MISC Berhad

(Company No. 8178 H)

The figures have not been audited.

Condensed Consolidated Income Statement

For The Period Ended 31 December 2011

	3 Months Ended 31 December		9 Months Ended 31 December	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	2,878,779	3,045,585	8,505,933	9,401,284
Cost of Sales	(2,637,111)	(2,556,430)	(7,478,246)	(7,754,706)
GROSS PROFIT	**241,668**	**489,155**	**1,027,687**	**1,646,578**
Other operating income/(expenses)	219,495	(11,606)	586,028	440,957
General and administrative expenses	(371,931)	(162,955)	(1,014,337)	(758,366)
OPERATING PROFIT	**89,232**	**314,594**	**599,378**	**1,329,169**
Impairment provisions	(266,268)	(120,355)	(293,431)	(120,355)
Liner Exit provisions	(1,452,723)		(1,452,723)	
Gain on dilution of interest in MHB	-	1,436,581	-	1,436,581
Gain on disposal of ships	15,365	-	23,174	-
Finance cost	(98,804)	(89,454)	(279,743)	(259,555)
Share of profit/(loss) of associates	30	(949)	224	(894)
Share of profit of jointly controlled entities	61,278	38,871	181,109	81,974
(LOSS)/PROFIT BEFORE TAX	**(1,651,890)**	**1,579,288**	**(1,222,012)**	**2,466,920**
Taxation	(44,083)	(10,094)	(88,276)	(29,505)
(LOSS)/PROFIT AFTER TAX FOR THE PERIOD	**(1,695,973)**	**1,569,194**	**(1,310,288)**	**2,437,415**
(LOSS)/PROFIT ATTRIBUTABLE TO:				
Equity holders of the parent	(1,743,525)	1,381,288	(1,481,483)	2,178,630
Minority interests	47,552	187,906	171,195	258,785
(LOSS)/PROFIT FOR THE PERIOD	**(1,695,973)**	**1,569,194**	**(1,310,288)**	**2,437,415**
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:				
(i) Basic and Diluted (Based on 4,463,794,000 no. of shares)	(39.1)	30.9	(33.2)	48.8

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 December 2011

	3 Months Ended 31 December		9 Months Ended 31 December	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT AFTER TAX FOR THE PERIOD	(1,695,973)	1,569,194	(1,310,288)	2,437,415
OTHER COMPREHENSIVE INCOME				
Fair value gain/(loss) on non-current investments	17,662	8,468	(21,876)	7,423
Fair value gain /(loss) on cash flow hedges:				
Group	15,296	37,840	9,638	(49,374)
Jointly controlled entities	(44,325)	-	(44,325)	-
Currency translation differences	(340,461)	170,699	819,094	(1,418,413)
Statutory reserves	-	-	(28)	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(351,828)**	**217,007**	**762,503**	**(1,460,364)**
TOTAL COMPREHENSIVE INCOME	**(2,047,801)**	**1,786,201**	**(547,785)**	**977,051**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(2,118,673)	1,573,549	(744,506)	737,107
Minority interests	70,872	212,652	196,721	239,944
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(2,047,801)**	**1,786,201**	**(547,785)**	**977,051**

Note:

The Corporation had, on 2 March 2011 announced the change of its financial year end from 31 March to 31 December effective 1 April 2011.

MISC Berhad
(Company No. 8178 H)

Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	31 December 2011 RM'000	31 March 2011 RM'000
ASSETS		
Ships	18,771,476	18,569,468
Offshore floating assets	7,706,240	6,794,926
Property, Plant and Equipment	1,535,468	1,454,129
Prepaid Land & Building Lease Payments	78,369	82,487
Finance Lease Receivables	420,731	212,788
Investments in Associates	2,322	605
Investments in Jointly Controlled Entities	3,538,305	2,820,490
Other non-current financial assets	1,159,995	498,496
Intangible Assets	855,158	848,699
Deferred Tax Asset	5,241	11,781
TOTAL NON CURRENT ASSETS	**34,073,305**	**31,293,869**
Inventories	434,995	403,973
Trade & Other Receivables	1,885,850	1,309,515
Cash	4,155,139	3,352,727
Amounts due from Group Companies	141,544	676,178
Amounts due from Associates	1,178	1,420
Amounts due from Jointly Controlled Entities	216,958	915,369
Assets held for sale	519,688	84,825
TOTAL CURRENT ASSETS	**7,355,352**	**6,744,007**
TOTAL ASSETS	**41,428,657**	**38,037,876**
Short Term Borrowings	5,859,556	1,247,261
Trade & Other Payables	4,581,911	3,646,721
Provision for Taxation	59,217	43,058
Amounts due to Group Companies	17,638	59,150
Amounts due to Associates	3,003	2,419
Amounts due to Jointly Controlled Entities	45,929	31,209
Derivative Liabilities	2,327	-
Liabilities of assets held for sale	-	7,739
TOTAL CURRENT LIABILITIES	**10,569,581**	**5,037,557**
NET CURRENT (LIABILTIES)/ ASSETS	(3,214,229)	1,706,450
	30,859,076	**33,000,319**
EQUITY		
Share Capital	4,463,794	4,463,794
Share Premium	4,459,468	4,459,468
Reserves	(203,341)	(1,499,484)
Retained Profits	12,288,742	14,208,587
Equity attributable to equity holders of the Corporation	**21,008,663**	**21,632,365**
Non Controlling Interests	1,288,723	1,154,973
TOTAL EQUITY	**22,297,386**	**22,787,338**
Non-Current Liabilities		
Long Term Borrowings	8,332,604	10,008,122
Deferred Taxation	45,267	7,995
Derivatives Liabilities	183,819	196,864
TOTAL NON CURRENT LIABILITIES	**8,561,690**	**10,212,981**
	30,859,076	**33,000,319**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011

MISC Berhad

(Company No. 8178 H)

Condensed Consolidated Statement of Cash Flow

For The Period Ended 31 December 2011

	31 December 2011 RM'000	31 December 2010 RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	8,950,847	9,612,018
Cash paid to suppliers and employees	(7,891,666)	(7,242,279)
Cash from Operations	**1,059,181**	**2,369,739**
Taxation paid	**(16,466)**	**(129,126)**
Net cash generated from operating activities	**1,042,715**	**2,240,613**
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and Other property, plant and equipment	(2,344,934)	(3,751,869)
Addition of prepaid lease payments		(268)
Proceeds from disposal of ships, other property, plant and equipment	147,768	75,714
Dividend received from:		
Quoted Investments	53,391	28,308
Unquoted investments	1,034	2,023
Associates and jointly controlled entities	40,386	77,748
Repayment of loans from jointly controlled entities	41,435	109,979
Loans to jointly controlled entities	(18,139)	(7,206)
Cash advances from jointly controlled entity	37,497	-
Proceeds from dilution of interest in a subsidiary	-	1,995,710
Proceeds from disposal of jointly controlled entities	46,800	-
Proceeds from disposal of business	1,700	-
Purchase of additional shares in a subsidiary	-	(991)
Acquisitions of associates and jointly controlled entity	(3,238)	(2,731,742)
Interest received	56,913	95,390
	(1,939,387)	**(4,107,204)**
Cash Flow from Financing Activities:		
Drawdown of term loans	659,914	-
Drawdown of revolving credit	1,110,025	-
Drawdown of shareholders revolving credit	459,401	-
Drawdown of Islamic Private Debt Securities	1,300,000	500,000
Repayment of term loans	(277,516)	(243,216)
Repayment of Islamic Private Debt Security	(850,000)	(700,000)
Dividends paid to shareholders of the Corporation	(438,391)	(1,558,977)
Dividends paid to minority shareholders of subsidiaries	(62,973)	(53,863)
Interest paid	(266,711)	(261,854)
	1,633,749	**(2,317,910)**
Net Change in Cash & Cash Equivalents	737,077	(4,184,501)
Cash & Cash Equivalents at the beginning of the year	3,352,727	7,849,080
Currency translation difference	65,335	(373,568)
Cash & Cash Equivalent at the end of the period	**4,155,139**	**3,291,011**

