

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



Condensed Consolidated Income Statement

For The Period Ended 31 March 2014

	3 Months Ended		Cumulative	
	31 March		3 Months Ended	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	2,290,542	2,379,539	2,290,542	2,379,539
Cost of sales	(1,574,799)	(1,859,046)	(1,574,799)	(1,859,046)
GROSS PROFIT	715,743	520,493	715,743	520,493
Other operating income	43,652	69,171	43,652	69,171
General and administrative expenses	(255,119)	(198,679)	(255,119)	(198,679)
OPERATING PROFIT	504,276	390,985	504,276	390,985
Net impairment provisions	-	(23,967)	-	(23,967)
Finance costs	(95,739)	(75,621)	(95,739)	(75,621)
Share of (loss)/profit of associates	(1)	21	(1)	21
Share of profit of joint ventures	119,334	57,732	119,334	57,732
PROFIT BEFORE TAX	527,870	349,150	527,870	349,150
Taxation	(16,019)	(12,455)	(16,019)	(12,455)
PROFIT FOR THE PERIOD	511,851	336,695	511,851	336,695
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	486,396	300,425	486,396	300,425
Non-Controlling Interests	25,455	36,270	25,455	36,270
PROFIT FOR THE PERIOD	511,851	336,695	511,851	336,695
BASIC & DILUTED EARNINGS /(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION:	10.9	6.7	10.9	6.7

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Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 March 2014

	3 Months Ended		Cumulative	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAX FOR THE PERIOD	511,851	336,695	511,851	336,695
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Fair value (loss)/gain on non-current investments	(24,631)	14,056	(24,631)	14,056
Cash Flow hedges:				
Fair value (loss)/gain				
Group	(361)	14,565	(361)	14,565
Joint ventures	2,324	5,737	2,324	5,737
Currency translation differences	(213,264)	125,264	(213,264)	125,264
Total other comprehensive income/(loss)	(235,932)	159,622	(235,932)	159,622
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	275,919	496,317	275,919	496,317
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	252,435	459,002	252,435	459,002
Non-Controlling Interests	23,484	37,315	23,484	37,315
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	275,919	496,317	275,919	496,317

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.

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Condensed Consolidated Statement of Financial Position

As at 31 March 2014

	31 March 2014 RM'000	31 December 2013 RM'000
NON CURRENT ASSETS		
Ships	18,787,725	18,948,734
Offshore floating assets	1,885,602	1,888,439
Property, plant and equipment	1,896,193	1,854,313
Prepaid lease payments on land and buildings	255,625	251,750
Finance lease receivables	1,358,286	1,387,841
Investments in associates	1,963	1,971
Investments in joint ventures	6,070,902	6,031,026
Other non-current financial assets	774,774	817,780
Intangible assets	892,126	901,533
Deferred tax asset	67,248	65,422
	31,990,444	32,148,809
CURRENT ASSETS		
Inventories	241,872	262,900
Finance lease receivables	60,117	59,124
Trade and other receivables	2,706,447	2,370,047
Cash and cash equivalents	4,773,002	4,747,735
Amounts due from Group companies	141,397	61,003
Amounts due from associates	255	197
Amounts due from joint ventures	381,166	359,344
Assets held for sale	128,448	221,728
Derivatives assets	2,566	1,344
	8,435,270	8,083,422
TOTAL ASSETS	40,425,714	40,232,231
EQUITY		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	560,871	794,832
Retained profits	15,481,231	14,994,835
Equity attributable to owners of the parent	24,965,364	24,712,929
Non-Controlling Interests	1,067,924	1,044,440
TOTAL EQUITY	26,033,288	25,757,369
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	6,579,974	6,826,205
Deferred tax liabilities	20,068	20,143
Liner Exit Provisions	587,626	602,973
Derivatives liabilities	3,519	4,230
	7,191,187	7,453,551
CURRENT LIABILITIES		
Interest bearing loans and borrowings	3,520,729	3,392,624
Trade and other payables	3,548,824	3,491,213
Provision for taxation	40,548	34,421
Amounts due to Group companies	13,166	15,996
Amounts due to associates	2,178	2,177
Amounts due to joint ventures	75,794	84,880
Derivative liabilities	-	-
	7,201,239	7,021,311
TOTAL LIABILITIES	14,392,426	14,474,862
TOTAL EQUITY AND LIABILITIES	40,425,714	40,232,231

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.

