MISC BERHAD

(Registration No. 196801000580 (8178-H))

QUARTERLY REPORT
FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Quarter Ended 31 December		Year Ended 31 December	
	2023	2022	2023	2022
	RM million	RM million	RM million	RM million
Revenue	4,278.3	4,173.0	14,271.7	13,867.0
Cost of sales	(3,175.8)	(2,867.9)	(10,661.8)	(10,159.8)
GROSS PROFIT	**1,102.5**	**1,305.1**	**3,609.9**	**3,707.2**
Other operating income	228.7	118.1	753.3	599.0
General and administrative expenses	(456.5)	(328.9)	(1,481.8)	(1,204.2)
OPERATING PROFIT	**874.7**	**1,094.3**	**2,881.4**	**3,102.0**
Impairment provisions	(73.6)	(256.9)	(187.2)	(566.7)
Gain on disposal of ships	12.0	-	14.3	15.3
Finance costs	(190.9)	(178.3)	(730.5)	(651.2)
Share of profit of associates	0.1	0.4	1.0	3.0
Share of profit/(loss) of joint ventures	40.0	(9.2)	114.7	(28.1)
PROFIT BEFORE TAX	**662.3**	**650.3**	**2,093.7**	**1,874.3**
Taxation	(35.0)	0.8	(134.8)	(39.3)
PROFIT AFTER TAX	**627.3**	**651.1**	**1,958.9**	**1,835.0**
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Corporation	627.3	645.0	2,123.5	1,822.9
Non-controlling interests	-	6.1	(164.6)	12.1
PROFIT AFTER TAX	**627.3**	**651.1**	**1,958.9**	**1,835.0**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION (SEN)	14.1	14.4	47.6	40.8

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended 31 December		Year Ended 31 December	
	2023	**2022**	**2023**	**2022**
	RM million	**RM million**	**RM million**	**RM million**
PROFIT AFTER TAX	**627.3**	**651.1**	**1,958.9**	**1,835.0**
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges:				
Fair value (loss)/gain				
Group	(299.7)	(14.9)	(231.0)	1,016.7
Joint ventures	(21.4)	2.1	(11.1)	113.4
(Loss)/gain on currency translation *	(808.3)	(1,834.4)	1,544.6	1,883.5
Total other comprehensive (loss)/income	**(1,129.4)**	**(1,847.2)**	**1,302.5**	**3,013.6**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(502.1)**	**(1,196.1)**	**3,261.4**	**4,848.6**
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Equity holders of the Corporation	(492.5)	(1,185.7)	3,423.4	4,766.7
Non-controlling interests	(9.6)	(10.4)	(162.0)	81.9
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(502.1)**	**(1,196.1)**	**3,261.4**	**4,848.6**

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

	2023	**2022**	**2021**
As at 31 December	4.59950	4.41500	4.17400
As at 30 September	4.69500	4.63750	4.18900

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2023 RM million	As at 31 December 2022 RM million
NON CURRENT ASSETS		
Ships	23,594.1	22,482.1
Offshore floating assets	19.9	19.1
Other property, plant and equipment	1,829.2	1,803.8
Prepaid lease payments on land and buildings	191.6	198.6
Finance lease receivables	12,873.1	14,752.8
Investments in associates	360.9	306.0
Investments in joint ventures	1,124.5	1,029.6
Other non current assets	9,394.7	7,316.2
Derivative assets	710.0	910.8
Intangible assets	949.1	1,001.6
Deferred tax assets	104.7	98.8
	51,151.8	**49,919.4**
CURRENT ASSETS		
Inventories	92.9	97.9
Finance lease receivables	1,517.2	1,521.9
Trade and other receivables	4,480.5	3,858.6
Cash, deposits and bank balances	7,731.6	7,134.0
Non current assets classified as held for sale	86.1	132.5
	13,908.3	**12,744.9**
TOTAL ASSETS	**65,060.1**	**62,664.3**
EQUITY		
Share capital	8,923.3	8,923.3
Treasury shares	(0.3)	(0.3)
Reserves	10,866.4	9,555.9
Retained profits	19,496.4	18,979.8
Equity attributable to equity holders of the Corporation	**39,285.8**	**37,458.7**
Non-controlling interests	680.0	845.4
TOTAL EQUITY	**39,965.8**	**38,304.1**
NON CURRENT LIABILITIES		
Interest bearing loans and borrowings	15,825.6	14,256.1
Deferred income	1,006.0	1,063.6
Deferred tax liabilities	2.2	1.8
Other non current liabilities	317.0	271.5
	17,150.8	**15,593.0**
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,719.4	3,605.5
Trade and other payables	6,110.6	5,147.7
Provision for taxation	87.5	7.6
Derivative liabilities	26.0	6.4
	7,943.5	**8,767.2**
TOTAL LIABILITIES	**25,094.3**	**24,360.2**
TOTAL EQUITY AND LIABILITIES	**65,060.1**	**62,664.3**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	31 December 2023	**31 December 2022**
	RM million	**RM million**
Cash Flows from Operating Activities:		
Profit before tax	2,093.7	1,874.3
Writeback of impairment loss on finance lease receivables, trade and other receivables	(12.8)	(35.7)
Impairment loss on receivables	76.3	48.3
Depreciation of ships, offshore floating asset and other property, plant and equipment	2,141.9	2,021.4
Amortisation of prepaid lease payments	7.1	7.1
Impairment provisions	187.2	566.7
Write off of ships, property, plant and equipment	7.1	9.7
Gain on disposal of ships	(14.3)	(15.3)
Net unrealised foreign exchange gain	(1.9)	(8.9)
Dividend income from equity investments	(1.0)	(2.5)
Interest expense	693.3	569.7
Finance income	(362.8)	(157.2)
Net fair value movement in other investments	6.6	(0.4)
Changes in fair value of hedging derivatives	25.7	(3.8)
Amortisation of intangibles	14.9	38.8
Amortisation of upfront fees for borrowings	37.2	81.5
Changes in residual value	-	58.7
Share of profit of associates	(1.0)	(3.0)
Share of (profit)/loss of joint ventures	(114.7)	28.1
Operating profit before working capital changes	4,782.5	5,077.5
Inventories	8.9	28.9
Trade and other receivables	158.5	(2,816.6)
Trade, other payables and other non current liabilities *	907.6	919.6
Deferred income	(101.1)	(110.6)
Cash generated from operations	5,756.4	3,098.8
Net tax paid	(60.1)	(56.7)
Net cash generated from operating activities	**5,696.3**	**3,042.1**

