MISC Berhad

(Company No. 8178 H)

The figures have not been audited.

Condensed Consolidated Income Statement

For The Period Ended 31 March 2012

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2012 USD'000 MFRS	**2011 USD'000 FRS**	**2012 USD'000 MFRS**	**2011 USD'000 FRS**
Revenue	785,474	961,261	785,474	961,261
Cost of Sales	(698,172)	(796,563)	(698,172)	(796,563)
GROSS PROFIT	**87,302**	**164,698**	**87,302**	**164,698**
Other operating income	30,182	76,077	30,182	76,077
General and administrative expenses	(113,499)	(179,084)	(113,499)	(179,084)
OPERATING PROFIT	**3,985**	**61,691**	**3,985**	**61,691**
Impairment provisions	(38,027)	(145,757)	(38,027)	(145,757)
Liner exit provisions	(72,033)	-	(72,033)	-
Gain on dilution of interest in MHB	-	(7,024)	-	(7,024)
Gain on disposal of ships	-	31,554	-	31,554
Finance cost	(31,249)	(28,635)	(31,249)	(28,635)
Share of profit of associates	5	686	5	686
Share of profit of jointly controlled entities	15,164	24,557	15,164	24,557
LOSS BEFORE TAX	**(122,155)**	**(62,928)**	**(122,155)**	**(62,928)**
Taxation	(11,739)	3,925	(11,739)	3,925
LOSS AFTER TAX FOR THE PERIOD	**(133,894)**	**(59,003)**	**(133,894)**	**(59,003)**
(LOSS)/PROFIT ATTRIBUTABLE TO:				
Equity holders of the parent	(151,964)	(90,988)	(151,964)	(90,988)
Minority interests	18,070	31,985	18,070	31,985
LOSS FOR THE PERIOD	**(133,894)**	**(59,003)**	**(133,894)**	**(59,003)**
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:				
(i) Basic and Diluted	(3.4)	(2.0)	(3.4)	(2.0)
(Based on 4,463,794,000 no. of shares)				

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

MISC Berhad
(Company No. 8178 H)
The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 March 2012

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2012 USD'000	**2011 USD'000**	**2012 USD'000**	**2011 USD'000**
LOSS AFTER TAX FOR THE PERIOD	(133,894)	(59,003)	(133,894)	(59,003)
OTHER COMPREHENSIVE INCOME				
Fair value gain on non-current investments	7,887	11,574	7,887	11,574
Fair value gain/(loss) on cash flow hedges:				
Group	7,568	9,251	7,568	9,251
Jointly controlled entities	(636)	-	(636)	-
Currency translation differences	33,937	105,754	33,937	105,754
Other capital reserves	330	33	330	33
Revaluation reserves	96	(8)	96	(8)
Statutory reserves	-	248	-	248
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**49,182**	**126,852**	**49,182**	**126,852**
TOTAL COMPREHENSIVE INCOME	**(84,712)**	**67,849**	**(84,712)**	**67,849**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(112,352)	32,595	(112,352)	32,595
Minority interests	27,640	35,254	27,640	35,254
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(84,712)**	**67,849**	**(84,712)**	**67,849**

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The figures have not been audited.

Condensed Consolidated Statement of Financial Position

As at 31 March 2012

	31 March 2012	31 December 2011	1 April 2011
	USD'000	USD'000	USD'000
NON CURRENT ASSETS			
Ships	5,645,436	5,856,114	6,072,997
Offshore floating assets	2,480,303	2,429,841	2,245,885
Property, Plant and Equipment	500,163	480,115	476,080
Prepaid Land & Building Lease Payments	25,310	24,710	27,264
Finance Lease Receivables	131,396	132,660	70,332
Investments in Associates	813	732	200
Investments in Jointly Controlled Entities	1,132,661	1,115,657	1,117,066
Other non-current financial assets	365,419	365,756	164,765
Intangible Assets	269,365	269,638	280,515
Deferred Tax Asset	1,629	1,653	3,894
	10,552,495	**10,676,876**	**10,458,998**
CURRENT ASSETS			
Inventories	167,824	137,157	133,523
Trade & Other Receivables	740,345	594,624	432,826
Cash and cash equivalents	1,045,969	1,310,149	1,108,156
Amounts due from Group Companies	67,967	44,630	223,493
Amounts due from Associates	328	371	469
Amounts due from Jointly Controlled Entities	87,976	68,409	302,551
Derivative assets	50	-	-
Assets held for sale	308,372	163,862	28,037
	2,418,831	**2,319,202**	**2,229,055**
TOTAL ASSETS	**12,971,326**	**12,996,078**	**12,688,053**
EQUITY			
Share Capital	1,323,046	1,323,046	1,323,046
Share Premium	1,322,979	1,322,979	1,322,979
Reserves	415,373	375,761	459,346
Retained Profits	3,383,736	3,535,700	4,160,269
Equity attributable to owners of the parent	**6,445,134**	**6,557,486**	**7,265,640**
Non Controlling Interests	433,816	406,345	381,746
TOTAL EQUITY	**6,878,950**	**6,963,831**	**7,647,386**
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	3,493,114	2,627,338	3,307,923
Deferred Taxation	27,313	14,273	2,643
Provisions	232,167	204,109	-
Derivatives Liabilities	50,323	57,960	65,068
	3,802,917	**2,903,680**	**3,375,634**
CURRENT LIABILITIES			
Interest bearing loans and borrowings	966,562	1,847,566	412,250
Trade & Other Payables	1,274,804	1,240,605	1,205,328
Provision for Taxation	18,098	18,672	14,232
Amounts due to Group Companies	6,391	5,561	19,550
Amounts due to Associates	732	947	800
Amounts due to Jointly Controlled Entities	22,872	14,482	10,315
Derivative Liabilities	-	734	-
Liabilities of assets held for sale	-	-	2,558
	2,289,459	**3,128,567**	**1,665,033**
TOTAL LIABILITIES	**6,092,376**	**6,032,247**	**5,040,667**
TOTAL EQUITY AND LIABILITIES	**12,971,326**	**12,996,078**	**12,688,053**