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(Company No. 8178 H)

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Condensed Consolidated Statement of Cash Flow

For The Period Ended 31 March 2014

	31 March 2014	31 March 2013
	RM'000	RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	1,918,976	2,166,182
Cash paid to suppliers and employees	(1,194,395)	(2,364,854)
Cash from Operations	724,581	(198,672)
Taxation paid	(11,794)	(27,464)
Net cash generated from operating activities	712,787	(226,136)
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(520,990)	(391,392)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	93,613	11
Dividend received from:		
Associates and joint ventures	14,966	-
Repayment of loans due from joint ventures		18,777
Loans to joint ventures	(5,297)	(55,157)
Cash advances from a joint venture		31,141
Proceeds from disposal of a subsidiary	5,000	2,948
Interest received	6,036	12,739
Net cash flows (used in)/generated from investing activities	(406,672)	(380,933)
Cash Flow from Financing Activities:		
Drawdown of term loans and revolving credit	143,000	-
Repayment of term loans and revolving credit	(200,011)	(185,207)
Acquisition of non-controlling interest	(59,349)	-
Interest paid	(129,656)	(154,426)
Net cash generated from/(used in) financing activities - continuing operations	(246,016)	(339,633)
Net Change in Cash & Cash Equivalents	60,099	(946,702)
Cash & Cash Equivalents at the beginning of the year	4,747,735	3,972,743
Currency translation difference	(34,832)	18,946
Cash & Cash Equivalent at the end of the period	4,773,002	3,044,987

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.

MISC Berhad

(Company No. 8178 H)



Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 March 2014

	← Attributable to equity holders of the Corporation →														
	Total equity	Equity attributable to equity holders of the Corporation	Share capital* Ordinary shares	Share premium	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Fair value reserve	Hedging reserve	Currency translation reserve	Non-controlling Interests
	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
3 MONTHS ENDED 31 MARCH 2014															
At 1 January 2014	25,757,369	24,712,929	4,463,794	4,459,468	14,994,835	794,832	41,415	435,284	1,357	1,966	59,715	190,754	(32,306)	96,647	1,044,440
Total comprehensive income/(loss)	275,919	252,435	-	-	486,396	(233,961)	-	-	-	-	-	(24,631)	3,574	(212,905)	23,484
Transactions with owners															
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	26,033,288	24,965,364	4,463,794	4,459,468	15,481,231	560,871	41,415	435,284	1,357	1,966	59,715	166,123	(28,732)	(116,258)	1,067,924
3 MONTHS ENDED 31 MARCH 2013															
At 1 January 2013	22,484,960	21,081,970	4,463,794	4,459,468	12,858,809	(700,101)	41,415	435,284	1,357	1,966	59,715	252,794	(116,147)	(1,376,485)	1,402,990
Impact on adoption of MFRS 10 & 11	(280,967)	42,008	-	-	47,819	(5,811)	(5,764)	-	-	-	-	-	-	(47)	(322,975)
At 1 January 2013 (Restated)	22,203,993	21,123,978	4,463,794	4,459,468	12,906,628	(705,912)	35,651	435,284	1,357	1,966	59,715	252,794	(116,147)	(1,376,532)	1,080,015
Total comprehensive income	496,317	459,002	-	-	300,425	158,577	-	-	-	-	-	14,056	21,198	123,323	37,315
Transactions with owners															
Disposal of a subsidiary	(1,617)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,617)
Dividends	(24,777)	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,777)
Total transactions with owners	(26,394)	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,394)
At 31 March 2013	22,673,916	21,582,980	4,463,794	4,459,468	13,207,053	(547,335)	35,651	435,284	1,357	1,966	59,715	266,850	(94,949)	(1,253,209)	1,090,936

* 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 December 2013.

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 unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 8 May 2014.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2014 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The results for this interim period are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2013.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2013.

The audited consolidated financial statements of the Group for the year ended 31 December 2013 are available upon request from the Corporation's registered office located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2014 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2013.