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011

MISC Berhad

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 December 2011

Attributable to equity holders of the Corporation

	Total Equity	Equity attributable to equity holders of the Corporation	Share Capital* Ordinary Shares	Share Premium	Other reserves total	Retained profits	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Fair value reserve	Hedging reserve	Currency translation reserve	Minority interest
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
9 MONTHS ENDED 31 DECEMBER 2011															
At 1 April 2011	**23,066,935**	**21,911,962**	**4,463,794**	**4,459,468**	**(1,219,887)**	**14,208,587**	**41,443**	**435,284**	**1,357**	**1,994**	**59,715**	**225,183**	**(171,637)**	**(1,813,226)**	**1,154,973**
Prior year adjustment	279,597	279,597	-	-	279,597	-	-	-	-	-	-	-	-	279,597	-
At 1 April 2011 (restated)	**23,346,532**	**22,191,559**	**4,463,794**	**4,459,468**	**(940,290)**	**14,208,587**	**41,443**	**435,284**	**1,357**	**1,994**	**59,715**	**225,183**	**(171,637)**	**(1,533,629)**	**1,154,973**
Total comprehensive income	(547,785)	(744,506)	-	-	736,977	(1,481,483)	-	-	-	(28)	-	(21,876)	(38,142)	797,023	196,699
Transactions with Equity Holders															
Transfer to/(from) reserves	-	-	-	-	(28)	28	(28)	-	-	-	-	-	-	-	-
Dividends	(501,361)	(438,390)	-	-	-	(438,390)	-	-	-	-	-	-	-	-	(62,971)
Total transactions with Equity Holders	(501,361)	(438,390)	-	-	(28)	(438,362)	(28)	-	-	-	-	-	-	-	(62,971)
At 31 December 2011	**22,297,386**	**21,008,663**	**4,463,794**	**4,459,468**	**(203,341)**	**12,288,742**	**41,415**	**435,284**	**1,357**	**1,966**	**59,715**	**203,307**	**(209,779)**	**(736,606)**	**1,288,723**
9 MONTHS ENDED 31 DECEMBER 2010															
At 1 April 2010	**24,036,209**	**23,661,972**	**4,463,794**	**4,459,468**	**422,959**	**14,315,751**	**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**189,119**	**(150,241)**	**279,216**	**374,237**
Total comprehensive income	977,051	737,107	-	-	(1,441,524)	2,178,630	-	-	-	-	-	7,423	(49,379)	(1,418,388)	239,944
Transactions with Equity holders															
Acquisition of a subsidiary	1,119	-	-	-	-	-	-	-	-	-	-	-	-	-	1,119
Disposal of a subsidiaries	520,070	-	-	-	-	-	-	-	-	-	-	-	-	-	520,070
Dividends	(1,612,838)	(1,558,976)	-	-	-	(1,558,976)	-	-	-	-	-	-	-	-	(53,862)
Total transactions with Equity Holders	(1,091,649)	(1,558,976)	-	-	-	(1,558,976)	-	-	-	-	-	-	-	-	467,327
At 31 December 2010	**23,921,611**	**22,840,103**	**4,463,794**	**4,459,468**	**(1,018,565)**	**14,935,405**	**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**196,542**	**(199,620)**	**(1,139,172)**	**1,081,508**

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011

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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 2011. 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 March 2011.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the quarterly condensed consolidated financial statements are consistent with those of the audited financial statements for the year ended 31 March 2011 except for the adoption of the new, revised and amended standards and interpretations which are mandatory for annual financial periods beginning on or after the following dates as noted below:

