

MISC BERHAD

(Company No. 8178 H)



Unaudited Condensed Consolidated Income Statement

For The Period Ended 30 September 2015

	3 Months Ended 30 September		Cumulative 9 Months Ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	2,505,584	2,180,288	7,596,324	7,009,463
Cost of sales	(1,598,426)	(1,522,633)	(5,183,374)	(5,032,851)
GROSS PROFIT	907,158	657,655	2,412,950	1,976,612
Other operating income	35,326	51,812	129,730	117,948
General and administrative expenses	(323,622)	(223,628)	(788,193)	(722,109)
OPERATING PROFIT	618,862	485,839	1,754,487	1,372,451
Net impairment provisions	(232,325)	-	(232,325)	-
Net gain/(loss) on disposal of ships, property, plant and equipment	895	14,462	7,651	(33,457)
Finance costs	(40,289)	(56,286)	(143,545)	(247,470)
Share of profit/(loss) of associates	21	(25)	213	(32)
Share of profit of joint ventures	172,137	66,528	417,243	291,459
PROFIT BEFORE TAX	519,301	510,518	1,803,724	1,382,951
Taxation	(15,161)	(12,957)	(21,006)	(54,523)
PROFIT FOR THE PERIOD	504,140	497,561	1,782,718	1,328,428
PROFIT ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	483,564	470,796	1,715,060	1,245,276
Non-Controlling Interests	20,576	26,765	67,658	83,152
PROFIT FOR THE PERIOD	504,140	497,561	1,782,718	1,328,428
BASIC & DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION	10.8	10.5	38.4	27.9

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

MISC BERHAD

(Company No. 8178 H)



Unaudited Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 30 September 2015

	3 Months Ended		Cumulative	
	30 September		9 Months Ended	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAX FOR THE PERIOD	504,140	497,561	1,782,718	1,328,428
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Fair value loss on non-current investments	(4,297)	(15,754)	(5,379)	(53,403)
Cash Flow hedges:				
Fair value (loss)/gain				
Group	(27,166)	2,032	(31,738)	4,026
Joint ventures	19,989	4,654	20,270	24,366
Other reserves	-	476,837	-	476,837
Gain/(loss) on currency translation *	4,974,463	(340,514)	7,027,163	(163,577)
Total other comprehensive income	4,962,989	127,255	7,010,316	288,249
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,467,129	624,816	8,793,034	1,616,677
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity Holders of the Corporation	5,410,733	594,147	8,676,461	1,533,496
Non-Controlling Interests	56,396	30,669	116,573	83,181
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,467,129	624,816	8,793,034	1,616,677

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

	2015	2014	2013
As at 31 December	N/A	3.49450	3.29000
As at 30 September	4.44750	3.27650	N/A

MISC BERHAD

(Company No. 8178 H)



Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2015

	30 September 2015	31 December 2014
	RM'000	RM'000
NON CURRENT ASSETS		
Ships	23,583,756	18,215,599
Offshore floating assets	385,766	326,374
Property, plant and equipment	2,016,490	1,971,972
Prepaid lease payments on land and buildings	235,872	249,905
Finance lease receivables	4,024,363	3,561,430
Investments in associates	2,467	1,987
Investments in joint ventures	4,733,492	6,248,878
Other non-current financial assets	393,689	572,000
Intangible assets	1,121,280	931,319
Deferred tax asset	89,839	90,373
	36,587,014	32,169,837
CURRENT ASSETS		
Inventories	70,301	243,782
Finance lease receivables	611,296	390,635
Trade and other receivables	3,759,438	2,549,910
Cash and cash equivalents	5,100,079	4,838,829
Amounts due from related companies	197,477	87,516
Amounts due from associates	101	308
Amounts due from joint ventures	536,968	380,517
Assets held for sale	4,833,669	922,722
Derivatives assets	-	246
	15,109,329	9,414,465
TOTAL ASSETS	51,696,343	41,584,302
EQUITY		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	8,996,997	2,035,596
Retained profits	17,939,872	16,797,403
Equity attributable to equity holders of the Corporation	35,860,131	27,756,261
Non-Controlling Interests	1,123,750	1,064,843
TOTAL EQUITY	36,983,881	28,821,104
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	8,991,643	7,590,349
Deferred tax liabilities	32,436	28,963
Liner Exit Provisions	623,832	551,189
Derivatives liabilities	11,981	-
	9,659,892	8,170,501
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,146,884	1,148,814
Trade and other payables	3,754,285	3,300,602
Provision for taxation	29,963	42,491
Amounts due to related companies	6,488	4,099
Amounts due to associates	3,346	2,169
Amounts due to joint ventures	111,604	94,522
	5,052,570	4,592,697
TOTAL LIABILITIES	14,712,462	12,763,198
TOTAL EQUITY AND LIABILITIES	51,696,343	41,584,302