As of 1 January 2014, the Group and the Corporation have adopted revised MFRSs and Amendments to MFRSs that have been issued by the MASB as listed below:

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014:

Amendments to MFRS 10: Consolidated Financial Statements
Amendments to MFRS 12: Disclosure of Interests in Other Entities
Amendments to MFRS 127: Consolidated and Separate Financial Statements
Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
(Annual Improvements 2009-2011 Cycle)
IC Interpretation 21: Levies

MFRS and amendments effective for annual periods beginning on or after 1 July 2014:

Amendments to MFRS 2: Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 3: Business Combinations (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 3: Business Combinations (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 8: Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 140: Investment Property (Annual Improvements 2011-2013 Cycle)

A4. CHANGES IN ESTIMATES

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

A5. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2013.

A6. CHANGES IN COMPOSITION OF THE GROUP

On 21 March 2014, the Corporation announced that it has entered into an Agreement for Sale and Purchase of Shares with Golden Age Logistics Sdn. Bhd. ("GAL"), a wholly-owned subsidiary of Utusan Printcorp Sdn. Bhd. ("UPSB"), for the proposed disposal of 100% equity interest held by the Corporation in MISC Integrated Logistics Sdn. Bhd. ("MILS") for a cash consideration of RM250.0 million.

A7. SEGMENT REPORT

Segmental analysis for the current financial year is as follows:

	Energy Related Shipping ¹⁾	Other Energy Businesses ²⁾	Others, eliminations and adjustments	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	1,637,893	566,938	85,711	2,290,542
Inter-Segment	1,447	239,673	(241,120)	-
	1,639,340	806,611	(155,409) *	2,290,542
Operating profit	450,255	58,951	(4,930) **	504,276

1) LNG, Petroleum and Chemical

2) Offshore, Heavy Engineering and Tank Terminal (including VTTI)

* Comprises Integrated Logistics results and Inter-segment eliminations

** Comprises Integrated Logistics results, net foreign exchange differences, interest income, dividend income from quoted investments, eliminations and adjustments.

A8. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A9. PROFIT FOR THE PERIOD

Included in the profit for the period are the following items:

	3 Months Ended		Cumulative 3 Months Ended	
	31-Mar-14 RM'000	31-Mar-13 RM'000	31-Mar-14 RM'000	31-Mar-13 RM'000
Interest income	11,603	10,200	11,603	10,200
Other income	25,420	35,491	25,420	35,491
Finance cost	(95,739)	(75,621)	(95,739)	(75,621)
Depreciation of property, plant and equipment	(315,738)	(279,641)	(315,738)	(279,641)
Amortisation of prepaid lease payments	(1,822)	(1,974)	(1,822)	(1,974)
Amortisation of intangibles	(3,224)	(6,946)	(3,224)	(6,946)
Impairment loss on trade and non trade receivables:				
Joint ventures	-	(2,044)	-	(2,044)
Third parties	(4,526)	(85)	(4,526)	(85)
Bad debts written off	-	(761)	-	(761)
Impairment of ships, property, plant and equipment, and assets held for sales	-	(23,967)	-	(23,967)
Net realised foreign exchange gain/(loss)	(2,695)	14,572	(2,695)	14,572
Net unrealised foreign exchange (loss)/gain	441	(14,211)	441	(14,211)

A10. SHIPS, PROPERTY, PLANT AND EQUIPMENT (SPPE)

Included in total assets are constructions work-in-progress, mainly for the construction of ships and offshore floating assets, of RM3,024,583,000.

The Group disposed two (2) chemical tankers at their carrying amount of RM90,656,000 in the quarter ended 31 March 2014 (31 March 2013: RM11,000).

A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2013	763,002	504,463	1,267,465
Addition			-
Currency translation differences	47,682		47,682
At 31 December 2013	810,684	504,463	1,315,147
Addition			-
Currency translation differences	(6,183)		(6,183)
At 31 March 2014	804,501	504,463	1,308,964
Accumulated amortisation and impairment			
At 1 January 2013	2,325	398,213	400,538
Amortisation		13,076	13,076
At 31 December 2013	2,325	411,289	413,614
Amortisation		3,224	3,224
At 31 March 2014	2,325	414,513	416,838
Net carrying amount			
At 1 January 2013	760,677	106,250	866,927
At 31 December 2013	808,359	93,174	901,533
At 31 March 2014	802,176	89,950	892,126

Goodwill is tested for impairment on an 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 recoverable amount. The recoverable amounts are based on value in use for cash generating unit ("CGU") calculated using cash flow projections. The key assumptions used to determine the value in use of CGU are disclosed in the annual consolidated financial statements for the year ended 31 December 2013.