Standards/ IC Interpretations	**Effective Date**
FRS 1: First-time Adoption of Financial Reporting Standards (Revised)	1-Jul-10
FRS 3: Business Combinations (Revised)	1-Jul-10
FRS 127: Consolidated and Separate Financial Statements (Revised)	1-Jul-10
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1-Jul-10
Amendment to FRS 138: Intangible Assets	1-Jul-10
IC Interpretation 12: Service Concession Arrangements	1-Jul-10
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1-Jul-10
IC Interpretation 17: Distribution of Non-cash Assets to Owners	1-Jul-10
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1-Jul-10
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	30-Aug-10
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1-Jan-11
Amendments to FRS 1: Additional Exemption for First-time Adopters	1-Jan-11
Improvements to FRSs 2010:	
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards	1-Jan-11
Amendments to FRS 3: Business Combinations	1-Jan-11
Amendment to FRS 7: Financial Instruments: Disclosures	1-Jan-11
Amendments to FRS 101: Presentation of Financial Statements	1-Jan-11
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates	1-Jan-11
Amendments to FRS 128: Investment in Associates	1-Jan-11
Amendments to FRS 131: Interest in Joint Ventures	1-Jan-11
Amendments to FRS 132: Financial Instruments: Presentation	1-Jan-11
Amendments to FRS 134: Interim Financial Reporting	1-Jan-11
Amendments to FRS 139: Financial Instruments: Recognition and Measurement	1-Jan-11

A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Standards/ IC Interpretations (Cont'd)	**Effective Date**
Amendments to IC Interpretation 13, Customer Loyalty Programmes	1-Jan-11
Amendment to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments	1-Jan-11
IC Interpretation 4, Determining Whether an Arrangement Contains a Lease	1-Jan-11
IC Interpretation 18: Transfers of Assets from Customers	1-Jan-11

Except for the changes in accounting policies arising from the adoption of the FRSs below, the Group expects that the adoption of other standards and interpretations above will have no material impact on the financial statements in the period of its initial application. The nature of the impending changes in accounting policy that have impact to the Group are described below:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2, and Level 3), by class, for all financial isntruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risks disclosures with respect to derivative transactios and assets used for liquidity management.

IC Interpretation 4: Determining Whether an Arrangement Contains a Lease

This interpretation aims to provide guidance for determining whether certain arrangements are, or contain, lease that should be accounted for in accordance with FRS 117: Leases. It does not provide guidance whether such a lease should be classified as a finance lease or an operating lease.

It clarifies that an arrangement, although may not take the legal form of a lease, is treated as a lease when the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Some of the conditions to be satisfied for the treatment of a lease are as follows:

1. Purchaser has the right to operate or direct others to operate or control physical access to the asset.
2. It is remote that parties other than the purchaser will take more than an insignificant amount of the asset's output and the price is nether fixed nor at current market price.

In view of the Group leasing arrangements involving ships and offshore floating assets are handled via FRS 117: Leases, we do not expect any impact on the adoption of this IC to the Group financial statements.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified audit report in the Group's financial statements for the year ended 31 March 2011.

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 2011.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates reported in the prior period or prior financial year.

A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares during the current quarter ended 31 December 2011.

A8. DIVIDENDS

The Corporation paid a final dividend of 10 sen per share tax exempt (FY2009/10: 20 sen) on 20 October 2011 in respect of the financial year ended 31 March 2011 totalling RM438.4 million (FY2009/10: RM871.3 million)

The Corporation did not pay any interim dividend for the current financial period (FY2010/11: 15 sen totalling RM671.9 million)

A9. SEGMENT REPORT

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

	Energy Related Shipping [1]	Other Energy Businesses [2]	Integrated Liner Logistics	Others, eliminations and adjustments		Total
	RM '000	RM '000	RM '000	RM '000		RM '000
REVENUE AND RESULT						
Revenue						
Total Revenue - External sales	4,718,291	2,263,666	1,523,976	-		8,505,933
Inter-Segment	8,578	615,761	79,159	(703,498)	*	-
	4,726,869	2,879,427	1,603,135	(703,498)		8,505,933
Result						
Operating profit	561,015	465,401	(549,021)	121,983	**	599,378

1) LNG, petroleum and chemical
2) Offshore, heavy engineering and tank terminal (including VTTI)
* Inter-segment revenue and transactions are eliminated on consolidation.
** Comprise of net foreign exchange differences, interest income, dividend income from quoted investments, eliminations and adjustments.