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.

Condensed Consolidated Statement of Cash Flow

For The Period Ended 31 March 2012

	31 March 2012 USD'000	31 March 2011 USD'000
Cash Flow from Operating Activities:		
Cash receipts from customers	701,431	1,017,579
Cash paid to suppliers and employees	(780,321)	(914,508)
Cash from Operations	**(78,890)**	**103,071**
Taxation paid	**(3,238)**	(1,912)
Net cash generated from operating activities	**(82,128)**	**101,159**
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and Other property, plant and equipment	(139,023)	(256,686)
Proceeds from disposal of ships, other property, plant and equipment	3,357	167,359
Dividend received from:		
Quoted Investments	-	7,384
Unquoted investments	-	347
Associates and jointly controlled entities	8,160	1,316
Repayment of loans from jointly controlled entities	10,401	102,685
Loans to jointly controlled entities	-	(3,027)
Cash advances from jointly controlled entity	6,370	-
Proceeds from dilution of interest in a subsidiary	-	2,173
Additional investments in associates and jointly controlled entities	(800)	(658)
Interest received	6,108	5,020
	(105,427)	**25,913**
Cash Flow from Financing Activities:		
Repayment of term loans	(41,107)	(40,074)
Dividends paid to minority shareholders of subsidiaries	(172)	(14,993)
Interest paid	(99,966)	(44,759)
	(141,245)	**(99,826)**
Net Change in Cash & Cash Equivalents	(328,800)	27,246
Cash & Cash Equivalents at the beginning of the year	1,310,149	1,051,441
Currency translation difference	64,620	29,469
Cash & Cash Equivalent at the end of the period	**1,045,969**	**1,108,156**

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

MISC Berhad

(Company No. 8178 H)

Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 March 2012

	Total Equity	Equity attributable to owners of the Parent	Attributable to owners of the parent												Minority interest
			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	
	USD'000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
3 MONTHS ENDED 31 MARCH 2012															
At 1 Jan 2012	**7,030,549**	**6,624,204**	**1,323,046**	**1,322,979**	**375,563**	**3,602,616**	**15,238**	**143,933**	**370**	**575**	**17,281**	**64,104**	**(65,942)**	**200,004**	**406,345**
Impact of adoption of MFRS 1	(66,718)	(66,718)	-	-	198	(66,916)	-	-	-	-	-	-	-	198	-
At 1 January 2012 (restated)	**6,963,831**	**6,557,486**	**1,323,046**	**1,322,979**	**375,761**	**3,535,700**	**15,238**	**143,933**	**370**	**575**	**17,281**	**64,104**	**(65,942)**	**200,202**	**406,345**
Total comprehensive income	(84,712)	(112,352)	-	-	39,414	(151,964)	330	-	96	-	-	7,887	5,910	25,389	27,640
Transactions with owners															
Dividends	(169)	-	-	-	-	-	-	-	-	-	-	-	-	-	(169)
Total transactions with owners	(169)	-	-	-	-	-	-	-	-	-	-	-	-	-	(169)
At 31 March 2012	**6,878,950**	**6,445,134**	**1,323,046**	**1,322,979**	**415,373**	**3,383,736**	**15,568**	**143,933**	**466**	**575**	**17,281**	**71,991**	**(60,032)**	**225,591**	**433,816**
3 MONTHS ENDED 31 MARCH 2011															
At 1 Jan 2011	**7,642,687**	**7,297,157**	**1,323,046**	**1,322,979**	**192,284**	**4,458,848**	**15,205**	**454**	**378**	**327**	**17,281**	**59,002**	**(65,336)**	**164,973**	**345,530**
Total comprehensive income	67,849	32,595	-	-	123,583	(90,988)	33	-	(8)	248	-	11,574	8,606	103,129	35,254
Transactions with owners															
Transfer to reserves	-	-	-	-	143,479	(143,479)	-	143,479	-	-	-	-	-	-	-
Forex on capital reserves	5,088	5,088	-	-	-	5,088	-	-	-	-	-	-	-	-	-
Disposal of a subsidiaries	15,665	-	-	-	-	-	-	-	-	-	-	-	-	-	15,665
Dividends	(14,703)	-	-	-	-		-	-	-	-	-	-	-	-	(14,703)
Total transactions with owners	6,050	5,088	-	-	143,479	(138,391)	-	143,479	-	-	-	-	-	-	962
At 31 March 2011	**7,716,586**	**7,334,840**	**1,323,046**	**1,322,979**	**459,346**	**4,229,469**	**15,238**	**143,933**	**370**	**575**	**17,281**	**70,576**	**(56,730)**	**268,102**	**381,746**

