million	RM million
Interest rate swaps	-	125.7	-	(86.7)
Foreign currency contracts	6.4	(47.8)	32.8	(8.0)

B14. EARNINGS PER SHARE

	Quarter Ended 31 December		Year Ended 31 December	
	2024	2023	2024	2023
Basic earnings per share are computed as follows:				
(Loss)/profit for the period attributable to equity holders of the Corporation (RM million):	(446.2)	627.3	1,193.5	2,123.5
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 (loss)/earnings per share (sen)	(10.0)	14.1	26.7	47.6

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

By Order of the Board