



# MISC BERHAD

(Company No. 8178 H)

The figures have not been audited.

## Condensed Consolidated Income Statement

For The Period Ended 31 March 2015

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	2,490,268	2,290,542	2,490,268	2,290,542
Cost of sales	(1,768,213)	(1,574,799)	(1,768,213)	(1,574,799)
<b>GROSS PROFIT</b>	<b>722,055</b>	<b>715,743</b>	<b>722,055</b>	<b>715,743</b>
Other operating income	52,704	43,652	52,704	43,652
General and administrative expenses	(306,558)	(255,119)	(306,558)	(255,119)
<b>OPERATING PROFIT</b>	<b>468,201</b>	<b>504,276</b>	<b>468,201</b>	<b>504,276</b>
Finance costs	(55,029)	(95,739)	(55,029)	(95,739)
Share of loss of associates	-	(1)	-	(1)
Share of profit of joint ventures	98,680	119,334	98,680	119,334
<b>PROFIT BEFORE TAX</b>	<b>511,852</b>	<b>527,870</b>	<b>511,852</b>	<b>527,870</b>
Taxation	295	(16,019)	295	(16,019)
<b>PROFIT FOR THE PERIOD</b>	<b>512,147</b>	<b>511,851</b>	<b>512,147</b>	<b>511,851</b>
<b>PROFIT ATTRIBUTABLE TO:</b>				
Equity Holders of the Corporation:	486,310	486,396	486,310	486,396
Non-Controlling Interests	25,837	25,455	25,837	25,455
<b>PROFIT FOR THE PERIOD</b>	<b>512,147</b>	<b>511,851</b>	<b>512,147</b>	<b>511,851</b>
<b>BASIC &amp; DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION</b>	10.9	10.9	10.9	10.9

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



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### Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 March 2015

	3 Months Ended		Cumulative	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>PROFIT AFTER TAX FOR THE PERIOD</b>	512,147	511,851	512,147	511,851
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Fair value gain/(loss) on non-current investments	1,046	(24,631)	1,046	(24,631)
Cash Flow hedges:				
Fair value (loss)/gain				
Group	(464)	(361)	(464)	(361)
Joint ventures	186	2,324	186	2,324
Gain/(loss) on currency translation *	1,487,410	(213,264)	1,487,410	(213,264)
<b>Total other comprehensive income/(loss)</b>	<b>1,488,178</b>	<b>(235,932)</b>	<b>1,488,178</b>	<b>(235,932)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,000,325</b>	<b>275,919</b>	<b>2,000,325</b>	<b>275,919</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Equity Holders of the Corporation:	1,964,450	252,435	1,964,450	252,435
Non-Controlling Interests	35,875	23,484	35,875	23,484
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,000,325</b>	<b>275,919</b>	<b>2,000,325</b>	<b>275,919</b>

\* The following USD:RM exchange rates were used in the calculation of gain/(loss) on currency translation:

	2015	2014	2013
As at 31 December	-	3.49450	3.29000
As at 31 March	3.70750	3.26050	-



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## Condensed Consolidated Statement of Financial Position