* 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 RM1,822.2 million in the current year and RM2,679.9 million in the year ended 31 December 2022. These payments are disclosed as part of cash flows from operating activities as the turnkey activities contribute to the recognition of contract assets per MFRS 15: Revenue from Contract with Customer.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Year Ended	
	31 December 2023 RM million	**31 December 2022 RM million**
Cash Flows from Investing Activities:		
Purchase of ships, other property, plant and equipment	(2,523.4)	(2,293.5)
Investment in:		
Associates	(42.9)	(283.1)
Proceeds from disposal of ships	333.2	326.9
Dividend received from:		
Quoted investments	1.0	2.5
Joint ventures and an associate	167.5	169.9
Loan to a joint venture	(12.3)	-
Interest received	287.6	117.6
Net fixed deposit (placement)/withdrawal	(76.9)	16.7
Net cash used in investing activities	**(1,866.2)**	**(1,943.0)**
Cash Flows from Financing Activities:		
Drawdown of interest bearing loans and borrowings	3,766.3	10,201.5
Repayment of interest bearing loans and borrowings	(4,917.1)	(10,368.9)
Repayment of lease liabilities	(97.3)	(122.9)
Dividends paid to the equity holders of the Corporation	(1,606.9)	(1,473.0)
Dividends paid to non-controlling interest of subsidiaries	(8.0)	-
Interest paid	(709.6)	(544.6)
(Placement)/receipt of cash pledged with banks (restricted for use)	(347.8)	267.8
Net cash used in financing activities	**(3,920.4)**	**(2,040.1)**
Net change in cash and cash equivalents	(90.3)	(941.0)
Cash & cash equivalents at the beginning of the year	6,406.1	6,994.3
Currency translation difference	229.5	352.8
Cash & cash equivalents at the end of year	**6,545.3**	**6,406.1**
Cash pledged with banks - restricted for use and deposited with maturity more than 90 days	1,186.3	727.9
Cash, deposits and bank balances	**7,731.6**	**7,134.0**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total equity	Equity attributable to equity holders of the Corporation	Share capital*	Treasury shares	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Put option reserve	Statutory reserve	Hedging reserve	Currency translation reserve	Non-controlling Interests
		← Attributable to equity holders of the Corporation →												
	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million	RM million
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 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	(1,614.9)	(1,606.9)	-	-	(1,606.9)	-	-	-	-	-	-	-	-	(8.0)
Total transactions with owners	(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**
YEAR ENDED 31 DECEMBER 2022														
At 1 January 2022	**34,925.0**	**34,162.8**	**8,923.3**	**(0.3)**	**18,586.1**	**6,653.7**	**99.3**	**435.2**	**1.4**	**(10.6)**	**3.0**	**(136.4)**	**6,261.8**	**762.2**
Total comprehensive income	4,848.6	4,766.7	-	-	1,822.9	2,943.8	-	-	-	-	-	1,076.5	1,867.3	81.9
Transactions with owners														
Liquidation of a subsidiary	2.5	2.5	-	-	43.8	(41.3)	(39.3)	-	(1.4)	-	(2.4)	-	1.8	-
Disposal of interest in joint ventures	(0.2)	(0.3)	-	-	-	(0.3)	-	-	-	-	(0.6)	-	0.3	0.1
Dilution of interest in subsidiaries	1.2	-	-	-	-	-	-	-	-	-	-	-	-	1.2
Dividends	(1,473.0)	(1,473.0)	-	-	(1,473.0)	-	-	-	-	-	-	-	-	-
Total transactions with owners	(1,469.5)	(1,470.8)	-	-	(1,429.2)	(41.6)	(39.3)	-	(1.4)	-	(3.0)	-	2.1	1.3
At 31 December 2022	**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**

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

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. CORPORATE INFORMATION

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

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 27 February 2024.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 December 2023 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The results for this interim period are unaudited and should be read in conjunction with the Group's audited financial statements and the accompanying notes for the year ended 31 December 2022.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2022.

The audited financial statements of the Group for the year ended 31 December 2022 are available upon request from the Corporation's registered office located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The main functional currency of the Group is United States Dollar (“USD”) while these interim financial statements are presented in Ringgit Malaysia (“RM”).