Goodwill was not tested for impairment in the quarter as there were no indications of impairment as at 31 March 2014.

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.

A12. INVENTORIES

There were no write-down of inventories or reversal of inventories written-down recognised by the Group during the quarter ended 31 March 2014.

A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents are as follows:

	31-Mar-14 RM'000	31-Dec-14 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	2,750,974	2,414,069
Cash and bank balances	231,864	286,098
Deposits with licensed banks	1,790,164	2,047,568
Total cash and cash equivalents	4,773,002	4,747,735

* Beginning 1 July 2013, the Corporation's and a few subsidiaries in the Group's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC") to allow for more efficient cash management of the Group.

A14. FAIR VALUE HIERARCHY

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2014				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	313,980	-	-	313,980
Derivatives				
Forward exchange contracts	-	2,566	-	2,566
	313,980	2,566	-	316,546
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(3,519)	-	(3,519)
At 31 December 2013				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	338,613	-	-	338,613
Derivatives				
Forward exchange contracts	-	1,344	-	1,344
	338,613	1,344	-	339,957
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(4,230)	-	(4,230)

A14. FAIR VALUE HIERARCHY (CONT'D.)

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.

A15. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities made by the Group during the quarter ended 31 March 2014.

A16. INTEREST BEARING LOANS AND BORROWINGS

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

	31-Mar-14	31-Dec-14
	RM'000	RM'000
Short Term Borrowings		
Secured	406,246	301,372
Unsecured	<u>3,114,483</u>	<u>3,091,252</u>
	<u>3,520,729</u>	<u>3,392,624</u>
Long Term Borrowings		
Secured	918,905	1,122,819
Unsecured	<u>5,661,069</u>	<u>5,703,386</u>
	<u>6,579,974</u>	<u>6,826,205</u>
Total	<u>10,100,703</u>	<u>10,218,829</u>

ii) Foreign borrowings in United States Dollar equivalent as at 31 March 2014 are as follows :-

	RM'000
United States Dollar Borrowings	<u>8,417,223</u>

A17. DIVIDENDS

No interim dividend has been declared for the financial period ended 31 March 2014 (31 March 2013 : Nil).

A18. CAPITAL COMMITMENTS

	31-Mar-14	31-Dec-14
	RM'000	RM'000
Approved and contracted for:		
<i>Group</i>	677,737	705,590
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	232,440	309,581
	<u>910,177</u>	<u>1,015,171</u>
Approved but not contracted for:		
<i>Group</i>	2,300,985	2,423,013
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	77,670	77,670
	<u>2,378,655</u>	<u>2,500,683</u>
Total	<u>3,288,832</u>	<u>3,515,854</u>

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM'000
<i>Secured</i>	
Bank guarantees extended to a third party	<u>53,400</u>
<i>Unsecured</i>	
Bank guarantees extended to third parties	9,355
Trade guarantees and performance bonds	<u>407,193</u>
	<u>416,548</u>

A20. 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 RM Million		Year to date RM Million	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Revenue	2,290.5	2,379.5	2,290.5	2,379.5
Operating Profit	504.3	391.0	504.3	391.0
PBT	527.9	349.2	527.9	349.2

Performance of current quarter against the corresponding quarter

Group revenue for the quarter ended 31 March 2014 of RM2,290.5 million was 3.7% lower than RM2,379.5 million revenue in the corresponding quarter.

The decrease in Group revenue was mainly due to lower revenue in Heavy Engineering, as projects in hand near completion with low value of outstanding progress billings while new projects are in the early stages of construction. Furthermore, Chemical business recorded lower revenue from smaller fleet of operating vessels.

Meanwhile, LNG business recorded higher revenue from higher earning days. Petroleum business also recorded higher revenue from improved freight rates.

Group operating profit of RM504.3 million was 29.0% higher than RM391.0 million profit in the corresponding quarter, mainly due to increase in freight rates and higher volume of lightering activities in Petroleum business.

