

## MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



### Condensed Consolidated Income Statement

For The Period Ended 30 September 2014

	3 Months Ended		Cumulative	
	30 September		9 Months Ended	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	2,180,288	2,166,389	7,009,463	6,830,341
Cost of sales	(1,522,633)	(1,635,768)	(5,032,851)	(5,323,286)
<b>GROSS PROFIT</b>	<b>657,655</b>	<b>530,621</b>	<b>1,976,612</b>	<b>1,507,055</b>
Other operating income	52,750	46,999	118,886	246,396
General and administrative expenses	(223,628)	(170,522)	(722,109)	(609,166)
<b>OPERATING PROFIT</b>	<b>486,777</b>	<b>407,098</b>	<b>1,373,389</b>	<b>1,144,285</b>
Net impairment reversals	-	(7,787)	-	22,589
Disposal of a subsidiary	-	4,084	-	4,084
Liner exit provisions and expenses	-	2,073	-	2,073
Net loss on ships disposal	13,524	6,987	(34,395)	(7,275)
Finance costs	(56,286)	(104,716)	(247,470)	(303,933)
Share of (loss)/profit of associates	(25)	(10)	(32)	25
Share of profit of joint ventures	66,528	136,691	291,459	279,335
<b>PROFIT BEFORE TAX</b>	<b>510,518</b>	<b>444,420</b>	<b>1,382,951</b>	<b>1,141,183</b>
Taxation	(12,957)	(14,025)	(54,523)	(39,221)
<b>PROFIT FOR THE PERIOD</b>	<b>497,561</b>	<b>430,395</b>	<b>1,328,428</b>	<b>1,101,962</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>				
Equity Holders of the Corporation:	470,796	401,022	1,245,276	1,002,395
Non-Controlling Interests	26,765	29,373	83,152	99,567
<b>PROFIT FOR THE PERIOD</b>	<b>497,561</b>	<b>430,395</b>	<b>1,328,428</b>	<b>1,101,962</b>
<b>BASIC &amp; DILUTED EARNINGS /(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION</b>	<b>10.5</b>	<b>9.0</b>	<b>27.9</b>	<b>22.5</b>

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## Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 30 September 2014

	3 Months Ended		Cumulative	
	30 September		9 Months Ended	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>PROFIT AFTER TAX FOR THE PERIOD</b>	<b>497,561</b>	<b>430,395</b>	<b>1,328,428</b>	<b>1,101,962</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Fair value (loss)/gain on non-current investments	(15,754)	(2,669)	(53,403)	(23,785)
Cash Flow hedges:				
Fair value (loss)/gain				
Group	2,032	32,337	4,026	77,735
Joint ventures	4,654	(4,691)	24,366	(741)
(Loss)/gain on currency translation	(340,514)	577,268	(163,577)	1,249,253
<b>Net other comprehensive income/(loss) to be reclassified</b>				
<b>Net loss on ships disposal</b>	<b>(349,582)</b>	<b>602,245</b>	<b>(188,588)</b>	<b>1,302,462</b>
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Other capital reserves	476,837	-	476,837	-
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>	<b>476,837</b>	<b>-</b>	<b>476,837</b>	<b>-</b>
<b>Total other comprehensive income/(loss) from continuing operations</b>	<b>127,255</b>	<b>602,245</b>	<b>288,249</b>	<b>1,302,462</b>
<b>Other comprehensive (loss)/income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive (loss)/income</b>	<b>127,255</b>	<b>602,245</b>	<b>288,249</b>	<b>1,302,462</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>624,816</b>	<b>1,032,640</b>	<b>1,616,677</b>	<b>2,404,424</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:</b>				
Equity Holders of the Corporation:	594,147	990,974	1,533,496	2,288,847
Non-Controlling Interests	30,669	41,666	83,181	115,577
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>624,816</b>	<b>1,032,640</b>	<b>1,616,677</b>	<b>2,404,424</b>