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the Group’s annual financial statements for the year ended 31 December 2023 under the Malaysian Financial Reporting Standards (“MFRS”) framework. These policies do not differ significantly from those used in the Group’s audited financial statements for the year ended 31 December 2022 except as disclosed below.

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

Effective for annual periods beginning on or after 1 January 2023:

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)
- Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from single transaction)

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

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

A4. EXCEPTIONAL ITEMS

There were no exceptional items during the current financial 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 2022 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 2022 were not subjected to any audit qualification.

A7. CHANGES IN COMPOSITION OF THE GROUP

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

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

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

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

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

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

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

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

(h) The Corporation had, on 20 July 2023, incorporated two (2) new subsidiaries, MISC GAS Tankers One (L) Pte. Ltd. ("MISCGT1") and MISC GAS Tankers Two (L) Pte. Ltd. ("MISCGT2") under the Labuan Companies Act 1990, for the purpose of investment holding. MISCGTO and MISCGTT are wholly-owned subsidiaries of MISCGH, an indirect wholly-owned subsidiary of the Corporation.

(i) On 20 July 2023, two (2) new subsidiaries were incorporated being, MISC OBU One (L) Pte. Ltd. ("MISCOBU1") and MISC OBU Two (L) Pte. Ltd. ("MISCOBU2") under the Labuan Companies Act 1990, for the purpose of investment holding. MISCOBU1 and MISCOBU2 are wholly-owned subsidiaries of MISCOBUH, an indirect wholly-owned subsidiary of the Corporation.

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

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

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

(m) The Corporation had, on 30 November 2023, incorporated a new subsidiary, Southern Gas Terminal (L) Private Limited ("SGTL"), under the Labuan Companies Act 1990, for the purpose of owning, operating and maintenance of Liquefied Natural Gas ("LNG") Floating Storage Unit ("FSU"). SGTL is a wholly-owned subsidiary of MISC GAS Tankers Two (L) Pte. Ltd., an indirect wholly-owned subsidiary of the Corporation.

A8. DISCONTINUED OPERATIONS

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

A9. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

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

A10. REVENUE

The Group's revenue by segments are as follows:

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments		Total	
	RM million		RM million		RM million		RM million		RM million		RM million	
Quarter Ended 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue from contracts with customers	-	-	625.6	659.9	758.2	1,402.0	1,118.2	424.0	13.2	20.9	2,515.2	2,506.8
Revenue from charter *	875.6	803.1	764.2	723.0	123.3	140.1	-	-	-	-	1,763.1	1,666.2
	875.6	**803.1**	**1,389.8**	**1,382.9**	**881.5**	**1,542.1**	**1,118.2**	**424.0**	**13.2**	**20.9**	**4,278.3**	**4,173.0**

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments		Total	
	RM million		RM million		RM million		RM million		RM million		RM million	
Year Ended 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue from contracts with customers	-	-	2,149.1	2,453.8	2,041.2	3,768.0	3,309.2	1,651.6	120.2	112.3	7,619.7	7,985.7
Revenue from charter *	3,263.9	3,113.4	2,881.1	2,213.5	507.0	554.4	-	-	-	-	6,652.0	5,881.3
	3,263.9	**3,113.4**	**5,030.2**	**4,667.3**	**2,548.2**	**4,322.4**	**3,309.2**	**1,651.6**	**120.2**	**112.3**	**14,271.7**	**13,867.0**

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

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

A11. SEGMENT REPORT

The operating segments of the Group are as follows:

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

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

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

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

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

Revenue and operating results by segments are as follows:

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
	RM million		RM million		RM million		RM million		RM million		RM million	
Quarter Ended 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue												
External sales	875.6	803.1	1,389.7	1,382.7	881.5	1,542.1	1,077.5	401.5	54.0	43.6	4,278.3	4,173.0
Inter-segment	-	-	0.1	0.2	-	-	40.7	22.5	(40.8)	(22.7)	-	-
	875.6	**803.1**	**1,389.8**	**1,382.9**	**881.5**	**1,542.1**	**1,118.2**	**424.0**	**13.2**	**20.9**	**4,278.3**	**4,173.0**
Operating profit/(loss)	**340.8**	**460.3**	**422.7**	**403.0**	**187.7**	**311.4**	**10.9**	**9.7**	**(87.4)**	**(90.1)**	**874.7**	**1,094.3**

	Gas Assets & Solutions		Petroleum & Product Shipping		Offshore Business		Marine & Heavy Engineering		Others, Eliminations and Adjustments *		Total	
	RM million		RM million		RM million		RM million		RM million		RM million	
Year Ended 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue												
External sales	3,263.9	3,113.4	5,029.0	4,666.0	2,548.2	4,322.4	3,232.6	1,600.0	198.0	165.2	14,271.7	13,867.0
Inter-segment	-	-	1.2	1.3	-	-	76.6	51.6	(77.8)	(52.9)	-	-
	3,263.9	**3,113.4**	**5,030.2**	**4,667.3**	**2,548.2**	**4,322.4**	**3,309.2**	**1,651.6**	**120.2**	**112.3**	**14,271.7**	**13,867.0**
Operating profit/(loss)	**1,572.1**	**1,536.6**	**1,356.6**	**1,021.0**	**652.2**	**665.8**	**(467.7)**	**60.8**	**(231.8)**	**(182.2)**	**2,881.4**	**3,102.0**

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

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

A12. PROFIT FOR THE PERIOD

Included in the profit for the quarter and the year are the following items:

	Quarter Ended 31 December		Year Ended 31 December	
	2023	2022	2023	2022
	RM million	RM million	RM million	RM million
Finance income	138.5	79.2	362.8	157.2
Other income	98.7	61.1	363.0	361.6
Interest expense	(181.7)	(166.7)	(693.3)	(569.7)
Amortisation of upfront fees for borrowings	(9.2)	(11.6)	(37.2)	(81.5)
Depreciation of ships, offshore floating asset and other property, plant and equipment	(579.7)	(525.2)	(2,141.9)	(2,021.4)
Amortisation of prepaid lease payments	(2.6)	(1.5)	(7.1)	(7.1)
Amortisation of intangibles	(3.3)	(9.8)	(14.9)	(38.8)
Write off of ships, property, plant and equipment	(7.1)	(8.1)	(7.1)	(9.7)
Gain on disposal of ships	12.0	-	14.3	15.3
Impairment provisions	(73.6)	(256.9)	(187.2)	(566.7)
Impairment on receivables	(61.9)	(30.8)	(76.3)	(48.3)
Net fair value movement in other investments	(9.5)	(4.1)	(6.6)	0.4
Changes in fair value of hedging derivatives	(2.3)	(5.2)	(25.7)	3.8
Write back of impairment loss on finance lease receivables, trade and other receivables	14.0	1.0	12.8	35.7
Net realised foreign exchange gain/(loss)	4.2	7.1	(12.4)	18.8
Net unrealised foreign exchange (loss)/gain	(8.1)	(10.7)	1.9	8.9

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 RM894.5 million (31 December 2022: RM1,633.6 million) and right-of-use assets amounting to RM282.8 million (31 December 2022: RM170.9 million).

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

The review led to the recognition of net impairment losses of ships amounting to RM83.3 million in the current financial year as the recoverable amount of the ships was lower than their carrying value.

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

A14. INTANGIBLE ASSETS

	Goodwill RM million	Other Intangible Assets RM million	Total RM million
Cost			
At 1 January 2022	**998.3**	**445.4**	**1,443.7**
Reclassification from property, plant and equipment	-	61.7	61.7
Currency translation differences	53.1	13.9	67.0
At 31 December 2022	**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**
Accumulated amortisation and impairment			
At 1 January 2022	**162.5**	**220.3**	**382.8**
Amortisation	-	38.8	38.8
Impairment	-	147.1	147.1
Currency translation differences	-	2.1	2.1
At 31 December 2022	**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**
Net carrying amount			
At 1 January 2022	**835.8**	**225.1**	**1,060.9**
At 31 December 2022	**888.9**	**112.7**	**1,001.6**
At 31 December 2023	**929.3**	**19.8**	**949.1**

Goodwill is tested for impairment annually (31 December), or when circumstances indicate that the carrying value may be impaired. The Group's goodwill impairment test is a comparison of the goodwill's carrying value against its recoverable amount. The recoverable amounts are based on value-in-use for cash generating units ("CGU"), calculated using cash flow projections. The key assumptions used to determine the value-in-use of CGUs were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

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

The review of the impairment led to the recognition of impairment losses on other intangible assets amounting to RM103.9 million in the current financial year as the recoverable amount of the asset was lower than their carrying value. The recoverable amount is based on value-in-use for CGU, calculated using cash flow projections.

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

A15. FAIR VALUE HIERARCHY

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 - Inputs that are based on observable market data, either directly or indirectly
Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets and liabilities that are measured at fair value:

	Level 1 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
	54.6	**710.0**	**68.2**	**832.8**
Financial Liabilities				
Forward currency contracts	-	(26.0)	-	(26.0)
	-	**(26.0)**	**-**	**(26.0)**

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

No transfers between any levels of the fair value hierarchy took place during the current 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 year ended 31 December 2023.

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

A17. INTEREST BEARING LOANS AND BORROWINGS

i) The tenure of Group borrowings, classified as short and long term as well as secured and unsecured, are as follows:

	31 December 2023 RM million	31 December 2022 RM million
Short Term Borrowings		
Secured	1,471.3	1,164.8
Unsecured	139.9	2,350.0
Lease liabilities	108.2	90.7
	1,719.4	3,605.5
Long Term Borrowings		
Secured	10,700.1	8,934.3
Unsecured	4,914.5	5,208.9
Lease liabilities	211.0	112.9
	15,825.6	14,256.1
Total	**17,545.0**	**17,861.6**

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

	31 December 2023 RM million	31 December 2022 RM million
United States Dollar Borrowings	17,072.3	17,419.9

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

A18. DIVIDENDS PAID

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

	31 December 2023 RM million	31 December 2022 RM million
In respect of the financial year ended 31 December 2021:		
Fourth tax exempt dividend of 12.0 sen per share paid on 16 March 2022	-	535.6
In respect of the financial year ended 31 December 2022:		
First tax exempt dividend of 7.0 sen per share paid on 22 June 2022	-	312.5
Second tax exempt dividend of 7.0 sen per share paid on 14 September 2022	-	312.5
Third tax exempt dividend of 7.0 sen per share paid on 14 December 2022	-	312.5
Fourth tax exempt dividend of 12.0 sen per share paid on 15 March 2023	535.6	-
In respect of the financial year ended 31 December 2023:		
First tax exempt dividend of 7.0 sen per share paid on 22 June 2023	312.5	-
Second tax exempt dividend of 10.0 sen per share paid on 21 September 2023	446.4	-
Third tax exempt dividend of 7.0 sen per share paid on 19 December 2023	312.5	-

A19. RELATED PARTY TRANSACTIONS

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

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

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

A20. CAPITAL COMMITMENTS

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

	31 December 2023 RM million	31 December 2022 RM million
Approved and contracted for	2,732.3	4,403.8

The Group has excluded the approved and contracted capital expenditure relating to the turnkey activities for the conversion of a vessel to an FPSO to be leased out to a customer under a time charter contract. Accordingly, the Group has excluded the amount of RM1,112.9 million as at 31 December 2023 (31 December 2022: RM2,282.4 million) from the above capital commitments as the turnkey activities contribute to the recognition of contract assets per MFRS 15: Revenue from Contract with Customers.