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

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

MISC Berhad
(Company No. 8178 H)

Notes to The Condensed Financial Report
The figures have not been audited

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 condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 15 May 2012.

A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

A2.1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. Except for the effects of the matter disclosed in Note A2.2 Comparative information, these condensed consolidated interim financial statements are prepared in compliance with MFRS 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

For the periods up to and including the period ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The audited consolidated financial statements of the Group for the period ended 31 December 2011, which were prepared under FRS, are available upon request from the Company registered office at level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

These condensed consolidated interim financial statements form part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. The adjustments include translations of amounts previously reported in RM under FRS to USD. Explanations of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows are described in Note A3 below.

The reconciliations of equity and income statement for comparative periods and of equity at the date of transition reported under FRS, restated after translation to USD, to those reported for those periods and at the date of transition under MFRS are provided as per Appendix A. The transition from FRS to MFRS has no material impact on the statement of cash flows.

A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (Cont'd.)

A2.2 Comparative information

During the financial period ended 31 December 2011, the Group changed its year end from 31 March to 31 December to be coterminous with the year end of its holding company. The date of transition to MFRS is 1 April 2011. Comparative amounts (i.e for the three months period ended 31 March 2011) presented for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes:

(i) are not comparable interim period (quarter and year-to-date) of the immediate preceding financial period as required by MFRS 134; and

(ii) represent amounts prepared under FRS, prior to the date of transition to MFRS.

Accordingly, these comparative amounts are not comparable to the amounts presented in MFRS for the three months period ended 31 March 2012.

The comparative amounts for the three months period ended 31 March 2011 were used to provide the relevant unambiguous comparative information to enable fair assessment of the group's performance given the nature and seasonality of the Group's business.

The above departure from the requirements of MFRS 134 is primarily due to the Group's change of financial year end. However, the impact on the comparatives is temporary and will be resolved by the quarter ending March 2013.

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Presentation currency

These supplemental interim consolidated financial statements have been prepared in United States Dollar ("USD").

(b) Business Combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations* prospectively from the date of transition, or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combination under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(c) Ships, other property, plant and equipment ("SPPE")

The Group has adopted cost model to measure its SPPE under FRS. Upon transition to MFRS, the group has elected to still maintain the measurement of its SPPE using the cost model under MFRS 116 : *Property, Plant and Equipment.* At the date of transition to MFRS, the Group elected to:

(i) Regard fair value of certain ships at date of transition as their deemed costs at that date. As at transition date, i.e. 1 April 2011, a downward adjustment of USD64,656,000 (31 December 2011: USD62,687,000) was made to SPPE's carrying values. The corresponding adjustment was recognised against retained earnings.

(ii) Regard fair value of certain buildings at date of transition as their deemed costs at that date. As at transition date, i.e. 1 April 2011, a downward adjustment of USD4,544,000 (31 December 2011: USD4,031,000) was recognised in SPPE's carrying values. The corresponding adjustment was recognised against retained earnings and reserves.

(d) Estimates

The estimates at 1 April 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at the date of transition to MFRS i.e. 1 April 2011 and as at 31 December 2011.

The reconciliations of equity and income statement for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided as per Appendix A.

A4. CHANGES IN ESTIMATES

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

A5. CHANGES IN COMPOSITION OF THE GROUP

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

A6. 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
	USD '000	USD '000	USD '000	USD '000	USD '000
REVENUE AND RESULT					
Revenue					
External sales	494,233	225,308	65,933	-	785,474
Inter-Segment	675	66,306	2,342	(69,324) *	-
	494,908	291,615	68,276	(69,324)	785,474
Result					
Operating profit	79,984	56,114	(100,766)	(31,347) **	3,985

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.