As at 31 March 2015

	31 March 2015 RM'000	31 December 2014 RM'000
<b>NON CURRENT ASSETS</b>		
Ships	19,838,845	18,215,599
Offshore floating assets	353,924	326,374
Property, plant and equipment	2,003,814	1,971,972
Prepaid lease payments on land and buildings	248,419	249,905
Finance lease receivables	3,670,590	3,561,430
Investments in associates	2,007	1,987
Investments in joint ventures	6,679,903	6,248,878
Other non-current financial assets	577,877	572,000
Intangible assets	972,738	931,319
Deferred tax asset	92,331	90,373
	<b>34,440,448</b>	<b>32,169,837</b>
<b>CURRENT ASSETS</b>		
Inventories	213,461	243,782
Finance lease receivables	424,049	390,635
Trade and other receivables	3,994,278	2,549,910
Cash and cash equivalents	4,071,877	4,838,829
Amounts due from Group companies	149,147	87,516
Amounts due from associates	180	308
Amounts due from joint ventures	417,992	380,517
Assets held for sale	982,227	922,722
Derivatives assets	-	246
	<b>10,253,211</b>	<b>9,414,465</b>
<b>TOTAL ASSETS</b>	<b>44,693,659</b>	<b>41,584,302</b>
<b>EQUITY</b>		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	3,513,736	2,035,596
Retained profits	17,015,888	16,797,403
<b>Equity attributable to owners of the parent</b>	<b>29,452,886</b>	<b>27,756,261</b>
Non-Controlling Interests	1,087,003	1,064,843
<b>TOTAL EQUITY</b>	<b>30,539,889</b>	<b>28,821,104</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing loans and borrowings	7,890,769	7,590,349
Deferred tax liabilities	27,193	28,963
Liner Exit Provisions	557,719	551,189
	<b>8,475,681</b>	<b>8,170,501</b>
<b>CURRENT LIABILITIES</b>		
Interest bearing loans and borrowings	955,607	1,148,814
Trade and other payables	4,565,450	3,300,602
Provision for taxation	35,288	42,491
Amounts due to Group companies	15,769	4,099
Amounts due to associates	2,161	2,169
Amounts due to joint ventures	103,328	94,522
Derivative liabilities	486	-
	<b>5,678,089</b>	<b>4,592,697</b>
<b>TOTAL LIABILITIES</b>	<b>14,153,770</b>	<b>12,763,198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,693,659</b>	<b>41,584,302</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



## MISC BERHAD

(Company No. 8178 H)

The figures have not been audited.

### Condensed Consolidated Statement of Cash Flow

For the Period Ended 31 March 2015

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flow from Operating Activities:</b>		
Cash receipts from customers	1,074,492	1,918,976
Cash paid to suppliers and employees	(423,967)	(1,194,395)
<b>Cash from Operations</b>	<b>650,525</b>	<b>724,581</b>
Taxation paid	(11,679)	(11,794)
<b>Net cash generated from operating activities</b>	<b>638,846</b>	<b>712,787</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of ships, offshore floating assets and other property, plant and equipment	(952,240)	(520,990)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	8,431	93,613
Dividend received from:		
Associates and joint ventures	1,563	14,966
Repayment of loans due from joint ventures	24,887	-
Loans to joint ventures	-	(5,297)
Proceeds from disposal of a subsidiary	-	5,000
Interest received	4,292	6,036
<b>Net cash flows used in investing activities</b>	<b>(913,067)</b>	<b>(406,672)</b>
<b>Cash Flow from Financing Activities:</b>		
Drawdown of term loans and revolving credit	186,000	143,000
Repayment of term loans and revolving credit	(586,557)	(200,011)
Acquisition of non-controlling interest	-	(59,349)
Dividends paid to the shareholders of the Corporation	(267,825)	-
Dividends paid to non-controlling interest of subsidiaries	(13,721)	-
Interest paid	(42,443)	(129,656)
<b>Net cash flows used in financing activities</b>	<b>(724,546)</b>	<b>(246,016)</b>
Net Change in Cash & Cash Equivalents	(998,767)	60,099
Cash & Cash Equivalents at the beginning of the year	4,838,829	4,747,735
Currency translation difference	231,815	(34,832)
Cash & Cash Equivalents at the end of the period	<b>4,071,877</b>	<b>4,773,002</b>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



**MISC BERHAD**

(Company No. 8178 H)  
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**Condensed Consolidated Statement of Changes in Equity**

For the Period Ended 31 March 2015

	← 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
<b>3 MONTHS ENDED 31 MARCH 2015</b>															
<b>At 1 January 2015</b>	<b>28,821,104</b>	<b>27,756,261</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>16,797,403</b>	<b>2,035,596</b>	<b>41,415</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>63,399</b>	<b>(5,546)</b>	<b>1,438,006</b>	<b>1,064,843</b>
Total comprehensive income/(loss)	2,000,325	1,964,450	-	-	486,310	1,478,140	-	-	-	-	-	1,046	(278)	1,477,372	35,875
<b>Transactions with owners</b>															
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(281,540)	(267,825)	-	-	(267,825)	-	-	-	-	-	-	-	-	-	(13,715)
<b>Total transactions with owners</b>	<b>(281,540)</b>	<b>(267,825)</b>	<b>-</b>	<b>-</b>	<b>(267,825)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,715)</b>
<b>At 31 March 2015</b>	<b>30,539,889</b>	<b>29,452,886</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>17,015,888</b>	<b>3,513,736</b>	<b>41,415</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>64,445</b>	<b>(5,824)</b>	<b>2,915,378</b>	<b>1,087,003</b>
<b>3 MONTHS ENDED 31 MARCH 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)	275,919	252,435	-	-	486,396	(233,961)	-	-	-	-	-	(24,631)	3,574	(212,905)	23,484
<b>Transactions with owners</b>															
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2014</b>	<b>26,033,288</b>	<b>24,965,364</b>	<b>4,463,794</b>	<b>4,459,468</b>	<b>15,481,231</b>	<b>560,871</b>	<b>41,415</b>	<b>435,284</b>	<b>1,357</b>	<b>1,966</b>	<b>59,715</b>	<b>166,123</b>	<b>(28,732)</b>	<b>(116,258)</b>	<b>1,067,924</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 2014.