A21. CONTINGENT LIABILITIES

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

	31 December 2023 RM million	31 December 2022 RM million
Performance bonds on contract and bank guarantees extended to customers	1,037.5	745.6

A22. SUBSEQUENT MATERIAL EVENTS

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

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended 31 December		Year Ended 31 December	
	2023	2022	2023	2022
	RM million	RM million	RM million	RM million
Revenue				
Gas Assets & Solutions	875.6	803.1	3,263.9	3,113.4
Petroleum & Product Shipping	1,389.8	1,382.9	5,030.2	4,667.3
Offshore Business	881.5	1,542.1	2,548.2	4,322.4
Marine & Heavy Engineering	1,118.2	424.0	3,309.2	1,651.6
Others, Eliminations and Adjustments	13.2	20.9	120.2	112.3
Total Revenue	**4,278.3**	**4,173.0**	**14,271.7**	**13,867.0**
Operating Profit/(Loss)				
Gas Assets & Solutions	340.8	460.3	1,572.1	1,536.6
Petroleum & Product Shipping	422.7	403.0	1,356.6	1,021.0
Offshore Business	187.7	311.4	652.2	665.8
Marine & Heavy Engineering	10.9	9.7	(467.7)	60.8
Others, Eliminations and Adjustments	(87.4)	(90.1)	(231.8)	(182.2)
Total Operating Profit	**874.7**	**1,094.3**	**2,881.4**	**3,102.0**
Impairment provisions	(73.6)	(256.9)	(187.2)	(566.7)
Gain on disposal of ships	12.0	-	14.3	15.3
Finance costs	(190.9)	(178.3)	(730.5)	(651.2)
Share of profit of associates	0.1	0.4	1.0	3.0
Share of profit/(loss) of joint ventures	40.0	(9.2)	114.7	(28.1)
Profit Before Tax	**662.3**	**650.3**	**2,093.7**	**1,874.3**

PART B – OTHER EXPLANATORY NOTES (Continued)

Current quarter's performance against the quarter ended 31 December 2022

Group revenue of RM4,278.3 million was RM105.3 million or 2.5% higher than the quarter ended 31 December 2022 ("corresponding quarter") revenue of RM4,173.0 million, while Group operating profit of RM874.7 million was RM219.6 million or 20.1% lower than the corresponding quarter's profit of RM1,094.3 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions
Revenue of RM875.6 million was RM72.5 million or 9.0% higher than the corresponding quarter's revenue of RM803.1 million, mainly from higher charter rates in the current quarter.

Operating profit of RM340.8 million was RM119.5 million or 26.0% lower than the corresponding quarter's profit of RM460.3 million, mainly due to higher vessel operating costs in the current quarter.

Petroleum & Product Shipping
Revenue of RM1,389.8 million was comparable to the corresponding quarter's revenue of RM1,382.9 million.

Operating profit of RM422.7 million was RM19.7 million or 4.9% higher than the corresponding quarter's profit of RM403.0 million mainly from to translational impact from weakening of Ringgit Malaysia ("RM") against the United States Dollar ("USD") in the current quarter. Operationally, the segment's operating profit in the current quarter was comparable to the corresponding quarter's operating profit.

Offshore Business
Revenue of RM881.5 million was RM660.6 million or 42.8% lower than the corresponding quarter's revenue of RM1,542.1 million, mainly due to lower recognition of revenue from the conversion of a Floating, Production, Storage and Offloading unit ("FPSO") following lower project progress in the current quarter.

Operating profit of RM187.7 million was RM123.7 million or 39.7% lower than the corresponding quarter's profit of RM311.4 million mainly due to lower construction gain from the FPSO conversion and additional cost provisions recognised in the current quarter relating to an incident involving an asset earlier this year.

Marine & Heavy Engineering
Revenue of RM1,118.2 million was RM694.2 million or more than 100% higher than the corresponding quarter's revenue of RM424.0 million, mainly due to higher revenue from new and ongoing projects for Heavy Engineering sub-segment.

Notwithstanding the significant increase in revenue, the segment recorded marginal operating profit RM10.9 million due to additional cost provisions recognised for on-going heavy engineering projects during the year and lower margins due to stiffer competition in the market for its marine sub-segment, coupled with lower demand for dry-docking activities in the current quarter. The current quarter's operating profit was RM1.2 million higher compared to operating profit of RM9.7 million in the corresponding quarter from recognition of cost recovery claims in the current quarter.

Others, Eliminations and Adjustments
Operating loss of RM87.4 million in others segment was comparable to the corresponding quarter's loss of RM90.1 million.