A7. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A8. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	3 Months Ended		3 Months Ended	
	31-Mar-12 USD'000	**31-Mar-11 USD'000**	**31-Mar-12 USD'000**	**31-Mar-11 USD'000**
Interest income	6,333	17,396	6,333	17,396
Other income	7,781	40,719	7,781	40,719
Finance cost	(31,249)	(28,635)	(31,249)	(28,635)
Depreciation of property, plant and equipment	(92,737)	(98,816)	(92,737)	(98,816)
Amortisation of prepaid lease payments	(230)	(368)	(230)	(368)
Amortisation of intangibles	(2,295)	(2,279)	(2,295)	(2,279)
Impairment loss on trade and non trade receivables:				
Jointly controlled entities	-	(5,938)	-	(5,938)
Third parties	(272)	(3,672)	(272)	(3,672)
Bad debts written off	(592)	(3,909)	(592)	(3,909)
Inventories written off	-	(1,623)	-	(1,623)
Loss on dilution on interest in a subsidiary	-	(7,024)	-	(7,024)
Impairment of ships, property, plant and equipment	(38,027)	(145,757)	(38,027)	(145,757)
Impairment on liner vessels*	(8,545)	-	(8,545)	-
Net realised foreign exchange gain	8,547	10,516	8,547	10,516
Net unrealised foreign exchange loss	(36,448)	(39,831)	(36,448)	(39,831)

** included in the Liner exit provisions*

A9. SHIPS,PROPERTY, PLANT AND EQUIPMENT (SPPE)

Included in the total assets are constructions work-in-progress of USD2,910,944,000, mainly for the construction of ships and offshore floating assets.

The Group disposed assets with carrying amount of USD3,874,000 in the quarter ended 31 March 2012 (31 March 2011: USD125,260,000). As a result, the Group recognised a net loss on disposal of USD528,000 (31 March 2011: Net gain of USD31,545,600) from the asset sales.

Impairment provisions of USD38,027,000 was recognised in the current quarter. Additionally, Liner exit provisions includes USD8,545,000 million impairment on liner vessels.

A10. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	USD'000	USD'000	USD'000
Cost			
At 1 April 2011	**229,840**	**166,737**	**396,577**
Currency translation differences	(1,852)	-	**(1,852)**
At 31 December 2011	**227,988**	**166,737**	**394,725**
Currency translation differences	618	-	618
At 31 March 2012	**228,606**	**166,737**	**395,343**
Accumulated amortisation and impairment			
At 1 April 2011	768	115,293	116,061
Amortisation	-	6,692	6,692
Currency translation differences	(36)	2,368	2,332
At 31 December 2011	**732**	**124,353**	**125,085**
Amortisation	-	2,289	2,289
Currency translation differences	25	(1,421)	(1,396)
At 31 March 2012	**757**	**125,221**	**125,978**
Net carrying amount			
At 1 April 2011	**229,072**	**51,444**	**280,516**
At 31 December 2011	**227,256**	**42,384**	**269,640**
At 31 March 2012	**227,849**	**41,516**	**269,365**

Goodwill is tested for impairment on annual basis (31 December) or when circumstances indicate that the carrying value may be impaired. The Group's impairment test is a comparison of the goodwill's carrying value against its value-in-use (calculated using cash flow projections). The key assumptions used to determine the recoverable amount of the cash generating units were discussed in the annual consolidated financial statements for the period ended 31 December 2011.

Impairment test on the goodwill of the Group's investment in a quoted subsidiary is performed by comparing carrying value of investment against the recoverable amount derived from its share price quoted on the Main Market of Bursa Malaysia.

Goodwill was not tested for impairment in the quarter as there were no indications of impairment as at 31 March 2012.

The other intangible assets relate to fair value of long term charter hire contracts, as determined by an independent professional valuer, amortised over the time charter period of the contracts.

A11. INVENTORIES

There were no write-down of inventories or reversal of inventories written-down recognised by the Group during the three months period ended 31 March 2012.

A12. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents are as follows:

	31-Mar-12	31-Dec-11	1-Apr-11
	USD'000	USD'000	USD'000
Deposits with licensed banks	772,409	1,220,443	1,017,226
Cash and bank balances	273,560	89,706	90,930
Total cash and cash equivalents	**1,045,969**	**1,310,149**	**1,108,156**

A13. 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 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31-Mar-12				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	120,297	-	-	**120,297**
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(50,323)	-	(50,323)
Forward exchange	-	-	-	-
	-	**(50,323)**	**-**	**(50,323)**
31-Dec-11				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	110,723	-	-	**110,723**
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(57,960)	-	**(57,960)**
Forward exchange	-	(734)	-	**(734)**
	-	**(58,694)**	**-**	**(58,694)**
1-Apr-11				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	123,296	-	-	**123,296**
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(65,068)	-	**(65,068)**

No transfers between any levels of the fair value hierarchy took place during the current period and the comparative periods. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

A14. 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 March 2012.