A10. VALUATION OF PROPERTY

The value of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements. There have been no asset revaluations performed in the current financial year.

A11. SUBSEQUENT MATERIAL EVENT

To date, there have been no material events subsequent to the current financial quarter.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

No major changes were made in the composition of the Group during the current financial quarter.

A13. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM '000
Secured	
Bank guarantees extended to a third party	53,400
Unsecured	
Bank guarantees extended to third parties	168,860

A14. CAPITAL COMMITMENTS

	31 December 2011 RM'000	31 March 2011 RM'000 (Audited)
Approved and contracted for:		
Group	2,863,242	2,922,554
Share of capital commitments in jointly controlled entities	392,341	502,881
	3,255,583	**3,425,435**
Approved but not contracted for:		
Group	5,174,797	5,817,168
Share of capital commitments in jointly controlled entities	954,578	942,774
	6,129,375	**6,759,942**

The outstanding capital commitments include purchase and construction of ships, offshore floating assets and tank terminals.

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

GROUP

	Quarter RM' Million		Year-to-date RM'Million	
	31-Dec-11	**31-Dec-10**	**31-Dec-11**	**31-Dec-10**
Revenue	2,878.8	3,045.6	8,505.9	9,401.3
Less:				
Revenue subject to novation*	(134.4)	(591.2)	(797.0)	(1,840.3)
Revenue excluding novation	**2,744.4**	**2,454.4**	**7,708.9**	**7,561.0**
Operating Profit	**89.2**	**314.6**	**599.4**	**1,329.2**
(LBT)/PBT	**(1,651.9)**	**1,579.3**	**(1,222.0)**	**2,466.9**

* *Transfer of engineering contracts were made following the Turkmenistan Government's approval in December 2010 for the jointly controlled entity, MMHE- TPGM Sdn. Bhd., to operate in Turkmenistan.*

Demand for shipping is highly influenced by the state of global economy. With weak global economy coupled with vessel supply overhang, freight rates headed further south during the year.

Meanwhile, buoyed by elevated crude oil prices, the domestic oil and gas industry experienced healthy growth in 2011. With the increase in domestic E&P activities, the Group's offshore and heavy engineering businesses reported higher revenue in 2011.

QUARTER-ON-QUARTER

On the back of depressed freight rates countered by positive impact from high oil and gas activities, the Group revenue of RM2,878.8 million was 5.5% or RM166.8 million lower quarter on quarter. The decline in Group revenue for the current quarter was mainly due to lower revenue in Liner business following withdrawal from a few trade services. Depressed aframax freight rates in petroleum business and novation of certain heavy engineering projects to a jointly controlled entity further contributed to the decrease in revenue.

Excluding the novation, the Group revenue of RM2,744.4 million was 11.8% or RM290.0 million higher than RM2,454.4 million in the corresponding quarter predominantly attributed to higher number of heavy engineering projects developed in the current quarter.

Group operating profit of RM89.2 million was 71.6% lower than RM225.4 million profit in the previous corresponding quarter largely due to lower shipping revenue and higher operating costs, particularly bunker.

The Group suffered RM1,651.9 million loss for the quarter due to recognition of one off provisions totalling RM1,452.7 million as part of the Group's planned exit from the liner business. The provisions includes impairment of assets, withdrawal from trade alliances and termination of related services and operational contracts.

Poor market conditions combined with slower trading activities in the shipping segments have led to additional impairment losses totalling RM260.0 million being recognised by the Group for the quarter.

YEAR-ON-YEAR

For the nine months ended 31 December 2011, the Group revenue of RM8,505.9 million was 9.5% or RM895.4 million lower than RM9,401.3 million revenue in the previous corresponding 9-month period. Novation of certain heavy engineering projects to a jointly controlled entity contributed to the decrease in revenue for the year.