PART B – OTHER EXPLANATORY NOTES (Continued)

Current year performance against the year ended 31 December 2022

Group revenue of RM14,271.7 million was RM404.7 million or 2.9% higher than the revenue for the year ended 31 December 2022 ("prior year") of RM13,867.0 million, while Group operating profit of RM2,881.4 million was RM220.6 million or 7.1% lower than the prior year's profit of RM3,102.0 million. The variances in Group performance by segments are further explained below.

Gas Assets & Solutions
Revenue of RM3,263.9 million was RM150.5 million or 4.8% higher than the prior year revenue of RM3,113.4 million, mainly from higher charter rates in the current year.

Operating profit of RM1,572.1 million was RM35.5 million or 2.3% higher than the prior year's profit of RM1,536.6 million, mainly from higher revenue as mentioned above.

Petroleum & Product Shipping
Revenue of RM5,030.2 million was RM362.9 million or 7.8% higher than the prior year's revenue of RM4,667.3 million mainly from improved freight rates in the current year and full contribution from vessels delivered in prior year.

Operating profit of RM1,356.6 million was RM335.6 million or 32.9% higher than the prior year's profit of RM1,021.0 million, mainly from higher revenue as mentioned above.

Offshore Business
Revenue of RM2,548.2 million was RM1,774.2 million or 41.0% lower than the prior year's revenue of RM4,322.4 million, mainly due to lower recognition of revenue from the conversion of an FPSO following lower project progress in the current year.

Operating profit of RM652.2 million was comparable to the prior year's profit of RM665.8 million.

Marine & Heavy Engineering
Revenue of RM3,309.2 million was RM1,657.6 million or more than 100% higher than the prior year's revenue of RM1,651.6 million, mainly due to higher revenue from new and ongoing projects for Heavy Engineering sub-segment.

Notwithstanding the significant increase in revenue, the segment recorded operating loss of RM467.7 million compared to operating profit of RM60.8 million in the prior year mainly due to the additional cost provisions resulted from revised schedule on ongoing heavy engineering projects during the current year.

Others, Eliminations and Adjustments
Others segment's operating loss of RM231.8 million was RM49.6 million higher than the prior year's loss of RM182.2 million, mainly due to higher corporate expenses during the year.

PART B – OTHER EXPLANATORY NOTES (Continued)

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP	Quarter Ended 31 December 2023 RM million	Quarter Ended 30 September 2023 RM million
Revenue	**4,278.3**	**3,365.1**
Operating Profit	**874.7**	**649.9**
Impairment provisions	(73.6)	-
Gain on disposal of a ship	12.0	-
Finance costs	(190.9)	(186.7)
Share of profit of associates	0.1	0.1
Share of profit of joint ventures	40.0	1.3
Profit Before Tax	**662.3**	**464.6**

Group revenue of RM4,278.3 million was RM913.2 million or 27.1% higher than the preceding quarter's revenue of RM3,365.1 million, mainly contributed by higher revenue from projects in the Marine & Heavy Engineering segment, higher revenue recognition from the conversion of an FPSO following higher project progress and improved freight rates in the Petroleum & Product Shipping segment in the current quarter.

Group operating profit of RM874.7million was RM224.8 million or 34.6% higher than the preceding quarter's profit of RM649.9 million, mainly from improved freight rates in the Petroleum & Product Shipping segment and lower cost provisions recognised in the current quarter relating to an incident involving an asset earlier this year.

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2023 RM million	As at 31 December 2022 RM million
Total assets	65,060.1	62,664.3
Total equity attributable to equity holders of the Corporation	39,285.8	37,458.7
Total liabilities	25,094.3	24,360.2

The Group's total assets at RM65,060.1 million was higher by RM2,395.8 million or 3.8% as a result of higher recognition of contract asset from conversion of an FPSO and capital expenditure incurred for ships in the current year.

Total equity attributable to shareholders of the Company increased by RM1,827.1 million or 4.9% mainly from favourable movement in currency translation reserve following weakening of RM against USD.

Total liabilities was higher by RM734.1 million or 3.0% mainly due to accruals relating to additional cost provision for on-going projects under Marine & Heavy Engineering segment.

PART B – OTHER EXPLANATORY NOTES (Continued)

B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	31 December 2023 RM million	**31 December 2022 RM million**
Net cash generated from operating activities	5,696.3	3,042.1
Net cash used in investing activities	(1,866.2)	(1,943.0)
Net cash used in financing activities	(3,920.4)	(2,040.1)
Net change in cash and cash equivalents	(90.3)	(941.0)

The Group's net cash generated from operating activities of RM5,696.3 million was higher by RM2,654.2 million compared to RM3,042.1 million in the prior year mainly due to receipt of charter hire prepayment for two FSUs. Additionally, the Group recorded lower payments for cost relating to turnkey activities for the conversion of a FPSO amounting to RM1,822.2 million in the current year compared to payments of RM2,679.9 million in the prior year. Excluding the payments for the above turnkey activities, the Group's adjusted net cash generated from operating activities of RM7,518.5 million was higher by RM1,796.5 million or 31.4% compared to RM5,722.0 million in the prior year.

The Group's net cash used in investing activities in the current year is comparable to the net cash used in investing activities in prior year.

The Group's net cash used in financing activities of RM3,920.4 million was higher by RM1,880.3 million compared to RM2,040.1 million in the prior year mainly due to higher net repayment of loans and borrowings, coupled with higher placement of cash pledged with banks in the current year.