A15. INTEREST BEARING LOANS AND BORROWINGS

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

	31-Mar-12 USD'000	31-Dec-11 USD'000	1-Apr-11 USD'000
Short Term Borrowings			
Secured	144,028	142,868	131,316
Unsecured	822,534	1,704,698	280,933
	966,562	1,847,566	412,249
Long Term Borrowings			
Secured	563,959	605,477	480,735
Unsecured	2,929,155	2,021,861	2,827,188
	3,493,114	2,627,338	3,307,923
Total	**4,459,676**	**4,474,904**	**3,720,172**

ii) Foreign borrowings in United States Dollar equivalent as at 31 March 2012 are as follows :-

	USD'000
Ringgit Malaysia	756,231

A16. DIVIDENDS

No interim dividend has been declared for the financial period ended 31 March 2012. (31 March 2011 : Nil)

A17. CAPITAL COMMITMENTS

	31-Mar-12 USD'000	31-Dec-11 USD'000	1-Apr-11 USD'000
Approved and contracted for:			
Group	799,451	902,804	965,974
Share of capital commitments in jointly controlled entities	363,098	123,708	166,215
	1,162,549	1,026,512	1,132,189
Approved but not contracted for:			
Group	1,583,430	1,631,656	1,922,717
Share of capital commitments in jointly controlled entities	28,570	300,986	311,609
	1,612,000	1,932,642	2,234,326
Total	**2,774,549**	**2,959,154**	**3,366,515**

A18. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	USD '000
Secured	
Bank guarantees extended to a third party	17,403
Unsecured	
Bank guarantees extended to third parties	57,299

A19. SUBSEQUENT MATERIAL EVENT

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

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

GROUP

	Quarter and Year-to-date USD'Million	
	31-Mar-12	**31-Mar-11**
Revenue	785.5	961.3
Operating Profit	4.0	61.7
Loss Before Tax	(122.2)	(62.9)

For the first quarter ended 31 March 2012, the Group recorded revenue of USD785.5 million, an 18.3% decrease as compared to USD961.3 million in the same calendar period of last year ("comparative quarter").

The revenue decrease was largely due to reduction in Liner business revenue from lower volume carried and lower freight rates. The business segment suffered a 93.0% reduction in liftings following the Group's decision to completely exit from the Liner business operations by middle 2012. Lower revenue in Heavy Engineering business segment further contributed to the decrease in Group revenue.

Lower earning days from reduced demand combined with softer rates have translated to 3.5% revenue decrease in Petroleum business.

On the back of lower revenue, the Group's operating profit of USD4.0 million for the quarter was 93.5% lower than the comparative quarter's operating profit of USD61.7 million. The decrease in the Group's operating profit was largely due to higher losses in Liner business and lower profit in Heavy Engineering business.

Despite 8.4% revenue growth in Chemical business, increased operating costs particularly bunker, has resulted in higher losses for the segment.

The Group suffered loss before tax of USD122.2 million for the quarter, a 94.1% increase as compared to USD62.9 million loss before tax in the comparative quarter, mainly due to lower operating profit generated in the current quarter. The Group recognised additional impairment provision on its ships of USD38.0 million in the current quarter following decrease in asset values from deterioration of shipping markets. In comparison, the Group recognised impairment provisions of USD145.6 million in the comparative quarter. The Group also recognised USD72.0 million additional Liner exit provisions in the current quarter.

Compounded by continuing uncertainties in global economic growth, the prospects for shipping industry continue to remain challenging. Low freight rates, rising bunker costs and vessels supply overhang contribute to the challenges faced and do not bode well for the rest of the year. Cost management will be an important priority in the few quarters ahead.

Meanwhile, LNG market remains favorable with buoyant demand for gas energy in Japan, whilst the prospects for Offshore and Heavy Engineering businesses remain favorable in the short and medium term and continue to provide stability to the Group.

Performance and prospects of each operating segment are discussed below:

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS (Cont'd.)

ENERGY RELATED SHIPPING ("ERS")

	Quarter and Year-to-date USD'Million	
	31-Mar-12	31-Mar-11
Revenue:		
Third Party	494.2	495.6
Operating profit	80.0	92.8

ERS segment's revenue of USD494.2 million in the current quarter is marginally lower than the USD495.6 million revenue in the comparative quarter.

For petroleum segment, both VLCC and aframax sectors saw a slight improvement in average market rates for the current quarter as compared to the comparative quarter. Increase in the average market rates of both sectors was mainly influenced by a combination of growth in seaborne crude oil volumes and transport distance. As reference, the VLCC average market rate was USD36,114/day relative to USD27,656/day, whilst the average market rate for aframax sector was USD15,188/day relative to USD15,045/day in the comparative quarter. Despite improvement in average market rates, Petroleum business recorded 3.5% reduction in revenue, mainly attributed to lower earning days as well as lower charter renewal rates for its VLCC sector.

