

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 December 2009.  
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31 DECEMBER 2009 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2008 RM '000	CURRENT YEAR TO DATE 31 DECEMBER 2009 RM '000	PRECEDING YEAR TO DATE 31 DECEMBER 2008 RM '000
Revenue	3,047,105	3,679,236	10,467,642	11,784,465
Other operating income	<u>47,036</u>	<u>49,441</u>	<u>170,639</u>	<u>268,960</u>
Operating profit	262,354	411,110	873,536	1,667,630
Loss on disposal of ships	-	-	(28,292)	-
Finance cost	(96,996)	(104,485)	(264,335)	(303,633)
Share of profit of associates	160	11	244	481
Share of profit of jointly controlled entities	26,109	5,510	44,609	4,894
Profit before tax	<u>191,627</u>	<u>312,146</u>	<u>625,762</u>	<u>1,369,372</u>
Taxation	<u>(3,244)</u>	<u>(32,048)</u>	<u>(37,203)</u>	<u>(55,900)</u>
Profit after tax	<u>188,383</u>	<u>280,098</u>	<u>588,559</u>	<u>1,313,472</u>
Attributable to:				
Shareholders of the parent	170,101	249,629	485,611	1,222,684
Minority interests	<u>18,282</u>	<u>30,469</u>	<u>102,948</u>	<u>90,788</u>
	<u>188,383</u>	<u>280,098</u>	<u>588,559</u>	<u>1,313,472</u>
Earnings per share attributable to shareholders of the parent :-				
(i) Basic (based on 3,719,827,586 ordinary shares) (sen)	4.6	6.7	13.1	32.9
(ii) Diluted (based on 3,719,827,586 ordinary shares) (sen)	4.6	6.7	13.1	32.9

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	AS AT END OF CURRENT QUARTER 31 DECEMBER 2009 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31 MARCH 2009 RM '000
Ships	25,824,228	25,843,161
Property, Plant and Equipment	1,693,695	1,430,046
Prepaid Land & Building Lease Payments	109,156	111,640
Investments in Associates	3,026	3,320
Investments in Jointly Controlled Entities	596,502	311,754
Other non-current financial assets	977,303	645,684
Intangible Assets	960,689	1,023,532
Deferred Tax Asset	3,723	4,133
	<u>30,168,322</u>	<u>29,373,270</u>
<b>Current Assets</b>		
<i>Inventories</i>	485,685	441,627
<i>Trade &amp; Other Receivables</i>	3,118,289	2,844,201
<i>Cash</i>	2,996,777	3,725,436
<i>Amounts due from Group Companies</i>	217,419	313,201
<i>Amounts due from Associates</i>	6,393	4,638
<i>Amounts due from Jointly Controlled Entities</i>	74,293	54,541
<i>Assets held for sale</i>	-	153
	<u>6,898,856</u>	<u>7,383,797</u>
<b>Current Liabilities</b>		
<i>Short Term Borrowings</i>	3,664,074	3,104,324
<i>Trade &amp; Other Payables</i>	4,397,421	3,380,041
<i>Provision for Taxation</i>	42,152	52,621
<i>Amounts due to Group Companies</i>	53,059	42,998
<i>Amounts due to Associates</i>	3,888	4,821
<i>Amounts due to Jointly Controlled Entities</i>	76,385	1,210
	<u>8,236,979</u>	<u>6,586,015</u>
<b>Net Current Assets</b>	<u>(1,338,123)</u>	<u>797,782</u>
	<u>28,830,199</u>	<u>30,171,052</u>
<b>Shareholders' Funds</b>		
Shareholders of parent		
Share Capital	3,719,828	3,719,828
Reserves		
<i>Revaluation Reserve</i>	1,381	1,381
<i>Other Reserves</i>	1,086,043	2,206,538
<i>Statutory Reserve</i>	1,242	1,242
<i>Retained Profits</i>	14,200,601	15,024,173
	<u>19,009,095</u>	<u>20,953,162</u>
Minority interests	340,824	341,079
Total equity	<u>19,349,919</u>	<u>21,294,241</u>
<b>Non-Current Liabilities</b>		
<i>Long Term Borrowings</i>	9,295,394	8,747,646
<i>Deferred Taxation</i>	24,039	22,903
<i>Derivatives Liabilities</i>	160,847	106,262
	<u>28,830,199</u>	<u>30,171,052</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009)