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

## MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



### Condensed Consolidated Statement of Financial Position

As at 30 September 2014

	30 September 2014	31 December 2013
	RM'000	RM'000
<b>NON CURRENT ASSETS</b>		
Ships	18,202,667	18,948,734
Offshore floating assets	1,966,213	1,888,439
Property, plant and equipment	1,976,378	1,854,313
Prepaid lease payments on land and buildings	252,395	251,750
Finance lease receivables	1,343,978	1,387,841
Investments in associates	1,822	1,971
Investments in joint ventures	6,070,782	6,031,026
Other non-current financial assets	750,638	817,780
Intangible assets	888,924	901,533
Deferred tax asset	82,139	65,422
	<b>31,535,936</b>	<b>32,148,809</b>
<b>CURRENT ASSETS</b>		
Inventories	272,783	262,900
Finance lease receivables	64,776	59,124
Trade and other receivables	2,469,260	2,370,047
Cash and cash equivalents	5,727,621	4,747,735
Amounts due from Group companies	58,926	61,003
Amounts due from associates	304	197
Amounts due from joint ventures	102,001	359,344
Assets held for sale	125,253	221,728
Derivatives assets	1,298	1,344
	<b>8,822,222</b>	<b>8,083,422</b>
<b>TOTAL ASSETS</b>	<b>40,358,158</b>	<b>40,232,231</b>
<b>EQUITY</b>		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	1,083,051	794,832
Retained profits	15,837,012	14,994,835
<b>Equity attributable to owners of the parent</b>	<b>25,843,325</b>	<b>24,712,929</b>
Non-Controlling Interests	1,056,656	1,044,440
<b>TOTAL EQUITY</b>	<b>26,899,981</b>	<b>25,757,369</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing loans and borrowings	8,820,277	6,826,205
Deferred tax liabilities	24,263	20,143
Liner Exit Provisions	550,246	602,973
Derivatives liabilities	2,420	4,230
	<b>9,397,206</b>	<b>7,453,551</b>
<b>CURRENT LIABILITIES</b>		
Interest bearing loans and borrowings	1,067,649	3,392,624
Trade and other payables	2,853,148	3,491,213
Provision for taxation	33,730	34,421
Amounts due to Group companies	10,387	15,996
Amounts due to associates	2,178	2,177
Amounts due to joint ventures	93,879	84,880
Derivative liabilities	-	-
	<b>4,060,971</b>	<b>7,021,311</b>
<b>TOTAL LIABILITIES</b>	<b>13,458,177</b>	<b>14,474,862</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,358,158</b>	<b>40,232,231</b>

## MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



## Condensed Consolidated Statement of Cash Flow

For The Period Ended 30 September 2014

	30 September 2014	30 September 2013
	RM'000	RM'000
<b>Cash Flow from Operating Activities:</b>		
Cash receipts from customers	7,338,706	6,672,200
Cash paid to suppliers and employees	(5,441,601)	(5,603,994)
<b>Cash from Operations</b>	<b>1,897,105</b>	<b>1,068,206</b>
Taxation paid	(68,881)	(37,543)
<b>Net cash generated from operating activities</b>	<b>1,828,224</b>	<b>1,030,663</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of ships, offshore floating assets and other property, plant and equipment	(1,020,533)	(1,737,806)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	591,404	360,327
Dividend received from:		
Quoted investments	4,824	3,500
Associates and joint ventures	639,946	110,525
Repayment of loans due from joint ventures	-	1,848
Loans to joint ventures	(5,245)	(119,724)
Proceeds from disposal of a subsidiary	5,000	2,948
Additional investments in a subsidiary and a joint venture	-	(2,231)
Interest received	18,938	25,984
<b>Net cash flows (used in)/generated from investing activities</b>	<b>234,334</b>	<b>(1,354,629)</b>
<b>Cash Flow from Financing Activities:</b>		
Drawdown of term loans and revolving credit	5,223,736	2,637,523
Repayment of term loans and revolving credit	(5,505,735)	(2,677,364)
Acquisition of non-controlling interest	(58,340)	-
Dividends paid	(403,099)	-
Dividends paid to non-controlling interest of subsidiaries	(70,965)	(116,951)
Interest paid	(252,020)	(359,440)
<b>Net cash generated from/(used in) financing activities - continuing operations</b>	<b>(1,066,423)</b>	<b>(516,232)</b>
Net Change in Cash & Cash Equivalents	996,135	(840,198)
Cash & Cash Equivalents at the beginning of the year	4,747,735	3,972,743
Currency translation difference	(16,249)	190,610
<b>Cash &amp; Cash Equivalent at the end of the period</b>	<b>5,727,621</b>	<b>3,323,155</b>