Market improvement in the Chemical sector has led to higher freight rates achieved for both, palm oil and chemical sub-sectors. Higher freight rates and volume carried have translated to 8.4% revenue growth in Chemical business, softening the impact of lower revenue in Petroleum business.

ERS segment's operating profit of USD80.0 million for the quarter is 13.8% lower than the USD92.8 million profit in the comparative quarter. The segment's lower operating profit was largely due to higher operating costs, especially bunker. However, LNG business stable performance has helped to mitigate the higher operating losses in Petroleum and Chemical businesses.

The outlook for the Petroleum and Chemical segments remain downcast on the back of subdued outlook of the global economy. Meanwhile, LNG market remains favorable with buoyant demand for gas energy in Japan and will continue to provide stability to ERS segment.

OTHER ENERGY BUSINESS ("OEB")

	Quarter and Year-to-date USD'Million	
	31-Mar-12	31-Mar-11
Revenue:		
Third Party	225.3	276.6
Operating profit	56.1	59.1

OEB segment's revenue of USD225.3 million in the current quarter is 18.5% lower than the USD276.6 million revenue in the comparative quarter.

The decrease in the segment's revenue was mainly due to lower revenue recognised by Heavy Engineering business, especially from staggered novation of EPCIC Turkmenistan Block 1 project to a jointly controlled entity. Heavy Engineering recorded USD193.6 million revenue from Turkmenistan project in the comparative quarter. However, higher number of Topsides and Jackets projects developed and secured in the quarter has reduced the revenue impact from Turkmenistan Block 1 project. No major movement on Offshore business revenue as compared to the comparative quarter.

Operating profit was lower by 5.1% to USD56.1 million from USD59.1 million in the comparative quarter, mainly due to lesser profit recognised from Turkmenistan Block 1 project as it has reached final stages of completion.

Enhanced efforts in domestic and international production of oil and gas will provide growth opportunities to the segment. The segment's prospects remain favorable in the short and medium term.

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS (Cont'd.)

INTEGRATED LINER LOGISTICS ("ILL")

	Quarter and Year-to-date USD Million	
	31-Mar-12	**31-Mar-11**
Revenue:		
Third Party	65.9	189.1
Operating Loss	(100.8)	(57.4)

Integrated Liner Logistics segment recorded 65.1% revenue decrease when compared to the comparative quarter, primarily attributed to lower volume carried and lower freight rates. Poor liner market conditions combined with the Group's decision to exit from its Liner related business operations have influenced the demand for the business, as evidenced by a 93.0% reduction in volume carried for the current quarter.

Accordingly, the segment's operating losses of USD100.8 million was 75.4% higher than the comparative quarter's operating loss of USD57.4 million.

As announced on 24 November 2011, the Group will be exiting from Liner and its related businesses with full operational cessation expected by 30 June 2012.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP

	Current Quarter USD Million 31-Mar-12	Preceding Quarter USD Million 31-Dec-11
Revenue:		
Third Party	**785.5**	**913.3**
Operating Profit	**4.0**	**26.7**
Loss Before Tax	**(122.2)**	**(541.4)**

The Group revenue of USD785.5 million in the current quarter is 14.0% lower than USD913.3 million recorded in the preceding quarter. Lower volume carried by Liner business combined with lower freight rates in petroleum business following unfavorable market were the main causes of the decrease in Group revenue.

In tandem with lower revenue, the Group's operating profit of USD4.0 million was 85.1% lower than the USD26.7 million operating profit in the preceding quarter ended 31 December 2011. The lower Group operating profit was primarily due to higher losses in the Liner business segment, negated by improved performance in Petroleum and Chemical businesses. Both Petroleum and Chemical businesses have reduced their losses by 42.8% and 29.9% respectively.

The current quarter's loss before tax of USD122.2 million was 77.4% lower than the USD541.4 million loss in the preceding quarter. The USD419.2 million decrease in the current quarter's loss before tax was mainly attributed to lower recognition of liner exit and impairment provisions totalling USD110.1 million in the current quarter as compared to USD561.4 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

	Jan 11- Mar 11 USD '000
Taxation for the period comprises the following charge	
Income tax charge	
- current period	(1,001)
- prior year	1
Deferred taxation	12,739
	11,739

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 8 May 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	
	USD Million	USD Million		USD Million	%
Capital expenditure	1,541.4	1,444.0	Within 36 months from the completion of the Rights Issue Exercise	-	-
Estimated expenses in relation to the Rights Issue Exercise	6.1	6.1	Within 3 months from the completion of the Rights Issue Exercise	-	-
Total	**1,547.5**	**1,450.1**		-	-

B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (Cont'd.)

b) The status of the utilisation of proceeds raised from MHB listing as at 8 May 2012 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	USD Million	USD Million		USD Million	%
Capital expenditure	282.8	151.7	Within 36 months from the date of the Listings	-	-
Working Capital	37.9	122.5	Within 12 months from the date of the Listings	-	-
Estimated expenses in relation to the Proposed Offer for Sale and listing	4.3	3.4	Within 3 months from the date of the Listings	-	-
Total	**325.0**	**277.6**		-	-

B6. CHANGES IN MATERIAL LITIGATION

There were no material litigations involving the Group for the quarter ended 31 March 2012.