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009**

	CURRENT YEAR TO DATE 31 DECEMBER 2009 RM '000	CUMULATIVE PRECEDING YEAR TO DATE 31 DECEMBER 2008 RM '000
Cash Flow from Operating Activities	3,169,151	3,264,595
Cash Flow from Investing Activities	(3,305,540)	(3,454,473)
Cash Flow from Financing Activities	61,478	2,176,525
Net Change in Cash & Cash Equivalents	<u>(74,911)</u>	<u>1,986,647</u>
Cash & Cash Equivalents at the beginning of the year	3,725,436	1,964,361
Currency translation difference	(653,748)	118,148
Cash & Cash Equivalent at the end of the period	<u><u>2,996,777</u></u>	<u><u>4,069,156</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009

	Share Capital* Ordinary shares RM '000	Non-distributable Other reserves RM '000	Distributable Retained profits RM '000	Total RM '000	Minority interest RM '000	Total equity RM '000
9 MONTHS ENDED 31 DECEMBER 2009						
At 1 April 2009	3,719,828	2,209,161	15,024,173	20,953,162	341,079	21,294,241
	3,719,828	2,209,161	15,024,173	20,953,162	341,079	21,294,241
Currency translation differences	-	(1,070,000)	-	(1,070,000)	(19,722)	(1,089,722)
Long term investments:						
Fair value gains	-	17,046	-	17,046	-	17,046
Cash flow hedge:						
Fair value (loss)/gain	-	(67,541)	-	(67,541)	12,956	(54,585)
Net loss not recognised in income statement	-	(1,120,495)	-	(1,120,495)	(6,766)	(1,127,261)
Dividend	-	-	(1,309,183)	(1,309,183)	(96,437)	(1,405,620)
Profit for the year	-	-	485,611	485,611	102,948	588,559
At 31 December 2009	3,719,828	1,088,666	14,200,601	19,009,095	340,824	19,349,919

9 MONTHS ENDED 31 DECEMBER 2008

At 1 April 2008	3,719,828	(224,391)	14,958,961	18,454,398	274,061	18,728,459
Prior year adjustments						
- effects of adopting FRS 139	-	-	17,154	17,154	-	17,154
At 1 April 2008 (restated)	3,719,828	(224,391)	14,976,115	18,471,552	274,061	18,745,613
Currency translation differences	-	1,430,577	-	1,430,577	26,111	1,456,688
Long term investments:						
Fair value gains	-	81,384	-	81,384	-	81,384
Cash flow hedge:						
Fair value loss	-	(122,365)	-	(122,365)	-	(122,365)
Net gain not recognised in income statement	-	1,389,596	-	1,389,596	26,111	1,415,707
Acquisition of a subsidiary	-	-	-	-	1,640	1,640
Dividend	-	-	(1,290,225)	(1,290,225)	(30,362)	(1,320,587)
Profit for the year	-	-	1,222,684	1,222,684	90,788	1,313,472
At 31 December 2008	3,719,828	1,165,205	14,908,574	19,793,607	362,238	20,155,845

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



**NOTES TO THE CONDENSED FINANCIAL REPORT**

The figures have not been audited.

**A1. ACCOUNTING POLICIES**

The interim financial statements have been prepared under the historical cost convention except for the derivatives financial instruments and available-for-sale financial assets that have been measured at fair value.

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2009.

**A2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2009.

**A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 March 2009.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group are subject to market fluctuations.

**A5. EXCEPTIONAL ITEMS**

There were no exceptional items during the quarter ended 31 December 2009.

**A6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

During the current quarter ended 31 December 2009, the Group has made a repayment of RM300.0 million in respect of Medium Term Notes Programme.

**A8. DIVIDENDS**

The Group paid a final dividend of 20 sen per share tax exempt (2007/2008: 20 sen) on 21 August 2009 in respect of the 2008/2009 financial year, amounting to RM732.2 million (2007/2008: RM750.9 million) in total.

On 24 December 2009, the Group also paid an interim dividend of 15 sen per share tax exempt (2007/2008: 15 sen) in respect of the 2009/2010 financial year amounting to RM577.0 million.

## A9. SEGMENT REPORT

Segmental analysis for the current financial period to date is as follows:

	Energy Related Shipping <sup>1)</sup> RM '000	Other Energy Businesses <sup>2)</sup> RM '000	Integrated Liner Logistics RM '000	Non- Shipping RM '000	Total RM '000
<b>REVENUE AND RESULT</b>					
<b>Revenue</b>					
Total Revenue - External sales	4,971,311	3,251,418	2,244,913	-	10,467,642
<b>Result</b>					
Operating profit	1,339,248	519,486	(955,419)	(29,779)	873,536

1) LNG, petroleum and chemical

2) Offshore and heavy engineering

## A10. VALUATION OF PROPERTY

The valuations of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements as no revaluation has been carried out since 31 March 2009.