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)



Unaudited Condensed Consolidated Statement of Cash Flow

For the Period Ended 30 September 2015

	30 September 2015	30 September 2014
	RM'000	RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	9,035,306	7,338,706
Cash paid to suppliers and employees	(6,274,968)	(5,441,601)
Cash from Operations	2,760,338	1,897,105
Taxation paid	(32,993)	(68,881)
Net cash flows generated from operating activities	2,727,345	1,828,224
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(2,195,119)	(1,020,533)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	11,078	591,404
Dividend received from:		
Quoted investments	1,575	4,824
Associates and joint ventures	13,188	639,946
Repayment of loans due from joint ventures	182,268	-
Loans to joint ventures	-	(5,245)
Proceeds from disposal of a subsidiary	-	5,000
Interest received	38,701	18,938
Net cash flows used in investing activities	(1,948,309)	234,334
Cash Flow from Financing Activities:		
Drawdown of term loans and revolving credit	994,425	5,223,736
Repayment of term loans and revolving credit	(1,811,808)	(5,505,735)
Acquisition of non-controlling interest	-	(58,340)
Acquisition of subsidiary	1,896	-
Dividends paid to the equity holders of the Corporation	(572,591)	(403,099)
Dividends paid to non-controlling interest of subsidiaries	(57,327)	(70,965)
Interest paid	(112,476)	(252,020)
Net cash flows (used in)/generated from financing activities	(1,557,881)	(1,066,423)
Net Change in Cash & Cash Equivalents	(778,845)	996,135
Cash & Cash Equivalents at the beginning of the year	4,838,829	4,747,735
Currency translation difference	1,040,095	(16,249)
Cash & Cash Equivalents at the end of the period	5,100,079	5,727,621

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)



Unaudited Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 September 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
9 MONTHS ENDED 30 SEPTEMBER 2015															
At 1 January 2015	28,821,104	27,756,261	4,463,794	4,459,468	16,797,403	2,035,596	41,415	435,284	1,357	1,966	59,715	63,399	(5,546)	1,438,006	1,064,843
Total comprehensive income/(loss)	8,793,034	8,676,461	-	-	1,715,060	6,961,401	-	-	-	-	-	(5,379)	(11,468)	6,978,248	116,573
Transactions with owners															
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	(339)	-	-	-	-	-	-	-	-	-	-	-	-	-	(339)
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(629,918)	(572,591)	-	-	(572,591)	-	-	-	-	-	-	-	-	-	(57,327)
Total transactions with owners	(630,257)	(572,591)	-	-	(572,591)	-	-	-	-	-	-	-	-	-	(57,666)
At 30 September 2015	36,983,881	35,860,131	4,463,794	4,459,468	17,939,872	8,996,997	41,415	435,284	1,357	1,966	59,715	58,020	(17,014)	8,416,254	1,123,750
9 MONTHS ENDED 30 SEPTEMBER 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)	1,616,676	1,533,495	-	-	1,245,276	288,219	476,837	-	-	-	-	(53,403)	27,649	(162,864)	83,181
Transactions with owners															
Dividends	(474,064)	(403,099)	-	-	(403,099)	-	-	-	-	-	-	-	-	-	(70,965)
Total transactions with owners	(474,064)	(403,099)	-	-	(403,099)	-	-	-	-	-	-	-	-	-	(70,965)
At 30 September 2014	26,899,981	25,843,325	4,463,794	4,459,468	15,837,012	1,083,051	518,252	435,284	1,357	1,966	59,715	137,351	(4,657)	(66,217)	1,056,656

* 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 Unaudited Condensed Financial Report

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 3 November 2015.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 30 September 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

- (a) On 15 June 2015, the Corporation entered into an Agreement for Sale and Purchase of Shares with Petroliam Nasional Berhad (“PETRONAS”) for the acquisition of PETRONAS’ entire equity interest in PETRONAS Maritime Services Sdn. Bhd. (“PMSSB”) for a cash consideration of RM54,111,244. PMSSB has a wholly-owned subsidiary, Sungai Udang Port Sdn Bhd (“SUPSB”).