B7. DIVIDENDS

No dividend has been proposed by the Board of Directors for this financial period ended 31 March 2012 (31 March 2011 : 10 sen)

B8. 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 March 2012, the fair value loss of the interest rate swaps with maturity between two (2) to five (5) years for a notional value of USD1,337,872,000 was USD50,323,000.

During the quarter, the Group recognised a net gain of USD7,568,000 in its equity in connection to its hedging activities. The Group also shared a net loss of USD636,000 of its jointly controlled entities fair value loss in relation to the same arrangements.

The Group also has entered into forward currency contracts to manage the exposure to foreign exchange risk. As at 31 March 2012, the fair value gain of its foreign exchange contract is USD50,000.

B8. DERIVATIVES (Cont'd.)

Details of the Group's derivative financial instruments outstanding as at 31 March 2012 are as follows:

Contract/Tenure	Notional Value USD'000	Fair Value USD'000
Foreign exchange contracts		
Less than 1 year	**10,817**	**50**
Interest rate swaps		
1 year to 3	1,256,110	(48,214)
More than 3	81,762	(2,109)
	1,337,872	**(50,323)**
Total	**1,348,689**	**(50,273)**

B9. EARNINGS/LOSS PER SHARE

In respect of earnings per share :-

i) The amount used as numerator for the calculation of basic loss per share is USD152.0 million for the first quarter ended 31 March 2012 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.

B10. REALISED AND UNREALISED PROFIT

The breakdown of the Group's retained profits as at 31 March 2012 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-Mar-12 USD'000	31-Mar-11 USD'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	4,242,753	5,119,059
- Unrealised	(104,316)	(65,083)
	4,138,437	**5,053,975**
Total share of retained loss from associates:		
- Realised	(660)	(562)
- Unrealised	(11)	(17)
	(671)	**(579)**
Total share of retained profits from jointly controlled entities :		
- Realised	94,303	61,287
- Unrealised	20,822	(50)
	115,125	**61,236**
Total Group retained profits	**4,252,891**	**5,114,633**
Less:		
Consolidation adjustments	(869,155)	(885,164)
Total Group retained profits as per consolidated accounts	**3,383,736**	**4,229,469**

By Order of the Board

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

(i) Reconciliations of income statement for the period ended 31 December 2011

	FRS as at 31-Dec-2011 USD'000	Note 3 (b) Adjustments Business Combination USD'000	Note 3 (c) Adjustments SPPE USD'000	MFRS as at 31-Dec-2011 USD'000
Revenue	2,777,293	-	-	2,777,293
Cost of sales	(2,441,741)	-	1,969	(2,439,772)
Gross profit	**335,552**	**-**	**1,969**	**337,521**
Other operating income	163,175	-	-	163,175
Finance income	28,170	-	-	28,170
General and administrative expenses	(331,194)	-	89	(331,105)
Operating Profit	**195,703**	**-**	**2,058**	**197,761**
Net gain on disposal of ships	7,567	-	-	7,567
Impairment provisions	(95,809)	-	-	(95,809)
Liner exit provisions	(474,332)	-	-	(474,332)
Finance costs	(91,340)	-	-	(91,340)
Share of profit of associates	73	-	-	73
Share of profit of jointly controlled entities	59,134	-	-	59,134
Loss before taxation	**(399,004)**	**-**	**2,058**	**(396,946)**
Taxation	(28,823)	-	-	(28,823)
Loss after taxation	**(427,827)**	**-**	**2,058**	**(425,769)**