Excluding the novation, the Group revenue of RM7,708.9 million was 2.0% or RM147.9 million higher than RM7,561.0 million in the previous corresponding 9-month period, mainly due to increase in heavy engineering revenue following higher number of projects developed during the period.

Despite higher revenue (excluding novation), the Group operating profit of RM599.4 million was 55.0% lower than RM1,329.2 million in the corresponding year mainly due to higher operating costs, particularly bunker, for the shipping segments.

The Group recorded a net loss of RM1,222.0 million for the 9 month period due to recognition of one-off provisions totalling RM1,452.7 million following its recent decision to exit from the Liner business. Excluding Liner provisions, the Group also recognised RM287.2 million impairment losses on its vessels on the back of poor shipping market.

Demand for shipping remains weak. The supply-demand imbalance will continue to further depress and add volatility to petroleum and chemical freight rates. However, the Group's recent decision to cease its loss making liner business operations is expected to benefit the Group in the medium to long term.

Meanwhile, LNG, Offshore and Heavy engineering businesses will continue to provide stability to the Group's earnings .

Performance and prospects of each operating segment are discussed below:

ENERGY RELATED SHIPPING ("ERS")

	Quarter RM' Million		Year-to-date RM'Million	
	31-Dec-11	**31-Dec-10**	**31-Dec-11**	**31-Dec-10**
Revenue:				
Third Party	1,581.7	1,529.2	4,718.3	4,714.5
Operating profit	112.1	259.0	561.0	1,011.4

QUARTER-ON-QUARTER

Despite challenging and volatile market conditions for both petroleum and chemical segments, ERS segment recorded marginal increase in revenue by RM52.5 million or 3.4% when compared to the corresponding quarter.

Tonnage oversupply has exerted tremendous downward pressure on freight rates for petroleum business, translating to lower revenue. The average market rate for Aframax segment was USD12,200/day as compared to USD17,100/day in the corresponding quarter. Higher number of operating vessels during the quarter has helped to cushion the impact of depressed rates on the segment's revenue.

Improved freight rates for chemical shipping have led to higher revenue in chemical business. Vessel utilisation remains high for both petroleum and chemical businesses.

Stable revenue from long-term contracts enabled LNG business to report equally healthy results when compared to the corresponding quarter.

Lower freight rates in Petroleum business combined with higher operating costs have led to 56.7% decrease in ERS operating profit to RM112.1 million from RM259.0 million in the corresponding quarter.

YEAR-ON-YEAR

The segment's revenue year-on-year was marginally higher when compared to the corresponding 9 month period of the previous financial year.

ERS reported a 44.5% decrease in operating profit to RM561.0 million from RM1,011.4 million in the previous corresponding 9 month period, primarily due to lower freight rates in petroleum business and higher operating costs.

LNG will continue to provide stability to the segment through its long term charter contracts. Meanwhile, financial year 2012 will remain challenging for chemical and petroleum businesses as vessel oversupply position is likely to persist well into the year.

OTHER ENERGY BUSINESS ("OEB")

	Quarter RM Million		Year-to-date RM Million	
	31-Dec-11	**31-Dec-10**	**31-Dec-11**	**31-Dec-10**
Revenue:				
Third Party	850.6	957.9	2,263.7	2,904.6
Less:				
Revenue subject to novation	(134.4)	(591.2)	(797.0)	(1,840.3)
Revenue excluding novation	**716.2**	**366.7**	**1,466.7**	**1,064.3**
Operating profit	142.4	153.7	465.4	548.2

QUARTER-ON-QUARTER

The segment's revenue of RM850.6 million was 11.2% lower than RM957.9 million in the previous corresponding quarter mainly due to novation of certain heavy engineering projects to a jointly controlled entity.

Excluding novation, OEB segment recorded a 95.3% revenue improvement to RM716.2 million from RM366.7 million in the corresponding quarter. Both business segments i.e. Offshore and Heavy Engineering businesses reported growth in revenue primarily due to commencement of a new offshore project, higher O&M activities in offshore business and heavy engineering having secured higher number of Topsides and Jackets projects during the year.