# 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 29 April 2015.

### A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2015 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 2014.

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 2014.

The audited consolidated financial statements of the Group for the year ended 31 December 2014 are available upon request from the Corporation's registered office located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The main functional currency of the Group is United States Dollar ("USD") while these interim financial statements are presented in Ringgit Malaysia ("RM").

### 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 2015 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2014.

As of 1 January 2015, the Group and the Corporation have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

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

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)

Amendments to MFRS 2 Share-based Payment (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 3 Business Combinations (Annual Improvements 2010-2012 Cycle and 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 Employee Benefits – 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 2014.

#### A6. CHANGES IN COMPOSITION OF THE GROUP

There were no major changes in the composition of the Group during the quarter ended 31 March 2015.

#### A7. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	<b>Energy Related Shipping<sup>1)</sup></b>	<b>Other Energy Businesses<sup>2)</sup></b>	<b>Others, eliminations and adjustments</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue				
External sales	1,660,242	661,639	168,388	2,490,269
Inter-Segment	750	279,456	(280,206)	-
	<u>1,660,992</u>	<u>941,095</u>	<u>(111,818) *</u>	<u>2,490,269</u>
Operating profit	<u>397,147</u>	<u>120,559</u>	<u>(49,504) **</u>	<u>468,202</u>

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-2015 RM'000	31-Mar-2014 RM'000	31-Mar-2015 RM'000	31-Mar-2014 RM'000
Interest income	7,754	11,603	7,754	11,603
Other income	17,484	25,420	17,484	25,420
Finance cost	(55,029)	(95,739)	(55,029)	(95,739)
Depreciation of property, plant and equipment	(316,164)	(315,738)	(316,164)	(315,738)
Amortisation of prepaid lease payments	(1,993)	(1,822)	(1,993)	(1,822)
Amortisation of intangibles	(3,225)	(3,224)	(3,225)	(3,224)
Impairment loss on trade and non trade receivables:				
Third parties	(4,707)	(4,526)	(4,707)	(4,526)
Bad debts written off	(2,392)	-	(2,392)	-
Net realised foreign exchange loss	(6,648)	(2,695)	(6,648)	(2,695)
Net unrealised foreign exchange (loss)/gain	(9,382)	441	(9,382)	441

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

Included in total assets are construction work-in-progress, mainly for the construction of ships and offshore floating assets, totalling RM1,747,727,000.

For the quarter ended 31 March 2015, the Group recognised a net gain on disposal of RM4,628,000 (31 March 2014: Nil) from disposal of SPPE with carrying amount of RM3,803,000 (31 March 2014: RM90,656,000).



## A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
<b>Cost</b>			
<b>At 1 January 2014</b>	<b>810,684</b>	<b>504,463</b>	<b>1,315,147</b>
Addition	-	-	-
Currency translation differences	42,862	-	42,862
<b>At 31 December 2014</b>	<b>853,546</b>	<b>504,463</b>	<b>1,358,009</b>
Addition	-	-	-
Currency translation differences	44,644	-	44,644
<b>At 31 March 2015</b>	<b>898,190</b>	<b>504,463</b>	<b>1,402,653</b>
<b>Accumulated amortisation and impairment</b>			
<b>At 1 January 2014</b>	<b>2,325</b>	<b>411,289</b>	<b>413,614</b>
Amortisation	-	13,076	13,076
<b>At 31 December 2014</b>	<b>2,325</b>	<b>424,365</b>	<b>426,690</b>
Amortisation	-	3,225	3,225
Currency translation differences	-	-	-
<b>At 31 March 2015</b>	<b>2,325</b>	<b>427,590</b>	<b>429,915</b>
<b>Net carrying amount</b>			
<b>At 1 January 2014</b>	<b>808,359</b>	<b>93,174</b>	<b>901,533</b>
<b>At 31 December 2014</b>	<b>851,221</b>	<b>80,098</b>	<b>931,319</b>
<b>At 31 March 2015</b>	<b>895,865</b>	<b>76,873</b>	<b>972,738</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 goodwill 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 was not tested for impairment in the quarter as there were no indications of impairment as at 31 March 2015.