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

(ii) Reconciliations of equity

	FRS as at 1-Apr-2011 USD'000	Note 3 (b) Adjustments Business Combination USD'000	Note 3 (c) Adjustments SPPE USD'000	MFRS as at 1-Apr-2011 USD'000	FRS as at 31-Dec-2011 USD'000	Note 3 (b) Adjustments Business Combination USD'000	Note 3 (c) Adjustments SPPE USD'000	MFRS as at 31-Dec-2011 USD'000
ASSETS								
NON-CURRENT ASSETS								
Ships	6,137,653	-	(64,656)	6,072,997	5,918,801	-	(62,687)	5,856,114
Offshore floating assets	2,245,885	-	-	2,245,885	2,429,841	-	-	2,429,841
Property, Plant and Equipment	480,624	-	(4,544)	476,080	484,146	-	(4,031)	480,115
Prepaid Land & Building Lease Payments	27,264	-	-	27,264	24,710	-	-	24,710
Finance Lease Receivables	70,332	-	-	70,332	132,660	-	-	132,660
Investments in Associates	200	-	-	200	732	-	-	732
Investments in Jointly Controlled Entities	1,117,066	-	-	1,117,066	1,115,657	-	-	1,115,657
Other non-current financial assets	164,765	-	-	164,765	365,756	-	-	365,756
Intangible Assets	280,515	-	-	280,515	269,638	-	-	269,638
Deferred Tax Asset	3,894	-	-	3,894	1,653	-	-	1,653
	10,528,198	**-**	**(69,200)**	**10,458,998**	**10,743,594**	**-**	**(66,718)**	**10,676,876**
CURRENT ASSETS								
Inventories	133,523	-	-	133,523	137,157	-	-	137,157
Trade & Other Receivables	432,826	-	-	432,826	594,624	-	-	594,624
Cash and cash equivalents	1,108,156	-	-	1,108,156	1,310,149	-	-	1,310,149
Amounts due from Group Companies	223,493	-	-	223,493	44,630	-	-	44,630
Amounts due from Associates	469	-	-	469	371	-	-	371
Amounts due from Jointly Controlled Entities	302,551	-	-	302,551	68,409	-	-	68,409
Assets held for sale	28,037	-	-	28,037	163,862	-	-	163,862
	2,229,055	**-**	**-**	**2,229,055**	**2,319,202**	**-**	**-**	**2,319,202**
TOTAL ASSETS	**12,757,253**	**-**	**(69,200)**	**12,688,053**	**13,062,796**	**-**	**(66,718)**	**12,996,078**

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

(ii) Reconciliations of equity (Cont'd.)

	FRS as at 1-Apr-2011 USD'000	Note 3 (b) Adjustments Business Combination USD'000	Note 3 (c) Adjustments SPPE USD'000	MFRS as at 1-Apr-2011 USD'000	FRS as at 31-Dec-2011 USD'000	Note 3 (b) Adjustments Business Combination USD'000	Note 3 (c) Adjustments SPPE USD'000	MFRS as at 31-Dec-2011 USD'000
Share Capital	1,323,046	-	-	1,323,046	1,323,046	-	-	1,323,046
Share Premium	1,322,979	-	-	1,322,979	1,322,979	-	-	1,322,979
Reserves	459,346	-	-	459,346	375,563	-	198	375,761
Retained Profits	4,229,469	-	(69,200)	4,160,269	3,602,616	-	(66,916)	3,535,700
Equity attributable to owners of the parent	**7,334,840**	**-**	**(69,200)**	**7,265,640**	**6,624,204**	**-**	**(66,718)**	**6,557,486**
Non Controlling Interests	381,746	-	-	381,746	406,345			406,345
TOTAL EQUITY	**7,716,586**	**-**	**(69,200)**	**7,647,386**	**7,030,549**	**-**	**(66,718)**	**6,963,831**
NON-CURRENT LIABILITIES								
Interest bearing loans and borrowings	3,307,923	-	-	3,307,923	2,627,338	-	-	2,627,338
Deferred Taxation	2,643	-	-	2,643	14,273	-	-	14,273
Provisions	-	-	-	-	204,109	-	-	204,109
Derivatives Liabilities	65,068	-	-	65,068	57,960	-	-	57,960
	3,375,634	**-**	**-**	**3,375,634**	**2,903,680**	**-**	**-**	**2,903,680**
CURRENT LIABILITIES								
Interest bearing loans and borrowings	412,250	-	-	412,250	1,847,566	-	-	1,847,566
Trade & Other Payables	1,205,328	-	-	1,205,328	1,240,605	-	-	1,240,605
Provision for Taxation	14,232	-	-	14,232	18,672	-	-	18,672
Amounts due to Group Companies	19,550	-	-	19,550	5,561	-	-	5,561
Amounts due to Associates	800	-	-	800	947	-	-	947
Amounts due to Jointly Controlled Entities	10,315	-	-	10,315	14,482	-	-	14,482
Derivative Liabilities	-	-	-	-	734	-	-	734
Liabilities of assets held for sale	2,558	-	-	2,558	-	-	-	-
	1,665,033	**-**	**-**	**1,665,033**	**3,128,567**	**-**	**-**	**3,128,567**
TOTAL LIABILITIES	**5,040,667**	**-**	**-**	**5,040,667**	**6,032,247**	**-**	**-**	**6,032,247**
TOTAL EQUITY AND LIABILITIES	**12,757,253**	**-**	**(69,200)**	**12,688,053**	**13,062,796**	**-**	**(66,718)**	**12,996,078**