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 30 September 2014

	← Attributable to equity holders of the Corporation →														Non-controlling Interests
	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	
	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
<b>9 MONTHS ENDED 30 SEPTEMBER 2014</b>															
<b>At 1 January 2014</b>	<b>25,757,369</b>	<b>24,712,929</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>14,994,835</b>	<b>794,832</b>	<b>41,415</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>190,754</b>	<b>(32,306)</b>	<b>96,647</b>	<b>1,044,440</b>
Total comprehensive income/(loss)	1,616,676	1,533,495	-	-	1,245,276	288,219	476,837	-	-	-	-	(53,403)	27,649	(162,864)	83,181
<b>Transactions with owners</b>															
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(474,064)	(403,099)	-	-	(403,099)	-	-	-	-	-	-	-	-	-	(70,965)
<b>Total transactions with owners</b>	<b>(474,064)</b>	<b>(403,099)</b>	<b>-</b>	<b>-</b>	<b>(403,099)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,965)</b>
<b>At 30 September 2014</b>	<b>26,899,981</b>	<b>25,843,325</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>15,837,012</b>	<b>1,083,051</b>	<b>518,252</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>137,351</b>	<b>(4,657)</b>	<b>(66,217)</b>	<b>1,056,656</b>
<b>9 MONTHS ENDED 30 SEPTEMBER 2013</b>															
<b>At 1 January 2013</b>	<b>22,484,960</b>	<b>21,081,970</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>12,858,809</b>	<b>(700,101)</b>	<b>41,415</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>252,794</b>	<b>(116,147)</b>	<b>(1,376,485)</b>	<b>1,402,990</b>
Impact on adoption of MFRS 10 & 11	(280,967)	42,008	-	-	47,819	(5,811)	(5,764)	-	-	-	-	-	-	(47)	(322,975)
<b>At 1 January 2013 (Restated)</b>	<b>22,203,993</b>	<b>21,123,978</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>12,906,628</b>	<b>(705,912)</b>	<b>35,651</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>252,794</b>	<b>(116,147)</b>	<b>(1,376,532)</b>	<b>1,080,015</b>
Total comprehensive income	2,404,424	2,288,849	-	-	1,002,395	1,286,454	(342)	-	-	-	-	(23,785)	75,294	1,235,287	115,575
<b>Transactions with owners</b>															
Disposal of a subsidiary	(1,617)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,617)
Acquisition of non-controlling interest	(500)	(2,116)	-	-	(2,116)	-	-	-	-	-	-	-	-	-	1,616
Dividends	(116,950)	-	-	-	-	-	-	-	-	-	-	-	-	-	(116,950)
<b>Total transactions with owners</b>	<b>(119,067)</b>	<b>(2,116)</b>	<b>-</b>	<b>-</b>	<b>(2,116)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(116,951)</b>
<b>At 30 September 2013</b>	<b>24,489,350</b>	<b>23,410,711</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>13,906,907</b>	<b>580,542</b>	<b>35,309</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>229,009</b>	<b>(40,853)</b>	<b>(141,245)</b>	<b>1,078,639</b>

\* 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 6 November 2014.