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 March 2015.

### A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents is as follows:

	<b>31-Mar-2015</b> <b>RM'000</b>	<b>31-Dec-2014</b> <b>RM'000</b>
Cash with PETRONAS Integrated Financial Shared Service Centre *	2,766,846	3,258,864
Cash and bank balances	119,167	351,092
Deposits with licensed banks	1,185,864	1,228,873
<b>Total cash and cash equivalents</b>	<b><u>4,071,877</u></b>	<b><u>4,838,829</u></b>

\* 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:

	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>At 31 March 2015</b>				
<b><u>Financial Assets</u></b>				
<b>Available-for-sale financial assets</b>				
Quoted investments	<u>75,395</u>	<u>-</u>	<u>-</u>	<u>75,395</u>
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward exchange contracts	<u>-</u>	<u>485</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2014</b>				
<b><u>Financial Assets</u></b>				
<b>Available-for-sale financial assets</b>				
Quoted investments	74,333	-	-	74,333
<b>Derivatives</b>				
Forward exchange contracts	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>1,298</u>
	<b><u>74,333</u></b>	<b><u>1,298</u></b>	<b><u>-</u></b>	<b><u>75,631</u></b>

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 2015.

#### 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>31-Mar-2015</b>	<b>31-Dec-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Short Term Borrowings		
Secured	71,407	324,694
Unsecured	884,200	824,120
	<u>955,607</u>	<u>1,148,814</u>
Long Term Borrowings		
Secured	736,517	711,169
Unsecured	7,154,252	6,879,180
	<u>7,890,769</u>	<u>7,590,349</u>
<b>Total</b>	<b><u>8,846,376</u></b>	<b><u>8,739,163</u></b>

- ii) Foreign borrowings in United States Dollar equivalent as at 31 March 2015 are as follows:

	<b>RM'000</b>
United States Dollar Borrowings	<u>8,515,350</u>

#### A17. DIVIDENDS PAID

The Corporation paid a second interim tax exempt dividend in respect of the financial year ended 31 December 2014 of 6 sen per share (2013: Nil) totalling RM267.8 million (2013: Nil) on 11 March 2015.

#### A18. CAPITAL COMMITMENTS

	<b>31-Mar-2015</b>	<b>31-Dec-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
Group	406,063	525,250
Share of capital commitments in joint ventures	<u>139,322</u>	<u>144,506</u>
	<u>545,385</u>	<u>669,756</u>
<b>Approved but not contracted for:</b>		
Group	163,782	316,396
Share of capital commitments in joint ventures	<u>84,516</u>	<u>79,661</u>
	<u>248,298</u>	<u>396,057</u>
<b>Total</b>	<b><u>793,683</u></b>	<b><u>1,065,813</u></b>

## A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following:

	<b>RM'000</b>
<b>Secured</b>	
Bank guarantees extended to a third party	<u>26,045</u>
<b>Unsecured</b>	
Performance bond on contract extended to third parties	<u>308,050</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

<u>GROUP</u>	Quarter RM Million		Year to date RM Million	
	31-Mar-2015	31-Mar-2014	31-Mar-2015	31-Mar-2014
<b>Revenue</b>	<u>2,490.3</u>	<u>2,290.5</u>	<u>2,490.3</u>	<u>2,290.5</u>
<b>Operating Profit</b>	468.2	504.3	468.2	504.3
Finance costs	(55.0)	(95.7)	(55.0)	(95.7)
Share of profit of joint ventures and associates	98.7	119.3	98.7	119.3
<b>Profit Before Tax</b>	<u>511.9</u>	<u>527.9</u>	<u>511.9</u>	<u>527.9</u>

### Performance of current quarter against the quarter ended 31 March 2014

Group revenue for the quarter of RM2,490.3 million was 8.7% higher than RM2,290.5 million in the quarter ended 31 March 2014 ("corresponding quarter").