## A11. SUBSEQUENT MATERIAL EVENT

The following resolutions were tabled and approved in the Extraordinary General Meeting held on 12 January 2010:

- i) A renounceable rights issue of 743,965,517 new ordinary shares of RM1.00 each in MISC, on the basis of one (1) Rights Share for every five (5) existing ordinary shares of RM1.00 each in MISC held by the shareholders of MISC on an entitlement date to be determined and announced later, at an issue price of RM7.00 per Rights Share;
- ii) The merger of MISC's local (3816) and foreign tranche (3816F) Shares quoted and listed on the Main Market of Bursa Malaysia Securities Berhad; and
- iii) Increase in authorised share capital of MISC from RM5,000,000,001 comprising 5,000,000,000 ordinary shares of RM1.00 each and 1 preference share of RM1.00 each, to RM10,000,000,001 comprising 10,000,000,000 ordinary shares of RM1.00 each and 1 preference share of RM1.00 each.

As announced on 17 February 2010, the total valid acceptances and excess applications received for the Rights Issue at its close on 9 February 2010 was 983,759,196. This represents a subscription level of 132.23% over the total number of Rights Shares available for subscription.

## A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material change in the composition of the Group.

## A13. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM '000
<b>Secured</b>	
Bank guarantees extended to a third party	53,400
<b>Unsecured</b>	
Bank guarantees extended to third parties	350,622

## B1. REVIEW OF PERFORMANCE

The Group profit before taxation of RM191.6 million was 38.6% lower than the corresponding quarter's profit of RM312.1 million. The decrease was mainly due to lower profit in Petroleum business and higher losses in Chemical and Liner businesses. The Group's cost reduction efforts have led to lower operating costs especially in cargo costs, charter hire payable and slots payable.

## B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group profit before taxation of RM191.6 million was 6.2% higher than the RM180.4 million profit (excluding loss on disposal of ships) recorded in the preceding quarter. The higher profit recorded arose mainly from increased profit in LNG and Heavy Engineering businesses.

**B3. CURRENT YEAR PROSPECTS**

The shipping industry continues to be challenged by low demand and excess tonnage. Recent pickup in demand has absorbed some of the excess tonnages resulting in freight rates rebounding from 2009's trough. The recovery in freight rates is expected to continue over the short to medium term. MISC's earnings for the medium term will continue to be underpinned by the long term charters in its LNG and Offshore businesses as well as growth in its heavy engineering division.

**B4. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED AND SHORTFALL IN PROFIT GUARANTEE**

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

**B5. TAXATION**

	Oct 09-Dec 09 RM '000	Apr 09-Dec 09 RM '000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	3,192	36,016
- prior year	(21)	(1,868)
Deferred taxation	73	3,055
	<u>3,244</u>	<u>37,203</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect of other activities of the Group.

**B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES**

There were no material sales of investments and/or properties for the current financial year to date.

**B7. PURCHASES AND SALES OF QUOTED SECURITIES**

- i) There were no purchases and sales of quoted securities for the current financial year to date.
- ii) Investments in quoted securities as at 31 December 2009 are as follows:-

Other Long Term Investments	RM '000
At cost	159,488
At carrying value	299,138
At market value	299,138

**B8. STATUS OF CORPORATE PROPOSALS**

There were no outstanding corporate proposals submitted by the Group for the quarter ended 31 December 2009.

**B9. GROUP BORROWINGS**

- i) The tenure of Group borrowings as at 31 December 2009 classified as short and long term as well as secured and unsecured categories are as follows :-

	RM '000
Short Term Borrowings	
Secured	383,958
Unsecured	3,280,116
	<u>3,664,074</u>
Long Term Borrowings	
Secured	1,930,529
Unsecured	7,364,866
	<u>9,295,394</u>
Total	<u><u>12,959,468</u></u>

- ii) Foreign borrowings in Ringgit Malaysia equivalent as at 31 December 2009 are as follows :-

	RM '000
US Dollars	10,892,579

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments for the quarter ended 31 December 2009 .

**B11. CHANGES IN MATERIAL LITIGATION**

There were no material litigation involving the Group.

**B12. DIVIDENDS**

No dividend has been proposed for the third quarter ended 31 December 2009.

**B13. EARNINGS PER SHARE**

In respect of earnings per share :-

- i) The amount used as numerator for the calculation of basic earnings per share is RM170.1 million for the third quarter ended 31 December 2009 which are the same as the net profits shown in the condensed consolidated income statement.
- ii) The number of ordinary shares used as the denominator in calculating the earnings per share is 3,719.8 million.

The Group does not have any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.