

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



Condensed Consolidated Income Statement

For The Year Ended 31 December 2014

	3 Months Ended		Cumulative	
	31 December		12 Months Ended	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	2,286,791	2,142,049	9,296,254	8,972,390
Cost of sales	(1,618,586)	(1,594,885)	(6,651,437)	(6,918,171)
GROSS PROFIT	668,205	547,164	2,644,817	2,054,219
Other operating income	231,997	91,118	350,883	337,514
General and administrative expenses	(431,329)	(234,239)	(1,154,033)	(843,405)
OPERATING PROFIT	468,873	404,043	1,841,667	1,548,328
Net impairment provisions	(358,917)	(132,973)	(358,917)	(110,384)
Disposal of a subsidiary	-	(3,772)	-	312
Disposal of assets through finance lease	654,549	-	654,549	-
Liner exit provisions and expenses	-	18,144	-	20,217
Net gain/(loss) on ships disposal	-	18,881	(33,800)	11,606
Finance costs	(57,024)	(104,457)	(304,494)	(408,390)
Share of profit/(loss) of associates	2	(68)	(30)	(43)
Share of profit of joint ventures	319,914	890,529	611,373	1,169,864
PROFIT BEFORE TAX	1,027,397	1,090,327	2,410,348	2,231,510
Taxation	(35,788)	37,239	(90,311)	(1,982)
PROFIT FOR THE PERIOD	991,609	1,127,566	2,320,037	2,229,528
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	959,034	1,082,980	2,204,310	2,085,375
Non-Controlling Interests	32,575	44,586	115,727	144,153
PROFIT FOR THE PERIOD	991,609	1,127,566	2,320,037	2,229,528
BASIC & DILUTED EARNINGS /(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION	21.5	24.3	49.4	46.7

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Condensed Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2014

	3 Months Ended		Cumulative	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAX FOR THE PERIOD	991,609	1,127,566	2,320,037	2,229,528
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	(73,952)	(38,255)	(127,355)	(62,040)
Cash Flow hedges:				
Fair value (loss)/gain				
Group	(672)	(28,669)	3,354	56,891
Joint ventures	(217)	9,775	24,149	27,926
Gain on currency translation	1,041,936	245,061	1,355,200	1,495,078
Total other comprehensive income/(loss)	967,095	187,912	1,255,348	1,517,855
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,958,704	1,315,478	3,575,385	3,747,383
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	1,916,869	1,269,789	3,450,367	3,586,119
Non-Controlling Interests	41,835	45,689	125,018	161,264
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,958,704	1,315,478	3,575,385	3,747,383

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 December 2014

	31 December 2014	31 December 2013
	RM'000	RM'000
NON CURRENT ASSETS		
Ships	18,215,600	18,948,734
Offshore floating assets	326,374	1,888,439
Property, plant and equipment	1,971,972	1,854,313
Prepaid lease payments on land and buildings	249,905	251,750
Finance lease receivables	3,561,430	1,387,841
Investments in associates	1,987	1,971
Investments in joint ventures	6,248,878	6,031,026
Other non-current financial assets	571,999	817,780
Intangible assets	931,319	901,533
Deferred tax asset	90,373	65,422
	32,169,837	32,148,809
CURRENT ASSETS		
Inventories	243,782	262,900
Finance lease receivables	390,635	59,124
Trade and other receivables	2,549,911	2,370,047
Cash and cash equivalents	4,838,829	4,747,735
Amounts due from Group companies	87,516	61,003
Amounts due from associates	308	197
Amounts due from joint ventures	380,517	359,344
Assets held for sale	922,722	221,728
Derivatives assets	246	1,344
	9,414,466	8,083,422
TOTAL ASSETS	41,584,303	40,232,231
EQUITY		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	2,040,890	794,832
Retained profits	16,792,110	14,994,835
Equity attributable to owners of the parent	27,756,262	24,712,929
Non-Controlling Interests	1,064,843	1,044,440
TOTAL EQUITY	28,821,105	25,757,369
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	7,590,349	6,826,205
Deferred tax liabilities	28,963	20,143
Liner Exit Provisions	551,189	602,973
Derivatives liabilities	-	4,230
	8,170,501	7,453,551
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,148,814	3,392,624
Trade and other payables	3,300,602	3,491,213
Provision for taxation	42,491	34,421
Amounts due to Group companies	4,099	15,996
Amounts due to associates	2,169	2,177
Amounts due to joint ventures	94,522	84,880
Derivative liabilities	-	-
	4,592,697	7,021,311
TOTAL LIABILITIES	12,763,198	14,474,862
TOTAL EQUITY AND LIABILITIES	41,584,303	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.