Upon completion of the acquisition on 7 July 2015, PMSSB became a wholly-owned subsidiary of the Corporation.

- (b) On 21 August 2015, the Corporation and its Subsidiary, MTTI Sdn. Bhd. (“MTTI”) entered into an Agreement for Sale and Purchase of 50% of the Issued Share Capital of VTTI B.V. with VIP Terminals Finance B.V., ultimately a wholly-owned subsidiary of Vitol Investment Partnership Limited, for the disposal of 50% of the issued share capital of VTTI B.V. for a cash consideration of USD830.0 million (“Proposed Disposal”).

Upon completion of the Proposed Disposal, VTTI will cease to be a joint-venture company of MTTI.

A7. SEGMENT REPORT

Segmental analysis for the current financial period 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	5,477,793	1,748,391	370,140	7,596,324
Inter-Segment	-	641,007	(641,007)	-
	<u>5,477,793</u>	<u>2,389,398</u>	<u>(270,867) *</u>	<u>7,596,324</u>
Operating profit	<u>1,506,152</u>	<u>256,931</u>	<u>(8,596) **</u>	<u>1,754,487</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:

	Quarter Ended		Cumulative 9 Months Ended	
	30-Sept-2015 RM'000	30-Sept-2014 RM'000	30-Sept-2015 RM'000	30-Sept-2014 RM'000
Interest income	12,893	6,663	29,038	26,885
Other income	35,601	36,211	82,043	67,296
Finance cost	(40,289)	(56,286)	(143,545)	(247,470)
Depreciation of property, plant and equipment	(359,973)	(292,410)	(1,008,077)	(926,553)
Amortisation of prepaid lease payments	(1,668)	(1,816)	(5,696)	(5,193)
Amortisation of intangibles	(3,296)	(3,296)	(9,780)	(9,780)
Impairment loss on trade and non trade receivables:				
Third parties	5,349	(1,430)	(117)	(6,750)
Bad debts written off	-	-	(2,392)	(1,046)
Net realised foreign exchange gain/(loss)	18,857	(70,115)	40,409	(78,109)
Net unrealised foreign exchange gain/(loss)	14,805	24,745	(14,108)	(2,089)

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 RM1,422,301,000.

For the quarter ended 30 September 2015, the Group recognised a net gain on disposal of RM895,000 (30 September 2014: RM14,462,000) from disposal of SPPE with carrying amount of RM320,000 (30 September 2014: RM132,503,000).

For the cumulative nine months ended 30 September 2015, the Group recognised a net gain on disposal of RM7,651,000 (30 September 2014 : Net loss on disposal of RM33,457,000).

A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2014	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
Addition	-	-	-
Currency translation differences	199,742	-	199,742
At 30 September 2015	1,053,288	504,463	1,557,751
Accumulated amortisation and impairment			
At 1 January 2014	2,325	411,289	413,614
Amortisation	-	13,076	13,076
At 31 December 2014	2,325	424,365	426,690
Amortisation	-	9,781	9,781
Currency translation differences	-	-	-
At 30 September 2015	2,325	434,146	436,471
Net carrying amount			
At 1 January 2014	808,359	93,174	901,533
At 31 December 2014	851,221	80,098	931,319
At 30 September 2015	1,050,963	70,317	1,121,280

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.

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 30 September 2015.

A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents is as follows:

	30-Sept-2015 RM'000	31-Dec-2014 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	3,132,819	3,258,864
Cash and bank balances	304,869	351,092
Deposits with licensed banks	1,662,391	1,228,873
Total cash and cash equivalents	5,100,079	4,838,829

* 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 30 September 2015				
Financial Assets				
Available-for-sale financial assets				
Quoted investments	<u>69,024</u>	<u>-</u>	<u>-</u>	<u>69,024</u>
Financial Liabilities				
Derivatives				
Interest rate swaps designated as hedging instruments	<u>-</u>	<u>11,981</u>	<u>-</u>	<u>-</u>
At 31 December 2014				
Financial Assets				
Available-for-sale financial assets				
Quoted investments	74,333	-	-	74,333
Derivatives				
Forward exchange contracts	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>1,298</u>
	74,333	1,298	-	75,631

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 September 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:

	30-Sept-2015	31-Dec-2014
	RM'000	RM'000
Short Term Borrowings		
Secured	179,553	324,694
Unsecured	967,331	824,120
	<u>1,146,884</u>	<u>1,148,814</u>
Long Term Borrowings		
Secured	1,678,334	711,169
Unsecured	7,313,309	6,879,180
	<u>8,991,643</u>	<u>7,590,349</u>
Total	<u>10,138,527</u>	<u>8,739,163</u>

ii) Foreign borrowings in United States Dollar equivalent as at 30 September 2015 are as follows:

	RM'000
United States Dollar Borrowings	<u>10,099,579</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.