#### A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 30 September 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 current 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 <sup>1)</sup>	Other Energy Businesses <sup>2)</sup>	Others, eliminations and adjustments	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	4,681,875	1,983,109	344,479	7,009,463
Inter-Segment	2,620	623,088	(625,708)	-
	<b>4,684,495</b>	<b>2,606,197</b>	<b>(281,229) *</b>	<b>7,009,463</b>
Operating profit	<b>1,235,925</b>	<b>152,454</b>	<b>(14,990) **</b>	<b>1,373,389</b>

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 9 Months Ended	
	30-Sept-2014 RM'000	30-Sept-2013 RM'000	30-Sept-2014 RM'000	30-Sept-2013 RM'000
Interest income	6,663	6,225	26,885	24,204
Other income	36,211	28,397	67,296	92,945
Finance cost	(56,286)	(104,716)	(247,470)	(303,933)
Depreciation of property, plant and equipment	(292,541)	(285,001)	(926,553)	(866,156)
Amortisation of prepaid lease payments	(1,685)	(2,380)	(5,193)	(7,136)
Amortisation of intangibles	(3,296)	(7,100)	(9,780)	(21,068)
Impairment loss on trade and non trade receivables:				
Joint ventures	-	(3,688)	-	(4,965)
Third parties	(1,430)	85	(6,750)	-
Bad debts written off	9	452	(1,046)	(761)
Impairment reversal of ships, property, plant and equipment, and assets held for sales	-	(7,787)	-	22,589
Net realised foreign exchange gain/(loss)	(70,115)	(13,619)	(78,109)	82,897
Net unrealised foreign exchange (loss)/gain	24,745	53,600	(2,089)	(5,454)

#### 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 RM3,357,973,000.

In the quarter ended 30 September 2014, the Group disposed assets with carrying amount of RM132,503,000 (30 September 2013: RM183,724,000) recognising a net gain on disposal of RM14,461,000 (30 September 2013: RM4,188,000). For the cumulative nine months ended 30 September 2014, the Group recognised a net loss on disposal of RM33,457,000 (30 September 2013 : RM4,054,000).



## A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
<b>Cost</b>			
<b>At 1 January 2013</b>	<b>763,002</b>	<b>504,463</b>	<b>1,267,465</b>
Addition			-
Currency translation differences	47,682		47,682
<b>At 31 December 2013</b>	<b>810,684</b>	<b>504,463</b>	<b>1,315,147</b>
Addition			-
Currency translation differences	(2,829)		(2,829)
<b>At 30 September 2014</b>	<b>807,855</b>	<b>504,463</b>	<b>1,312,318</b>
<b>Accumulated amortisation and impairment</b>			
<b>At 1 January 2013</b>	<b>2,325</b>	<b>398,213</b>	<b>400,538</b>
Amortisation		13,076	13,076
<b>At 31 December 2013</b>	<b>2,325</b>	<b>411,289</b>	<b>413,614</b>
Amortisation		9,780	9,780
<b>At 30 September 2014</b>	<b>2,325</b>	<b>421,069</b>	<b>423,394</b>
<b>Net carrying amount</b>			
<b>At 1 January 2013</b>	<b>760,677</b>	<b>106,250</b>	<b>866,927</b>
<b>At 31 December 2013</b>	<b>808,359</b>	<b>93,174</b>	<b>901,533</b>
<b>At 30 September 2014</b>	<b>805,530</b>	<b>83,394</b>	<b>888,924</b>

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 units ("CGU") calculated using cash flow projections. The key assumptions used to determine the value in use of CGUs 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 30 September 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 30 September 2014.

### A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents are as follows:

	30-Sept-2014 RM'000	31-Dec-2013 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	4,028,981	2,414,069
Cash and bank balances	295,109	286,098
Deposits with licensed banks	1,403,531	2,047,568
<b>Total cash and cash equivalents</b>	<b>5,727,621</b>	<b>4,747,735</b>

\* 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
<b>At 30 September 2014</b>				
<b><u>Financial Assets</u></b>				
<b>Available-for-sale financial assets</b>				
Quoted investments	285,209	-	-	285,209
<b>Derivatives</b>				
Forward exchange contracts	-	1,298	-	1,298
	<b>285,209</b>	<b>1,298</b>	-	<b>286,508</b>
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Interest rate swaps designated as hedging instruments	-	(2,420)	-	(2,420)
<b>At 31 December 2013</b>				
<b><u>Financial Assets</u></b>				
<b>Available-for-sale financial assets</b>				
Quoted investments	338,613	-	-	338,613
<b>Derivatives</b>				
Forward exchange contracts	-	1,344	-	1,344
	<b>338,613</b>	<b>1,344</b>	-	<b>339,957</b>
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
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 30 June 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 :-