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



Condensed Consolidated Statement of Cash Flow

For The Year Ended 31 December 2014

	31 December 2014	31 December 2013
	RM'000	RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	9,550,236	9,638,558
Cash paid to suppliers and employees	(6,578,620)	(7,584,577)
Cash from Operations	2,971,616	2,053,981
Taxation paid	(101,965)	(42,819)
Net cash generated from operating activities	2,869,651	2,011,162
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(1,708,835)	(2,271,255)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	618,655	606,594
Proceeds from disposal of quoted investments	221,641	-
Dividend received from:		
Quoted investments	7,587	7,663
Associates and joint ventures	665,532	77,897
Repayment of loans due from joint ventures	2,772	81,287
Loans to joint ventures	(10,819)	(172,844)
Proceeds from disposal of a subsidiary	5,000	2,948
Interest received	61,916	39,536
Net cash flows (used in)/generated from investing activities	(136,551)	(1,628,174)
Cash Flow from Financing Activities:		
Drawdown of term loans and revolving credit	5,787,628	3,444,740
Repayment of term loans and revolving credit	(7,768,214)	(2,749,337)
Acquisition of non-controlling interest	(58,910)	(500)
Dividends paid to the shareholders of the Corporation	(407,035)	-
Dividends paid to non-controlling interest of subsidiaries	(110,118)	(132,671)
Interest paid	(326,881)	(391,783)
Net cash generated from/(used in) financing activities - continuing operations	(2,883,530)	170,449
Net Change in Cash & Cash Equivalents	(150,430)	553,437
Cash & Cash Equivalents at the beginning of the year	4,747,735	3,972,744
Currency translation difference	241,524	221,554
Cash & Cash Equivalent at the end of the period	4,838,829	4,747,735

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 Year Ended 31 December 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
12 MONTHS ENDED 31 DECEMBER 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)	3,575,386	3,450,368	-	-	2,204,310	1,246,058	-	-	-	-	-	(127,355)	26,760	1,346,653	125,018
Transactions with owners															
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dilution of interest in a subsidiary	5,503	-	-	-	-	-	-	-	-	-	-	-	-	-	5,503
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(517,153)	(407,035)	-	-	(407,035)	-	-	-	-	-	-	-	-	-	(110,118)
Total transactions with owners	(511,650)	(407,035)	-	-	(407,035)	-	-	-	-	-	-	-	-	-	(104,615)
At 31 December 2014	28,821,105	27,756,262	4,463,794	4,459,468	16,792,110	2,040,890	41,415	435,284	1,357	1,966	59,715	63,399	(5,546)	1,443,300	1,064,843
12 MONTHS ENDED 31 DECEMBER 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)	-	-	-	-	-	-	-	(5,811)	(322,975)
At 1 January 2013 (Restated)	22,203,993	21,123,978	4,463,794	4,459,468	12,906,628	(705,912)	41,415	435,284	1,357	1,966	59,715	252,794	(116,147)	(1,382,296)	1,080,015
Total comprehensive income	3,747,383	3,586,119	-	-	2,085,375	1,500,744	-	-	-	-	-	(62,040)	83,841	1,478,943	161,264
Transactions with owners															
Disposal of a subsidiary	(62,551)	-	-	-	-	-	-	-	-	-	-	-	-	-	(62,551)
Acquisition of non-controlling interest	1,215	2,832	-	-	2,832	-	-	-	-	-	-	-	-	-	(1,617)
Dividends	(132,671)	-	-	-	-	-	-	-	-	-	-	-	-	-	(132,671)
Total transactions with owners	(194,007)	2,832	-	-	2,832	-	-	-	-	-	-	-	-	-	(196,839)
At 31 December 2013	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

* 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 31 December 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 the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

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

There were no major changes in the composition of the Group during the quarter ended 31 December 2014.