Group profit before tax of RM527.9 million was 51.2% higher than RM349.2 million profit in the corresponding quarter, mainly due to improved freight rates and higher volume of lightering activities in Petroleum business. Higher share of profit from joint ventures, especially Gumusut-Kakap Semi Floating Production System (L) Limited ("GKL"), following commencement of its finance lease income in June 2013 also contributed to the increase in profit.

Performance and prospects of each operating segment are discussed below:

ENERGY RELATED SHIPPING ("ERS")

	Quarter RM Million		Year to date RM Million	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Revenue:				
Third Party	1,637.9	1,424.7	1,637.9	1,424.7
Operating profit	450.3	252.9	450.3	252.9

Performance of current quarter against the corresponding quarter

ERS revenue of RM1,637.9 million was 15.0% higher than RM1,424.7 million in the corresponding quarter from higher revenue in LNG and Petroleum businesses. Higher earning days contributed to the increase in LNG business revenue while improved freight rates resulted in an increase in Petroleum shipping revenue.

Chemical business revenue declined arising from smaller fleet of operating vessels following disposal of some assets.

ERS recorded higher operating profit of RM450.3 million compared to RM252.9 million in the corresponding quarter, in line with higher revenue and lower operating cost from smaller fleet of operating vessels in Petroleum and Chemical businesses.

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS (CONT'D.)

OTHER ENERGY BUSINESS ("OEB")

	Quarter RM Million		Year to date RM Million	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Revenue:				
Third Party	566.9	826.8	566.9	826.8
Operating profit	59.0	118.1	59.0	118.1

Performance of current quarter against the corresponding quarter

OEB revenue of RM566.9 million was 31.4% lower than RM826.8 million in the corresponding quarter, mainly from lower revenue in Heavy Engineering, as projects in hand near completion with low value of outstanding progress billings while new projects are in the early stages of construction.

OEB operating profit of RM59.0 million was lower compared to RM118.1 million in the corresponding quarter following the decline in Heavy Engineering revenue.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP

	Current Quarter RM Million 31-Mar-14	Preceding Quarter RM Million 31-Dec-13
Revenue:		
Third Party	2,290.5	2,142.1
Operating Profit	504.3	404.0
PBT	527.9	1,090.3

The Group's revenue of RM2,290.5 million was 6.9% higher than RM2,142.1 million in the preceding quarter, mainly due to higher revenue in Petroleum business from higher freight rates and higher progress billings on certain projects in Heavy Engineering.

In line with higher revenue, Group operating profit of RM504.3 million was 24.8% higher than RM404.0 million in the preceding quarter.

The current quarter's profit before tax of RM527.9 million was lower compared to the preceding quarter's profit of RM1,090.3 million. The preceding quarter's profit included a once off gain on disposal through finance lease for GKL amounting to RM573 million.

B3. GROUP CURRENT YEAR PROSPECTS

Chemical and Petroleum shipping prospects remain challenging amidst a vessel oversupply market. Long-term contracts in LNG and Offshore businesses continue to provide stability to the Group.

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

	Jan 14 - Mar 14
	RM'000
Taxation for the period comprises the following charge	
Income tax charge	
- current period	18,599
- prior year	23
Deferred taxation	<u>(2,603)</u>
	<u>16,019</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 Government had on 7 October 2011 proposed that the current exemption for the shipping sector provided under Section 54A of the Income Tax Act, 1967 ("the Act") be reduced from 100% to 70% of statutory income effective from Year of Assessment ("YA") 2012. However, the Government subsequently decided to defer the above proposal for a period of 2 years via Income Tax (Exemption) (No.2) Order 2012 dated 29 May 2012. The Government decided to extend the deferment on implementation of the reduction in tax exemption under S54A by a further period of 2 years as stated in a letter issued by Ministry of Finance dated 29 October 2013.