	<b>30-Sept-2014</b>	<b>31-Dec-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Short Term Borrowings		
Secured	284,469	301,372
Unsecured	783,180	3,091,252
	<u>1,067,649</u>	<u>3,392,624</u>
Long Term Borrowings		
Secured	884,896.00	1,122,819
Unsecured	7,935,382.00	5,703,386
	<u>8,820,278</u>	<u>6,826,205</u>
<b>Total</b>	<b><u>9,887,927</u></b>	<b><u>10,218,829</u></b>

ii) Foreign borrowings in United States Dollar equivalent as at 30 September 2014 are as follows :-

	<b>RM'000</b>
United States Dollar Borrowings	<u>9,452,632</u>

**A17. DIVIDENDS PAID**

The Company paid a final dividend of 5 sen per share tax exempt (2012: Nil) on 18 June 2014 in respect of the 2013 financial year, totalling RM224.5 million (2012: Nil).

The Company also paid an interim dividend of 4 sen per share tax exempt (2013: Nil) on 24 September 2014 in respect of the 2014 financial year, amounting to RM178.6 million.

**A18. CAPITAL COMMITMENTS**

	<b>30-Sept-2014</b>	<b>31-Dec-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
<i>Group</i>	796,529	705,590
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	143,482	309,581
	<u>940,011</u>	<u>1,015,171</u>
<b>Approved but not contracted for:</b>		
<i>Group</i>	2,366,423	2,423,013
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	41,130	77,670
	<u>2,407,553</u>	<u>2,500,683</u>
<b>Total</b>	<b><u>3,347,564</u></b>	<b><u>3,515,854</u></b>

**A19. CONTINGENT LIABILITIES**

Contingent liabilities of the Group comprise the following :-

	<b>RM'000</b>
<b><i>Secured</i></b>	
Bank guarantees extended to a third party	<u>53,400</u>
<b><i>Unsecured</i></b>	
Trade guarantees and performance bonds	<u>411,998</u>
	<u>411,998</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	
	30-Sept-2014	30-Sept-2013	30-Sept-2014	30-Sept-2013
<b>Revenue</b>	2,180.3	2,166.4	7,009.5	6,830.3
<b>Operating Profit</b>	487.0	407.1	1,373.5	1,144.3
Net impairment reversals	-	(7.8)	-	22.6
Disposal of a subsidiary	-	4.1	-	4.1
Liner exit provisions and expenses	-	2.0	-	2.0
Net loss on ship disposals	13.5	7.0	(34.4)	(7.3)
Finance costs	(56.3)	(104.7)	(247.5)	(303.9)
Share of profit of joint ventures and associates	66.5	136.7	291.4	279.4
<b>PBT</b>	510.5	444.4	1,383.0	1,141.2

#### Performance of current quarter against the corresponding quarter

Group revenue for the quarter ended 30 September 2014 of RM2,180.3 million was 0.6% higher than RM2,166.4 million revenue in the corresponding quarter.

The increase in Group revenue was mainly due to higher revenue in Heavy Engineering following progress of projects in hand during the quarter. Higher earning days in LNG business and improved freight rates in Petroleum business also contributed to the increase in Group revenue, while a smaller fleet of operating vessels caused a decline in Chemical business revenue.

Group operating profit of RM487.0 million was 19.6% higher than the corresponding quarter's profit of RM407.1 million mainly from higher revenue and lower operating costs from a smaller fleet of operating vessels.

Group profit before tax of RM510.5 million was 14.9% higher than the corresponding quarter's profit of RM444.4 million.

#### Performance of the year against prior year

Group revenue for the 9-months ended 30 September 2014 of RM7,009.5 million was 2.6% higher than the RM6,830.3 million revenue for the 9-months ended 30 September 2013 ("corresponding period").

Improved freight rates in Petroleum business and higher earning days in LNG business were the main contributors to the increase in Group revenue. However, a smaller fleet of operating vessels in Chemical business and lower revenue recognised by Heavy Engineering in the current year, from different phases of project construction, partially negated the increase in Group revenue.