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	6,233,533	2,650,306	412,415	9,296,254
Inter-Segment	3,737	805,166	(808,903)	-
	6,237,270	3,455,472	(396,488) *	9,296,254
Operating profit	1,496,660	385,059	(40,052) **	1,841,667

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 12 Months Ended	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	RM'000	RM'000	RM'000	RM'000
Interest income	43,743	12,618	70,628	36,822
Other income	118,417	112,000	185,713	204,945
Finance cost	(57,024)	(104,457)	(304,494)	(408,390)
Depreciation of property, plant and equipment	(306,320)	2,074,610	(1,232,873)	1,208,454
Amortisation of prepaid lease payments	(3,013)	(2,297)	(8,206)	(9,433)
Amortisation of intangibles	(3,296)	7,992	(13,076)	(13,076)
Impairment loss on trade and non trade receivables:				
Joint ventures	-	(7,801)	-	(12,766)
Third parties	(2,517)	(50)	(9,267)	(50)
Bad debts written off	(4,277)	-	(5,323)	(761)
Net impairment provisions	(358,917)	(132,973)	(358,917)	(110,384)
Net realised foreign exchange gain/(loss)	49,168	20,912	(28,941)	103,809
Net unrealised foreign exchange (loss)/gain	23,854	(664)	21,765	(6,118)

A10. SHIPS, PROPERTY, PLANT AND EQUIPMENT

Included in total assets are constructions work-in-progress, mainly for the construction of ships and offshore floating assets, of RM1,812,687,000.

The Group did not dispose any Ships, Property, Plant And Equipment (SPPE) in the quarter ended 31 December 2014 (31 December 2013: Disposed SPPE with carrying amount of RM260,090,000 recognising a net gain on disposal of RM29,152,000). For the year ended 31 December 2014, the Group disposed SPPE with carrying amount of RM533,751,000 (31 December 2013: RM260,090,000) recognising a net loss on disposal of RM32,951,000 (31 December 2013: net gain on disposal of RM8,869,000).

The Group recognised net impairment on vessels of RM353,877,000 in the quarter ended 31 December 2014 (31 December 2013:RM57,776,000).

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	42,862		42,862
At 31 December 2014	853,546	504,463	1,358,009
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		13,076	13,076
At 31 December 2014	2,325	424,365	426,690
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 December 2014	851,221	80,098	931,319

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 2014.

Goodwill impairment test was performed during the quarter. No impairment was required on the goodwill of the Group's investments as at 31 December 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

The Group did not recognise any write-down of inventories or reversal of inventories during the quarter ended 31 December 2014.

A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents are as follows:

	31-Dec-2014 RM'000	31-Dec-2013 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	3,258,958	2,414,069
Cash and bank balances	58,199	286,098
Deposits with licensed banks	1,521,672	2,047,568
Total cash and cash equivalents	4,838,829	4,747,735

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

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 December 2014				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	74,333	-	-	74,333
Derivatives				
Forward exchange contracts	-	1,298	-	1,298
	74,333	1,298	-	75,631
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	-	-	-
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 December 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-Dec-2014	31-Dec-2013
	RM'000	RM'000
Short Term Borrowings		
Secured	324,694	301,372
Unsecured	824,120	3,091,252
	<u>1,148,814</u>	<u>3,392,624</u>
Long Term Borrowings		
Secured	711,169.00	1,122,819
Unsecured	6,879,180.00	5,703,386
	<u>7,590,349</u>	<u>6,826,205</u>
Total	<u>8,739,163</u>	<u>10,218,829</u>

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

	RM'000
United States Dollar Borrowings	<u>8,433,135</u>

A17. DIVIDENDS PAID

The Corporation paid a final tax exempt dividend of 5 sen per share (2012: Nil) on 18 June 2014 in respect of the 2013 financial year, totalling RM226.6 million (2012: Nil).

The Corporation also paid an interim tax exempt dividend of 4 sen per share (2013: Nil) on 24 September 2014 in respect of the 2014 financial year, amounting to RM180.5 million.

A18. CAPITAL COMMITMENTS

	31-Dec-2014	31-Dec-2013
	RM'000	RM'000
Approved and contracted for:		
<i>Group</i>	419,850	705,590
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	144,506	309,581
	<u>564,356</u>	<u>1,015,171</u>
Approved but not contracted for:		
<i>Group</i>	2,206,295	2,423,013
<i>Share of capital commitments</i>		
<i>in joint ventures</i>	79,661	77,670
	<u>2,285,956</u>	<u>2,500,683</u>
Total	<u>2,850,312</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>	
Trade guarantees and performance bonds	<u>312,225</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

	Quarter RM Million		Year to date RM Million	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Revenue	2,286.8	2,142.0	9,296.3	8,972.4
Operating Profit	469.0	404.0	1,841.7	1,548.3
Net impairment provision	(358.9)	(133.0)	(358.9)	(110.4)
Disposal of a subsidiary	-	(3.8)	-	0.3
Disposal of assets through finance lease	654.5	-	654.5	-
Liner exit provisions and expenses	-	18.0	-	20.1
Net loss on ship disposals	-	18.9	(33.8)	11.6
Finance costs	(57.0)	(104.5)	(304.5)	(408.4)
Share of profit of joint ventures and associates	319.9	890.5	611.3	1,169.8
PBT	1,027.4	1,090.3	2,410.3	2,231.5

Performance of current quarter against the corresponding quarter

Group revenue for the quarter ended 31 December 2014 of RM2,286.8 million was 6.8% higher than RM2,142.0 million in the corresponding quarter.