The increase in Group revenue was mainly due to improved freight rates in Petroleum business and commencement of finance lease income of a Floating, Production, Storage and Offloading ("FPSO") unit in September 2014. However, a smaller fleet of operating vessels in Chemical business and lower earning days in LNG business moderated the increase in Group revenue.

Group operating profit of RM468.2 million was 7.2% lower than the corresponding quarter's profit of RM504.3 million, mainly due to lower revenue in LNG business and additional costs incurred on some Heavy Engineering projects. However, higher profit in Offshore business and lower losses in Chemical business helped to mitigate the decrease in Group operating profit.

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

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

	Quarter RM Million		Year to date RM Million	
	31-Mar-2015	31-Mar-2014	31-Mar-2015	31-Mar-2014
<b>Revenue:</b>				
Third Party	1,660.2	1,637.9	1,660.2	1,637.9
<b>Operating profit</b>	<u>397.1</u>	<u>450.3</u>	<u>397.1</u>	<u>450.3</u>

**Performance of current quarter against the quarter ended 31 March 2014**

Revenue of RM1,660.2 million was 1.4% higher than the corresponding quarter's revenue of RM1,637.9 million, mainly from improved freight rates in Petroleum business. However, a smaller fleet of operating vessels and lower earning days caused a decline in Chemical business and LNG business revenue respectively in the current quarter.

The segment recorded lower operating profit of RM397.1 million compared to RM450.3 million in the corresponding quarter, mainly from lower revenue in LNG business. However, cost reductions from operating a smaller fleet of Chemical tankers and higher revenue in Petroleum business lessened the impact of a decrease in LNG shipping profit.

**OTHER ENERGY BUSINESS ("OEB")**

	Quarter RM Million		Year to date RM Million	
	31-Mar-2015	31-Mar-2014	31-Mar-2015	31-Mar-2014
<b>Revenue:</b>				
Third Party	661.6	566.9	661.6	566.9
<b>Operating profit</b>	<u>120.6</u>	<u>59.0</u>	<u>120.6</u>	<u>59.0</u>

**Performance of current quarter against the quarter ended 31 March 2014**

Revenue of RM661.6 million was 16.7% higher than RM566.9 million in the corresponding quarter, mainly due to higher revenue from Offshore business following commencement of an FPSO in September 2014 and higher revenue from different phases of project construction in Heavy Engineering.

The segment's operating profit of RM120.6 million was higher than RM59.0 million in the corresponding quarter, mainly due to finance lease income contribution from the new FPSO and higher share of profit from joint ventures in the Offshore business. However, additional costs incurred on existing projects caused a decline in Heavy Engineering profit in the current quarter.

## B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Current Quarter RM Million 31-Mar-2015	Preceding Quarter RM Million 31-Dec-2014
<b>Revenue</b>	<u>2,490.3</u>	<u>2,286.8</u>
<b>Operating Profit</b>	468.2	469.0
Net impairment reversals	-	(358.9)
Disposal of assets through finance lease	-	654.5
Finance costs	(55.0)	(57.0)
Share of profit of joint ventures and associates	98.7	319.8
<b>Profit Before Tax</b>	<u>511.9</u>	<u>1,027.4</u>

Group revenue of RM2,490.3 million was 8.9% higher than the preceding quarter's revenue of RM2,286.8 million. Improved freight rates in Petroleum business and higher revenue from different phases of project construction in Heavy Engineering contributed to the increase in Group revenue.

Group operating profit of RM468.2 million was marginally lower than the preceding quarter's profit of RM469.0 million, mainly due to lower earning days in LNG business. However, cost reductions from operating a smaller fleet of Chemical tankers and higher revenue in Petroleum business helped to cushion the decrease in Group operating profit.

## 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, Petroleum shipping segment has found strength from sustained global oil production. Barring any material cutbacks in global oil production, the recent strength in petroleum shipping could be sustained for the year. Chemical shipping prospects remain mixed given uncertainty in demand as a result of sluggish growth in certain economic zones.

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 along with other cost management and operational excellence initiatives to sustain profitability during the year.