The Corporation also paid first interim tax exempt dividend of 7.5 sen per share (2014: 4 sen) in respect of financial year 2015 amounting to RM334.8 million (2014: RM178.6 million) on 2 September 2015.

A18. CAPITAL COMMITMENTS

	30-Sept-2015	31-Dec-2014
	RM'000	RM'000
Approved and contracted for:		
Group	4,292,594	525,250
Share of capital commitments in joint ventures	19,636	144,506
	<u>4,312,230</u>	<u>669,756</u>
Approved but not contracted for:		
Group	346,051	316,396
Share of capital commitments in joint ventures	-	79,661
	<u>346,051</u>	<u>396,057</u>
Total	<u>4,658,281</u>	<u>1,065,813</u>

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following:

	RM'000
Secured	
Bank guarantees extended to a third party	<u>23,147</u>
Unsecured	
Performance bond on contract extended to third parties	<u>414,957</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 Ended		Cumulative 9 Months Ended	
	30-Sept-2015 RM Million	30-Sept-2014 RM Million	30-Sept-2015 RM Million	30-Sept-2014 RM Million
Revenue (Third party):				
Energy Related Shipping ("ERS")	1,988.1	1,475.5	5,477.8	4,681.9
Other Energy Business ("OEB")	381.0	533.2	1,748.4	1,983.1
Others, Eliminations and adjustments	136.5	171.6	370.1	344.5
Total	2,505.6	2,180.3	7,596.3	7,009.5
Operating Profit				
Energy Related Shipping ("ERS")	552.2	439.1	1,506.2	1,235.9
Other Energy Business ("OEB")	18.1	43.0	256.9	152.5
Others, Eliminations and adjustments	48.6	3.7	(8.7)	(15.9)
Total Operating Profit	618.9	485.8	1,754.4	1,372.5
Net impairment provision	(232.3)	-	(232.3)	-
Net gain/(loss) on disposal of SPPE	0.9	14.5	7.7	(33.5)
Finance costs	(40.3)	(56.3)	(143.5)	(247.5)
Share of profit of joint ventures and associates	172.2	66.5	417.5	291.4
Profit Before Tax	519.3	510.5	1,803.7	1,383.0

Performance of current quarter against the quarter ended 30 September 2014

Group revenue of RM2,505.6 million was 14.9% higher than RM2,180.3 million in the quarter ended 30 September 2014 ("corresponding quarter") and Group operating profit of RM618.9 million was 27.4% higher than the corresponding quarter's profit of RM485.8 million. The variance in Group performance by segments is further explained below.

ERS

ERS revenue of RM1,988.1 million was 34.7% higher than the corresponding quarter's revenue of RM1,475.5 million, mainly due to improved freight rates in the Petroleum business. However, a smaller fleet of operating vessels and lower earning days caused declines in Chemical and LNG businesses' revenue respectively.

ERS operating profit of RM552.2 million was 25.8% higher than the corresponding quarter's profit of RM439.1 million. Petroleum business recorded higher profit from increase in revenue while Chemical business showed a slight profit in the current quarter from improvement in charter rates. LNG business, however, recorded lower operating profit from lower revenue in the current quarter.

OEB

OEB revenue of RM381.0 million was 28.5% lower than the corresponding quarter's revenue of RM533.2 million, mainly due to different phases of project construction of on-going projects in Heavy Engineering and lower reimbursable revenue in Offshore business in the current quarter.

OEB operating profit of RM18.1 million was 57.9% lower than the corresponding quarter's profit of RM43.0 million, mainly due to lower OEB revenue and higher additional costs to complete an on-going project in Heavy Engineering business.

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

Performance of current 9-months period against the 9-months period ended 30 September 2014

Group revenue for the 9-months ended 30 September 2015 of RM7,596.3 million was 8.4% higher than the RM7,009.5 million revenue for the 9-months ended 30 September 2014 ("corresponding period") and Group operating profit of RM1,754.4 million was 27.8% higher than the corresponding period's profit of RM1,372.5 million. The variance in Group performance by segments is further explained below.