PART B – OTHER EXPLANATORY NOTES (Continued)

B5. GROUP CURRENT YEAR PROSPECTS

In the LNG shipping segment, despite a sharp decline in December 2023 due to a mild winter and European inventory buildup, spot rates remained elevated compared to historical levels. In the near term, softer market conditions are expected due to firm LNG fleet capacity growth. However, prospects remain positive driven by Asia's LNG demand and increasing investments in LNG infrastructure. Additionally, tight vessel availability due to stricter environmental regulations requiring lower average vessel speed and retrofit timeouts, and canal disruptions at Suez and Panama will potentially boost LNG tonne-mile demand. Notwithstanding the above, the operating income for the Gas Assets and Solutions segment is anticipated to remain stable, supported by its portfolio of long-term charters.

For the Petroleum shipping segment, market rates have remained firm, with average rates showing further escalation in the final quarter of 2023, despite a seasonal decline in December. Tight oil supply is anticipated through the first quarter of 2024 with the recent implementation of new OPEC+ output cuts. Nevertheless, the near-term outlook remains positive, supported by strong Atlantic exports and increased crude imports to Asia, and potentially higher tonne-mile demand due to shifts in trade patterns following the Red Sea crisis. The above bodes well for the Petroleum & Product Shipping segment, while it continues to identify growth opportunities particularly for dual-fuel assets.

The outlook for the upstream oil and gas sector remains robust given high oil prices, continued global oil demand and increased capex spending. The demand for Floating Production Storage and Offloading units (FPSOs) is expected to remain favourable, driven by a healthy number of project sanctions worldwide, with Brazil leading as the largest market for FPSOs followed by West Africa. The Offshore Business segment will selectively pursue new opportunities in the market while maintaining focus on executing current projects. Additionally, the segment's existing portfolio of long-term contracts will continue to support its financial performance.

For the Marine & Heavy Engineering segment, continuing high oil prices, coupled with sustained oil demand, is anticipated to drive further recovery in upstream capex spending. The Marine sub-segment expects its business to remain challenging as competition intensifies with the emergence of new LNGC-repair shipyards in China and neighbouring countries. The segment will continuously explore domestic and international markets, including venturing into decarbonisation and renewable energy. It has also taken steps to improve client contracting strategies and will maintain its focus on the execution, cost management and delivery of all projects.

B6. PROFIT FORECAST AND PROFIT GUARANTEE

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

PART B – OTHER EXPLANATORY NOTES (Continued)

B7. TAXATION

	Quarter Ended 31 December 2023 RM million	Year Ended 31 December 2023 RM million
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	(45.3)	(91.0)
- prior year	5.1	(49.1)
Deferred taxation	5.2	5.3
	(35.0)	(134.8)

Section 54A of the Malaysian Income Tax Act, 1967 was amended effective from Year of Assessment ("YA") 2012, in which the tax exemption on shipping profits was reduced from 100% to 70%. The implementation of the amended Section 54A, however, was deferred several times up to YA2020. On 6 October 2022, Gazette Order (i.e. Income Tax (Exemption) (No. 7) Order 2022 (P.U. (A) 312)) was enacted for the extension of the 100% shipping tax exemption from YA2021 to YA2023 subject to obtaining annual verification from the Ministry of Transport Malaysia that each Malaysian shipowner complies with the minimum substance requirements in terms of annual operating expenditure and minimum number of full-time Malaysian employees for each Malaysian ship for both shore employees and ship personnel.

Based on the Gazette Order, the Group would now be able to continue to enjoy the 100% shipping tax exemption up to YA 2023 on the basis that the substance requirements are duly met.

The taxation charge in the accounts is attributable to tax in respect of another jurisdiction and other activities of the Group.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no outstanding corporate proposals submitted by the Group for the year ended 31 December 2023.

B9. CHANGES IN MATERIAL LITIGATION

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

We refer to previous announcements made by MISC Berhad ("MISC or the Company") in respect of the Arbitration Proceedings commenced by the Company's wholly-owned subsidiary, Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") against Sabah Shell Petroleum Company Limited ("SSPC"), in particular to the announcement on 10 April 2020 regarding the award issued by the Arbitral Tribunal and on 30 December 2022 regarding the decision of the High Court.

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

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

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

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

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

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

Proceedings Post the Award

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

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

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

PART B – OTHER EXPLANATORY NOTES (Continued)

Setting Aside OS

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

(i) 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 records of appeal were filed on 29 March 2023 and a case management was conducted on 19 April 2023. A further case management was held on 18 May 2023, where the hearing of the appeal is now fixed on 29 March 2024.

(ii) 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").

PART B – OTHER EXPLANATORY NOTES (Continued)

A dispute has arisen between the parties in relation to the Contract and there are substantial sums due and owing to MOMPL. Attempts to resolve the matter by means of a commercial settlement agreement failed to materialise and MOMPL was constrained to proceed with legal proceedings against PCPP to seek to recover the sums outstanding to MOMPL for the lease rates, payment for completed variation works, early termination fees, reimbursement of demobilisation costs and associated costs under the Contract totalling to approximately USD99,784,000 and service rates totalling approximately RM22,618,000. In this respect, the following actions have been filed:

Adjudication

1. Adjudication proceedings under the Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) was first commenced to recover MOMPL’s claim for the completed variation works amounting to approximately USD9,949,000.00. On 9 January 2019, MOMPL was awarded its entire claim of USD9,949,734.00 plus interest and costs.