Group operating profit of RM1,373.5 million was 20.0% higher than RM1,144.3 million in the corresponding period, mainly from higher revenue and lower operating costs from a smaller fleet of operating vessels.

Group profit before tax of RM1,383.0 million was 21.2% higher than RM1,141.2 million in the corresponding period.

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

Performance and prospects of each operating segment are discussed below:

**ENERGY RELATED SHIPPING ("ERS")**

	Quarter RM Million		Year to date RM Million	
	30-Sept-2014	30-Sept-2013	30-Sept-2014	30-Sept-2013
<b>Revenue:</b>				
Third Party	1,475.5	1,702.2	4,681.9	4,555.5
	<u>439.1</u>	<u>332.7</u>	<u>1,235.9</u>	<u>781.8</u>
<b>Operating profit</b>				

**Performance of current quarter against the corresponding quarter**

Revenue of RM1,475.5 million was 13.3% lower than the corresponding quarter's revenue of RM1,702.2 million, mainly due to lower revenue in Chemical business from a smaller fleet of operating vessels. Higher earning days in LNG business and improved freight rates in Petroleum business mitigated the decrease in the segment's revenue.

The segment recorded higher operating profit of RM439.1 million compared to RM332.7 million in the corresponding quarter, mainly from lower operating costs from a smaller fleet of operating vessels in Petroleum and Chemical businesses.

**Performance of the year against prior year**

Revenue for the 9-months ended 30 September 2014 of RM4,681.9 million was 2.8% higher than RM4,555.5 million in the corresponding period, mainly due to higher earning days in LNG business and improved freight rates in Petroleum business. Lower revenue in Chemical business from a smaller fleet of operating vessels partially negated the increase in the segment's revenue.

On the back of higher revenue and lower operating costs from a smaller fleet of operating vessels, the segment recorded higher operating profit of RM1,235.9 million compared to RM781.8 million in the corresponding period.

Chemical and Petroleum shipping prospects remain challenging amidst a vessel oversupply market.

Long-term contracts in LNG business continue to provide stability to the Group.

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

### OTHER ENERGY BUSINESS ("OEB")

	Quarter RM Million		Year to date RM Million	
	30-Sept-2014	30-Sept-2013	30-Sept-2014	30-Sept-2013
<b>Revenue:</b>				
Third Party	533.2	423.9	1,983.1	1,973.1
<b>Operating profit</b>	43.0	111.8	152.5	345.4

#### Performance of current quarter against the corresponding quarter

Revenue of RM533.2 million was 25.8% higher than RM423.9 million in the corresponding quarter, mainly due to higher revenue in Heavy Engineering following progress of projects in hand during the quarter.

Operating profit of RM43.0 million was lower compared to RM111.8 million in the corresponding quarter. This was largely due to a reversal of provisions in Heavy Engineering amounting to RM120.0 million made in the corresponding quarter .

#### Performance of the year against prior year

Revenue for the 9-months ended 30 September 2014 of RM1,983.1 million was 0.5% higher than the corresponding quarter's profit of RM1,973.1 million, mainly due to higher revenue by Heavy Engineering from different phases of project construction.

The segment recorded lower operating profit of RM152.5 million compared to RM345.4 million in the corresponding period, mainly due to additional costs incurred for certain projects in Heavy Engineering in the current period.

Growth opportunities in the segment remains strong with rising demand from various field development projects within the Oil and Gas sector.

## B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

### GROUP

	Current Quarter RM Million 30-Sept-2014	Preceding Quarter RM Million 30-June-2014
<b>Revenue</b>	2,180.3	2,538.6
<b>Operating Profit</b>	487.0	382.3
Net impairment reversals	-	-
Net loss on ships disposal	13.5	(47.9)
Finance costs	(56.3)	(95.4)
Share of profit of joint ventures and associates	66.5	105.6
<b>PBT</b>	510.5	344.6

The Group's revenue of RM2,180.3 million was 14.1% lower than RM2,538.6 million in the preceding quarter, mainly due to lower revenue in Heavy Engineering following lower progress of projects in hand during the quarter.