The increase in Group revenue was mainly due to improved freight rates in Petroleum business and commencement of finance lease of FPSO Cendor in the current quarter. However, Chemical business recorded lower revenue from a smaller fleet of operating vessels while different phases of project construction caused a decline in Heavy Engineering revenue in the current quarter.

Group operating profit of RM469.0 million was 16.1% higher than the corresponding quarter's profit of RM404.0 million, mainly from improved freight rates in Petroleum business, commencement of finance lease of FPSO Cendor in the current quarter and lower operating costs from a smaller fleet of operating vessels.

Group profit before tax of RM1,027.4 million was 5.8% lower than the corresponding quarter's profit of RM1,090.3 million.

Performance of the year against prior year

Group revenue for the year ended 31 December 2014 of RM9,296.3 million was 3.6% higher than RM8,972.4 million for the year ended 31 December 2013 ("prior year").

Improved freight rates in Petroleum business, commencement of finance lease of FPSO Cendor in the current year and higher earning days in LNG business contributed to the increase in Group revenue. However, Chemical business recorded lower revenue from a smaller fleet of operating vessels while different phases of project construction caused a decline in Heavy Engineering revenue in the current year.

Group operating profit of RM1,841.7 million was 18.9% higher than RM1,548.3 million in the prior year, mainly from improved freight rates in Petroleum business, commencement of finance lease of FPSO Cendor in the current year and lower operating costs from a smaller fleet of operating vessels.

Group profit before tax of RM2,410.3 million was 8.0% higher than RM2,231.5 million in the prior year.

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	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Revenue:				
Third Party	1,551.7	1,588.3	6,233.5	6,143.8
Operating profit	260.7	287.7	1,496.7	1,069.5

Performance of current quarter against the corresponding quarter

Revenue of RM1,551.7 million was 2.3% lower than the corresponding quarter's revenue of RM1,588.3 million, mainly due to lower revenue in Chemical business from a smaller fleet of operating vessels and LNG business from lower earning days. Improved freight rates in Petroleum business mitigated the decrease in the segment's revenue.

The segment recorded lower operating profit of RM260.7 million compared to RM287.7 million in the corresponding quarter, mainly from lower earning days in LNG business.

Performance of the year against prior year

Revenue for the year ended 31 December 2014 of RM6,233.5 million was 1.5% higher than RM6,143.8 million in the prior year, mainly from improved freight rates in Petroleum business. However, lower earning days in Chemical business from a smaller fleet of operating vessels and LNG business from higher dry-docking days 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 RM1,496.7 million compared to RM1,069.5 million in the corresponding period.

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

OTHER ENERGY BUSINESS ("OEB")

	Quarter RM Million		Year to date RM Million	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Revenue:				
Third Party	667.2	455.7	2,650.3	2,428.8
Operating profit	<u>232.6</u>	<u>118.5</u>	<u>385.1</u>	<u>463.9</u>

Performance of current quarter against the corresponding quarter

Revenue of RM667.2 million was 46.4% higher than RM455.7 million in the corresponding quarter, mainly due to higher revenue from Offshore business following commencement of finance lease of FPSO Cendor in the current quarter. However, different phases of project construction caused a decline in Heavy Engineering revenue in the current quarter.

Operating profit of RM232.6 million was higher compared to RM118.5 million in the corresponding quarter, mainly due to higher contribution from Offshore business following commencement of finance lease of FPSO Cendor and higher share of profit from joint ventures, especially Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL").

Performance of the year against prior year

Revenue for the year ended 31 December 2014 of RM2,650.3 million was 9.1% higher than the prior year's revenue of RM2,428.8 million, following commencement of finance lease of FPSO Cendor in the current year. However, different phases of project construction caused a decline in Heavy Engineering revenue.