**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**

	<b>Current Quarter</b>
	<b>Jan 2015 - Mar 2015</b>
	<b>RM'000</b>
Taxation for the period comprises the following charge:	
Income tax charge	
- current period	4,828
- prior year	-
Deferred taxation	<u>(5,123)</u>
	<u>(295)</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) The status of the utilisation of proceeds raised from disposal of 50% stake in Gumusut ("Share Disposal") as at 31 March 2015 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	<sup>(3)</sup> %
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	1,303.4	Within eighteen (18) months	Within thirty six (36) months <sup>(2)</sup>	168.8	11.5 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>5,125.8</b>			<b>169.0</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**

On 16 September 2008, MISC entered into a three (3)-month Fixed Forward Bunker Supply Contract (“Bunker Hedging Contract”) with Marinehub (Malaysia) Sdn. Bhd. (“Marinehub”). On 14 November 2008, MISC terminated the Bunker Hedging Contract on the basis that Marinehub had breached a clause that allowed MISC to carry over unutilised bunker allowance from month to month at market price.

Marinehub had signed a separate contract with Scandinavian Bunkering (Singapore) Pte. Ltd. (“SBS”) for such supply of bunker and when the Bunker Hedging Contract was terminated, Marinehub assigned all its right under the contract to SBS. In early 2009, SBS filed a claim against MISC in the High Court, Kuala Lumpur for wrongful termination and sought to recover all monies due for the balance of the contract tenure, i.e. being the difference between the contract price and the market price, which amounts to approximately USD27.5 million.

Summary judgement for wrongful termination was entered against MISC in September 2009 by the High Court. In April 2011, parties went to Court for the assessment of damages and on 16 May 2011, the High Court awarded SBS the sum of USD25,246,233.17 with interest.

MISC thereafter lodged an appeal on the award of damages in the Court of Appeal and contended that SBS, being the assignee, could only claim the loss of profit that Marinehub suffered, which was approximately USD180,000.

On 19 December 2012, the Court of Appeal set aside the High Court’s award of damages and substituted it with an order for the sum of USD177,410.90 with interest of 8% per annum from 19 November 2008 to the date of final realisation (“Judgement Sum”).

On 28 December 2012, MISC paid the Judgement Sum awarded by the Court of Appeal to SBS.

SBS subsequently appealed to the Federal Court. On 16 March 2015, the Federal Court delivered its judgement and upheld the award by the High Court of USD25,246,233.17 with interest. MISC made substantial provision for this legal claim in the prior years and paid the said judgement amount with interest totalling USD37,849,113.90 on 1 April 2015.

## B8. DIVIDENDS

No dividend has been proposed by the Board of Directors for this quarter ended 31 March 2015 (31 March 2014 : Nil).

## 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 March 2015 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value Loss RM'000
<b><u>Foreign exchange contracts</u></b>		
Less than 1 year	<u>27,779</u>	<u>(485)</u>

## B10. EARNINGS PER SHARE

	Quarter ended 31 March		Financial period ended 31 March	
	2015	2014	2015	2014
Basic earnings per share are computed as follows:				
Profit for the period attributable to owners of the Corporation (RM'000):	486,310	486,396	486,310	486,396
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 per share (sen)	10.9	10.9	10.9	10.9

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 March 2015 and 31 December 2014 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>31-Mar-2015</b>	<b>31-Dec-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of MISC Group and its subsidiaries:		
- Realised	18,003,198	17,864,552
- Unrealised	<u>(233,945)</u>	<u>(226,394)</u>
	<b><u>17,769,253</u></b>	<b><u>17,638,158</u></b>
Total share of retained loss from associates:		
- Realised	(2,391)	(2,335)
- Unrealised	<u>-</u>	<u>-</u>
	<b><u>(2,391)</u></b>	<b><u>(2,335)</u></b>
Total share of retained profits from joint ventures :		
- Realised	1,624,392	1,509,442
- Unrealised	<u>(26,835)</u>	<u>(8,825)</u>
	<b><u>1,597,557</u></b>	<b><u>1,500,617</u></b>
Total Group retained profits	<b><u>19,364,419</u></b>	<b><u>19,136,440</u></b>
Less:		
Consolidation adjustments	(2,348,531)	(2,339,037)
Total Group retained profits as per consolidated accounts	<b><u>17,015,888</u></b>	<b><u>16,797,403</u></b>

By Order of the Board