Group operating profit of RM487.0 million was 27.4% higher than the preceding quarter's profit of RM382.3 million, mainly due to lower operating loss and improved freight rates in Petroleum business.

The current quarter's profit before tax of RM510.5 million was 48.2% higher compared to the preceding quarter's profit of RM344.6 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**

	<b>Current Quarter</b> <b>July 2014 - Sept 2014</b> <b>RM'000</b>	<b>Year to date</b> <b>Jan 2014 - Sept 2014</b> <b>RM'000</b>
Taxation for the period comprises the following charge		
Income tax charge		
- current period	13,051	50,367
- prior year	(21)	(19)
Deferred taxation	<u>(73)</u>	<u>4,175</u>
	<u>12,957</u>	<u>54,523</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 ("Share Disposal") as at 31 October 2014 is as follows:

Purpose	Proposed utilisation <sup>(1)</sup>	Actual utilisation	Estimated timeframe for utilisation from the Completion Date <sup>(1)</sup>	Revised timeframe for utilisation from the Completion Date	Deviation amount	Explanations
	RM'million	RM'million			RM'million	
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	988.7	Within eighteen (18) months	Within thirty six (36) months <sup>(2)</sup>	483.5	32.8 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 relating to the Share Disposal	2.0	1.8	Within three (3) months	Within three (3) months	0.2	10.0 See note (4) below.
<b>Total</b>	<b>5,294.8</b>	<b>4,811.1</b>			<b>483.7</b>	

**Note:**

(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 proposed utilisation for each purpose.

(4) As disclosed in MISC's circular to shareholders in relation to the Share Disposal dated 12 November 2012, any excess in funds allocated for estimated expenses relating to the Share Disposal will be used for capital expenditure.

## B7. CHANGES IN MATERIAL LITIGATION

There were no material litigations involving the Group for the quarter ended 30 September 2014.

## B8. DIVIDENDS

No dividend has been proposed for third quarter ended 30 September 2014.

## B9. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group entered into an interest rate swap ("IRS") arrangement, a form of derivative to convert its interest exposure from floating term into fixed term. The 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 30 September 2014 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value gain/(loss) RM'000
<b><u>Foreign exchange contracts</u></b>		
less than 1 year	71,565	1,298
<b><u>Interest rate swaps</u></b>		
More than 3 years	143,647	(2,420)
<b>Total</b>	<b>215,212</b>	<b>(1,122)</b>

## B10. EARNINGS/(LOSS) PER SHARE

	Quarter ended 30 September		Financial period ended 30 September	
	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):	470,796	401,022	1,245,276	1,002,395
Weighted average number of ordinary shares in issue (thousand)	<b>4,463,794</b>	<b>4,463,794</b>	<b>4,463,794</b>	<b>4,463,794</b>
Basic earnings/(loss) per share (sen)	10.5	9.0	27.9	22.5

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.

	<b>30-Sept-2014</b> <b>RM'000</b>	<b>31-Dec-2013</b> <b>RM'000</b>
Total retained profits of MISC Group and its subsidiaries:		
- Realised	17,210,339	15,825,477
- Unrealised	<u>(189,483)</u>	<u>(59,965)</u>
	<b><u>17,020,856</u></b>	<b><u>15,765,512</u></b>
Total share of retained loss from associates:		
- Realised	(2,421)	(2,251)
- Unrealised	<u>-</u>	<u>(68)</u>
	<b><u>(2,421)</u></b>	<b><u>(2,319)</u></b>
Total share of retained profits from joint ventures :		
- Realised	1,200,028	1,532,069
- Unrealised	<u>5,967</u>	<u>22,865</u>
	<b><u>1,205,995</u></b>	<b><u>1,554,934</u></b>
Total Group retained profits	<b><u>18,224,430</u></b>	<b><u>17,318,127</u></b>
Less:		
Consolidation adjustments	(2,387,418)	(2,323,292)
Total Group retained profits as per consolidated accounts	<b><u>15,837,012</u></b>	<b><u>14,994,835</u></b>

By Order of the Board