Operating profit was lower by 7.4% from RM153.7 million to RM142.4 million in the corresponding quarter largely due to lesser profit recognised by heavy engineering projects that have now reached final stages of development.

YEAR-ON-YEAR

For the 9 months ended 31 December 2011, OEB segment's revenue of RM2,263.7 million was 22.1% lower than RM2,904.6 million in the corresponding 9 month period largely due to novation of certain heavy engineering projects to a jointly controlled entity.

Excluding the novation, OEB's revenue is 37.8% higher than corresponding period attributable to the commencement of new offshore projects, higher O&M activities in offshore business and higher number of heavy engineering Topsides and Jackets projects.

Cumulatively, OEB segment's operating profit was lower by 15.1% primarily due to lower profit in heavy engineering projects in line with their stages of completion, offset with higher profit in offshore business following commencement of new projects.

Enhanced efforts in domestic production of oil and gas are expected to contribute further growth to both business segments.

INTEGRATED LINER LOGISTICS ("ILL")

	Quarter RM Million		Year-to-date RM Million	
	31-Dec-11	**31-Dec-10**	**31-Dec-11**	**31-Dec-10**
Revenue:				
Third Party	446.4	558.6	1,524.0	1,782.2
Operating Loss	(233.9)	(220.3)	(549.0)	(452.4)

QUARTER-ON-QUARTER

Integrated Liner Logistics segment recorded a 20.1% revenue reduction primarily due to lower liftings following withdrawal from various Liner trade services.

Accordingly, the segment's losses of RM233.9 million was 6.2% higher compared to the corresponding quarter's loss of RM220.3 million.

YEAR-ON-YEAR

Similarly for the 9 months ended 31 December 2011, the segment reported 14.5% lower revenue and consequently recorded 21.4% higher losses from poor container shipping market conditions.

As announced on 24 November 2011, the Group will be exiting from Liner and its related businesses.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP

	Current Quarter RM Million 31-Dec-11	Preceding Quarter RM Million 30-Sep-11
Revenue:		
Third Party	2,878.8	2,617.8
Less: revenue subject to novation	(134.4)	(143.4)
Revenue excluding novation	**2,744.4**	**2,474.4**
Operating Profit	**89.2**	**299.4**
PBT/(LBT)	**(1,651.9)**	**229.2**

The Group achieved a 10.0% growth in revenue for the 3 months ended 31 December 2011 to RM2,878.8 million from RM2,617.8 million in the second quarter ended 30 September 2011. Further progress on Topsides and jackets projects in heavy engineering contributed to the positive growth for the quarter.

Despite higher revenue, the Group operating profit declined by 70.2% mainly contributed by lower revenue from lower freight rates and liftings combined with higher operating costs in shipping segments.

The Group recorded loss before tax of RM1,651.9 million for the quarter primarily due to recognition of one off provisions for the Liner exit costs amounting to RM1,452.7 million and higher vessels' impairment provisions of RM260.0 million against RM27.2 million in the preceding quarter.

B3. 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.

B4. TAXATION

	Oct 11 - Dec 11	Apr 11- Dec 11
	RM '000	RM '000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	18,404	30,809
- prior year	13,291	13,237
Deferred taxation	12,388	44,230
	44,083	88,276

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.

B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

a) The status of utilisation of proceeds raised from corporate proposals as at 15 February 2012 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

Renounceable Rights Issue

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	RM Million	RM Million		RM Million	%
Capital expenditure	5,187.3	4,652.1	Within 36 months from the completion of the Rights Issue Exercise	-	-
Estimated expenses in relation to the Rights Issue Exercise	20.5	20.5	Within 3 months from the completion of the Rights Issue Exercise	-	-
Total	**5,207.8**	**4,672.6**		-	-

b) The status of the utilisation of proceeds raised from MHB listing as at 15 February 2012 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	RM Million	RM Million		RM Million	%
Capital expenditure	914.4	441.6	Within 36 months from the date of the Listings	-	-
Working Capital	122.5	122.5	Within 12 months from the date of the Listings	-	-
Estimated expenses in relation to the Proposed Offer for Sale and listing	14.0	11.0	Within 3 months from the date of the Listings	-	-
Total	**1,050.9**	**575.1**		-	-