The taxation charge for the Group is attributable to tax in respect of other activities of the Group.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(a) On 21 March 2014, the Corporation announced that it has entered into an Agreement for Sale and Purchase of Shares with Golden Age Logistics Sdn. Bhd. ("GAL"), a wholly-owned subsidiary of Utusan Printcorp Sdn. Bhd. ("UPSB"), for the proposed disposal of 100% equity interest held by the Corporation in MISC Integrated Logistics Sdn. Bhd. ("MILS") for a cash consideration of RM250.0 million.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(b) The status of the utilisation of proceeds raised from disposal of 50% stake in Gumusut as at 2 May 2014 is as follows:

Purpose	Proposed utilisation ⁽¹⁾	Actual utilisation	Estimated timeframe for utilisation from the Completion Date ⁽¹⁾	Revised timeframe for utilisation from the Completion Date	Deviation amount		Explanations
	RM'million	RM'million			RM'million	⁽³⁾ %	
Repayment of bank loans and borrowings	3,820.6	3,820.6	Within nine (9) months	Within nine (9) months	0.0	0.0	
Capital expenditure	1,472.2	529.4	Within eighteen (18) months	Within thirty six (36) months ⁽²⁾	943.7	17.8	Slower progress than originally anticipated of a capital project and deferment of a capital project to which some of the proceeds were intended for utilisation.
Estimated expenses in relation to the Share Disposal	2.0	1.8	Within three (3) months	Within three (3) months	0.2	*	
Total	5,294.8	4,351.8			943.9	17.8	

Note:

* Negligible.

(1) As disclosed in MISC's circular to shareholders in relation to the Share Disposal dated 12 November 2012.

(2) Given the progress of utilisation of proceeds for capital expenditure against the actual utilisation as at 31 March 2014, the Board agreed to extend the timeframe for utilisation of proceeds for capital expenditure by an additional eighteen (18) months. This results in the extension of the timeframe for utilisation of proceeds for capital expenditure to thirty six (36) months from the original timeframe of eighteen (18) months.

(3) Computed based on the deviation amount divided by the total proceeds raised from the Share Disposal.

B7. CHANGES IN MATERIAL LITIGATION

There were no material litigations involving the Group for the quarter ended 31 March 2014.

B8. DIVIDENDS

No dividend has been proposed by the Board of Directors for this quarter ended 31 March 2014 (31 March 2013 : Nil).

B9. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group entered into interest rate swap ("IRS") arrangement, a form of derivative to convert its interest exposure from floating term into fixed term. The existing IRS entered in March 2010 will mature in February 2017. The maturity of the IRS coincides with the maturity of the original floating rate loan.

The Group also entered into forward currency contracts to manage its foreign exchange risk.

Details of the Group's derivative financial instruments outstanding as at 31 March 2014 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value gain/(loss) RM'000
<u>Foreign exchange contracts</u>		
less than 1 year	67,667	2,566
<u>Interest rate swaps</u>		
More than 3 years	168,878	(3,519)
Total	<u>236,545</u>	<u>(953)</u>

B10. EARNINGS/(LOSS) PER SHARE

	Quarter ended 31-Mar		Financial period ended 31-Mar	
	2014	2013	2014	2013
Basic earnings/(loss) per share are computed as follows:				
Profit/(loss) for the period attributable to owners of the Corporation (RM'000):				
-from continuing operations	486,396	300,425	486,396	300,425
-from discontinued operations	-	-	-	-
	<u>486,396</u>	<u>300,425</u>	<u>486,396</u>	<u>300,425</u>
Weighted average number of ordinary shares in issue (thousand)	<u>4,463,794</u>	<u>4,463,794</u>	<u>4,463,794</u>	<u>4,463,794</u>
Basic earnings/(loss) per share (sen)				
-from continuing operations	10.9	6.7	10.9	6.7
-from discontinued operations	-	-	-	-
	<u>10.9</u>	<u>6.7</u>	<u>10.9</u>	<u>6.7</u>

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 Group's retained profits as at 31 December 2013 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-14	31-Dec-13
	RM'000	RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	16,153,711	15,825,477
- Unrealised	31,412	(59,965)
	<u>16,185,123</u>	<u>15,765,512</u>
Total share of retained loss from associates:		
- Realised	(2,278)	(2,251)
- Unrealised	(83)	(68)
	<u>(2,361)</u>	<u>(2,319)</u>
Total share of retained profits from joint ventures :		
- Realised	1,639,608	1,532,069
- Unrealised	19,879	22,865
	<u>1,659,487</u>	<u>1,554,934</u>
Total Group retained profits	<u>17,842,249</u>	<u>17,318,127</u>
Less:		
Consolidation adjustments	(2,361,018)	(2,323,292)
Total Group retained profits as per consolidated accounts	<u>15,481,231</u>	<u>14,994,835</u>

By Order of the Board