2. The second adjudication proceedings under CIPAA was commenced to recover the disputed demobilisation costs amounting to approximately USD4,796,000. On 7 October 2019, MOMPL received the second Adjudication decision dated 26 July 2019 where MOMPL was awarded its entire claim of USD4,752,239.11 plus interest and costs.

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

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

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

Arbitration

6. The first arbitration proceedings seek to claim for part of the outstanding sums amounting to approximately USD18,829,000 and RM17,944,000. MOMPL’s Statement of Claim was filed on 21 December 2016.

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

   The arbitral tribunal for both arbitration proceedings have now been constituted respectively and parties are in the midst of negotiating and finalising the terms of appointment. However given the development in the filing of the 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.

PART B – OTHER EXPLANATORY NOTES (Continued)

Proceedings in Court

Originating Summons against PCPP for Early Termination Fees and Demobilisation Costs

8. 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 USD42,307,000.

   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 USD7,766,549.61 into a joint account held by both parties' solicitors within 30 days, failing which MOMPL will be able to proceed with the full hearing in the High Court action against PCPP. PCPP failed to make any such deposit and therefore the Originating Summons was reinstated in the High Court at MOMPL's request.

   b. The matter was heard on 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 USD42,307,549.61 together with interest and costs which is to be paid by PCPP. PCPP did not file any appeal against the High Court's decision however PCPP 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

9. 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.

PART B – OTHER EXPLANATORY NOTES (Continued)

Winding Up of PCPP

10. 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.

Proceedings Post Winding Up of PCPP

11. 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 USD121,892,523.00 as stated in the Proof of Debt. The liquidator has since requested a cash call from PCPP's shareholders pursuant to the terms of the Joint Operating Agreement executed in respect of PCPP. PCSB responded to dispute the cash call. Following this, the liquidator requested for further information to support PCSB's position. Since there was no response, the liquidator 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. The High Court has given directions for the liquidator, PCSB and MOMPL to file in their respective affidavits and written submissions. A hearing date for the liquidator's Application for Directions has been fixed on 29 July 2024.

(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.

PART B – OTHER EXPLANATORY NOTES (Continued)

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

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

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

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

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

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

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

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

On 30 September 2021, MMHE filed an application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, whereby MMHE seeks for the Final Award to be set aside on grounds, amongst others, that there was a breach of the rules of natural justice in connection with the making of the Final Award. KPOC, in this regard, has filed an application to seek leave from the High Court to register and enforce the Final Award as a Judgment of the High Court. (collectively, "Applications").

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

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

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

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 2023 amounting to RM535.6 million. The proposed dividend will be paid on 26 March 2024 to shareholders registered at the close of business on 14 March 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 14 March 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

	31 December 2023 RM million	31 December 2022 RM million
Trade receivables		
Third parties	3,391.2	3,259.8
Fellow subsidiaries	83.1	38.0
Joint ventures	32.6	30.1
	3,506.9	**3,327.9**
Due from customers on contracts	1,066.5	511.7
Other receivables	319.7	421.3
Less: Impairment	(412.6)	(402.2)
Trade and other receivables	**4,480.5**	**3,858.7**

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 2023 RM million	31 December 2022 RM million
Current	619.3	552.8
Past due 1-30 days	115.7	149.1
Past due 31-60 days	52.5	18.6
Past due 61-90 days	16.5	16.7
Past due more than 90 days	2,702.9	2,590.7
	3,506.9	3,327.9
Less: Impairment	(412.1)	(401.5)
Trade receivables, net	**3,094.8**	**2,926.4**

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 2023 are as follows:

Contract/Tenure	Notional Value RM million	Fair Value as at 31 December 2023 RM million
Foreign currency contracts		
Within 1 year	735.9	(26.0)
	735.9	(26.0)
Interest rate swaps		
1 year to 3 years	771.8	7.7
More than 3 years	13,776.1	702.3
	14,547.9	710.0

During the current year ended 31 December 2023, the Group had entered into IRS arrangements to hedge against adverse movements in interest rates in compliance with the facility agreement as well as forward currency contracts designated as hedges of expected future payments denominated mainly in United States Dollars.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2022:

(a) the credit risk, market risk and liquidity risk associated with these financial derivatives;

(b) the cash requirements of the financial derivatives; and

(c) the policy in place for mitigating or controlling the risks associated with these financial derivatives.

B13. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

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

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

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

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

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

PART B – OTHER EXPLANATORY NOTES (Continued)

During the financial year, the Group recorded the following (loss)/gain from change in fair value of derivative financial instruments:

	Quarter Ended 31 December 2023		Year Ended 31 December 2023	
	Loss recognised in income statements	**(Loss)/gain recognised in other comprehensive income**	**Loss recognised in income statements**	**(Loss)/gain recognised in other comprehensive income**
	RM million	**RM million**	**RM million**	**RM million**
Interest rate swaps	-	(341.7)	-	(246.1)
Foreign currency contracts	(2.3)	20.6	(25.7)	4.0

B14. EARNINGS PER SHARE

	Quarter Ended 31 December		Year Ended 31 December	
	2023	**2022**	**2023**	**2022**
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM million):	627.3	645.0	2,123.5	1,822.9
Weighted average number of ordinary shares outstanding (million)	**4,463.7**	**4,463.7**	**4,463.7**	**4,463.7**
Basic earnings per share (sen)	14.1	14.4	47.6	40.8

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

By Order of the Board