B6. GROUP BORROWINGS

i) The tenure of Group borrowings as at 31 December 2011 classified as short and long term as well as secured and unsecured categories are as follows :-

	RM '000
Short Term Borrowings	
Secured	453,006
Unsecured	5,406,549
	5,859,555
Long Term Borrowings	
Secured	1,920,239
Unsecured	6,412,364
	8,332,603
Total	14,192,158

ii) Foreign borrowings in Ringgit Malaysia equivalent as at 31 December 2011 are as follows :-

	RM '000
US Dollars Borrowings	11,870,589

B7. CHANGES IN MATERIAL LITIGATION

There were no material litigation involving the Group for the quarter ended 31 December 2011.

B8. DIVIDENDS

No dividend has been proposed by the Board of Directors for this financial year ended 31 December 2011 (FY2010/2011: 25 sen totalling RM1,108.5 million).

B9. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group has entered into interest rate swap arrangements, a form of derivative to convert its interest exposure from floating term into fixed term.

As at 31 December 2011, the fair value loss of the interest rate swaps with maturity between two (2) to six (6) years for a notional value of RM4,301.2 million, was RM213.0 million.

During the quarter, the Group recognised a net gain of RM9.6 million in its equity in connection to interest rate swap arrangements. The Group also shared a net loss of RM44.3 million its jointly controlled entities fair value loss in relation to the same arrangements.

To manage the exposure to foreign exchange risk, the Group has entered into forward currency contracts.

The Group has recognised a net gain of RM1.1 million in its consolidated income statement in relation to the fair value movements of forward currency contract rates; and a loss of RM3.4 million in its equity in relation to fair value of the spot component of the hedging instrument.

As at 31 December 2011, the fair value loss of the forward currency contracts with maturity less than one year for a notional value of RM105.5 million, was RM2.3 million.

B10. EARNINGS PER SHARE

In respect of earnings per share :-

i) The amount used as numerator for the calculation of basic earnings per share is RM1,743.5 million for the third quarter ended 31 December 2011 and RM1,481.5 million for the current nine-month period which is the same as the net loss shown in the condensed consolidated income statement.

ii) The number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share in the current and previous financial year is 4,464.0 million.

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

B11. REALISED AND UNREALISED PROFIT

The breakdown of the retained profits of the Group as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	31-Dec-11	**31-Dec-10**
Total retained profits of MISC Group and its subsidiaries:	**RM'000**	**RM'000**
- Realised	14,973,273	17794711
- Unrealised	(139,887)	-86962
	14,833,386	**17,707,749**
Total share of retained loss from associates:		
- Realised	(2,277)	(2,212)
- Unrealised	(42)	-
	(2,319)	**(2,212)**
Total share of retained profits from jointly controlled entities :		
- Realised	292,170	185589
- Unrealised	63,545	427
	355,715	**186,016**
Total Group retained profits	**15,186,782**	**17,891,553**
Less:		
Consolidation adjustments	(2,898,040)	(2,956,148)
Total Group retained profits as per consolidated accounts	**12,288,742**	**14,935,405**

B12. PROFIT FOR THE PERIOD

	3 Months Ended 31-Dec-11 RM'000	Year To Date 31-Dec-11 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortisation	332,966	961,485
Impairment loss of receivables	46,617	49,819
Receivables written off	7,946	11,115
Finance costs	98,804	279,743
Impairment provisions	266,268	293,431
Liner exit provisions	1,452,723	1,452,723
and after crediting:		
Interest income	50,754	86,276
Gain on disposal of:		
Ships and other properties	42,027	54,498
Jointly controlled entities	5,116	34,885
Net Foreign exchange gain	13,110	54,096
Other income :		
Disposal of scrap	1,141	12,521
Lay up income	8,217	18,480
Recoveries	12,754	25,969
Others	38,248	59,074

By Order of the Board