The segment recorded lower operating profit of RM385.1 million compared to RM463.9 million in the prior year, mainly due to lower revenue and additional costs incurred for certain projects in Heavy Engineering in the current year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Current Quarter RM Million 31-Dec-2014	Preceding Quarter RM Million 30-Sept-2014
Revenue	<u>2,286.8</u>	<u>2,180.3</u>
Operating Profit	469.0	487.0
Net impairment reversals	(358.9)	-
Disposal of assets through finance lease	654.5	-
Net gain on ships disposal	-	13.5
Finance costs	(57.0)	(56.3)
Share of profit of joint ventures and associates	319.9	66.5
PBT	<u>1,027.4</u>	<u>510.7</u>

Commencement of finance lease of FPSO Cendor in the current quarter contributed to a 4.9% increase in Group revenue to RM2,286.8 million, from RM2,180.3 million in the preceding quarter.

Group operating profit of RM469.0 million was 3.7% lower than the preceding quarter's profit of RM487.0 million, mainly due to lower earning days from higher dry-docking days in LNG business.

The current quarter's profit before tax of RM1,027.4 million was 101.2% higher compared to the preceding quarter's profit of RM510.7 million.

B3. GROUP CURRENT YEAR PROSPECTS

The financial performance for the Group in 2015 will continue to be underpinned by secured recurring income from a portfolio of long term contracts in the LNG shipping and Offshore business segments. Despite the severe drop in global oil prices in the past few months, the Petroleum shipping segment has found strength from sustained global oil production. Barring any material cutbacks in global oil production, the recent strength in the petroleum shipping could be sustained for the year. Market conditions for Chemical shipping is expected to be relatively unchanged compared to 2014.

However, it will be a challenging year for the oil and gas services segment such as fabrication and construction, given the reduction in capital and operating expenditures by major oil companies in a low oil price environment. The Group's Heavy Engineering business will draw on its present order book to sustain profitability during the year in conjunction with other cost management and operational excellence initiatives.

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

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

B5. TAXATION

	Current Quarter Oct 2014 - Dec 2014 RM'000	Year to date Jan 2014 - Dec 2014 RM'000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	38,341	88,707
- prior year	(2,179)	(2,198)
Deferred taxation	(374)	3,802
	<u>35,788</u>	<u>90,311</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 had 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. ("UPS"), 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.

However, on 15 January 2015 the Corporation announced that the proposed disposal was terminated, in view of GAL's inability to fulfill its obligations for completion as stipulated in the Agreement for Sale and Purchase of Shares between MISC and GAL dated 21 March 2014.

Accordingly, MILS will remain as a wholly-owned subsidiary of MISC going forward.

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 30 January 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	
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	1,013.0	Within eighteen (18) months	Within thirty six (36) months ⁽²⁾	459.2	31.2 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.
Total	5,294.8	4,835.4			459.4	

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 31 December 2014.

B8. DIVIDENDS

The Board of Directors has approved a second interim tax exempt dividend of 6 sen per share (2013:Nil) in respect of financial year 2014 amounting to RM267.8 million (2013: Nil). The proposed dividend will be paid on 11 March 2015 to shareholders registered at the close of business on 26 February 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:

- i) securities transferred into the Depositor's Securities Account before 4:00 pm on 26 February 2015 in respect of Ordinary Transfer;
- and
- ii) shares bought on the "BMSB" on a cum entitlement basis according to the rules of "BMSB".

B9. DERIVATIVES

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

Details of the Group's derivative financial instruments outstanding as at 31 December 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	50,324	1,298

B10. EARNINGS/(LOSS) PER SHARE

	Quarter ended 31 December		Financial period ended 31 December	
	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):	959,034	1,082,980	2,204,310	2,085,375
Weighted average number of ordinary shares in issue (thousand)	4,463,794	4,463,794	4,463,794	4,463,794
Basic earnings/(loss) per share (sen)	21.5	24.3	49.4	46.7

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 2014 and 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-Dec-2014 RM'000	31-Dec-2013 RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	17,610,639	15,825,477
- Unrealised	22,226	(59,965)
	<u>17,632,865</u>	<u>15,765,512</u>
Total share of retained loss from associates:		
- Realised	(2,335)	(2,251)
- Unrealised	-	(68)
	<u>(2,335)</u>	<u>(2,319)</u>
Total share of retained profits from joint ventures :		
- Realised	1,598,045	1,532,069
- Unrealised	32,359	22,865
	<u>1,630,404</u>	<u>1,554,934</u>
Total Group retained profits	<u>19,260,934</u>	<u>17,318,127</u>
Less:		
Consolidation adjustments	(2,468,824)	(2,323,292)
Total Group retained profits as per consolidated accounts	<u>16,792,110</u>	<u>14,994,835</u>

By Order of the Board