ERS

ERS revenue of RM5,477.8 million was 17.0% higher than the corresponding period's revenue of RM4,681.9 million, mainly due to improved freight rates in the Petroleum business. However, a smaller fleet of operating vessels and lower earning days caused declines in Chemical and LNG businesses' revenue respectively.

ERS operating profit of RM1,506.2 million was 21.9% higher than the corresponding period's profit of RM1,235.9 million, mainly due to higher profit in Petroleum business from higher revenue and lower loss in Chemical business from operating a smaller fleet of vessels. However, LNG business recorded lower operating profit from lower revenue in the current period.

OEB

OEB revenue of RM1,748.4 million was 11.8% lower than the corresponding period's revenue of RM1,983.1 million, mainly due to different phases of project construction in Heavy Engineering. However, finance lease income contribution of a Floating Production, Storage and Offloading ("FPSO") unit which commenced in September 2014 and revenue from an EPC project in Offshore business cushioned the decrease in OEB revenue.

OEB operating profit of RM256.9 million was 68.5% higher than the corresponding period's profit of RM152.5 million, mainly from finance lease income contribution from the new FPSO unit and contribution from an Engineering, Procurement and Construction ("EPC") project in the Offshore business. However, Heavy Engineering business recorded lower operating profit due to lower revenue and higher additional costs to complete an on-going project.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Quarter Ended 30-Sept-2015 RM Million	Quarter Ended 30-June-2015 RM Million
Revenue	2,505.6	2,600.5
Operating Profit	618.9	672.1
Net impairment provision	(232.3)	-
Net gain on disposal of SPPE	0.9	2.1
Finance costs	(40.3)	(48.2)
Share of profit of joint ventures and associates	172.2	146.6
Profit Before Tax	519.4	772.6

Group revenue of RM2,505.6 million was 3.6% lower than the preceding quarter's revenue of RM2,600.5 million due to lower earning days in LNG business in the current quarter and revenue recognised from an EPC project by Offshore business in the preceding quarter.

Group operating profit of RM618.9 million was lower than the preceding quarter's profit of RM672.1 million, mainly due to lower revenue and higher additional costs to complete an on-going project in Heavy Engineering business.

B3. GROUP CURRENT YEAR PROSPECTS

The Petroleum shipping segment continues to enjoy the benefits of market strength in the first half of 2015 into the third quarter of the year, despite the quarter being a seasonally weaker period. This segment is likely to end the year on an equally strong note given the start of the winter season in the Northern Hemisphere which is seasonally positive for this segment.

The steady performance of the LNG shipping and Offshore business segments of the past nine months will continue into the last quarter of the year on the back of the portfolio of long term contracts both business segments have in place.

However, the outlook and prospects of the Upstream oil and gas industry is projected to remain poor with the prolonged weakness in oil price. The cutback in exploration and production activities will continue to weigh heavily on the offshore construction activities for the Heavy Engineering segment. On a positive note, the segment's marine repair business is expected to perform steadily for the rest of the financial year and to a limited extent, cushion the weak performance of offshore construction business.

Operationally, the Group is expected to sustain its financial performance for the past 9 months into the final quarter of the financial year 2015. However, the overall performance for the financial year is still subject to potential accounting impact from impairment tests, if any.

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

	Quarter Ended	Cumulative 9
	30-Sept-2015	Months Ended
	RM'000	30-Sept-2015
		RM'000
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	14,228	22,637
Deferred taxation	<u>933</u>	<u>(1,631)</u>
	<u>15,161</u>	<u>21,006</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 August 2015, the Corporation and its Subsidiary, MTTI Sdn. Bhd. ("MTTI") entered into an Agreement for Sale and Purchase of 50% of the Issued Share Capital of VTTI B.V. with VIP Terminals Finance B.V., ultimately a wholly-owned subsidiary of Vitol Investment Partnership Limited, for the disposal of 50% of the issued share capital of VTTI B.V. for a cash consideration of USD830.0 million ("Proposed Disposal").

Upon completion of the Proposed Disposal, VTTI will cease to be a joint-venture company of the Group.



B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D.)

(b) The status of the utilisation of proceeds raised from disposal of 50% stake in Gumusut ("Share Disposal") as at 30 September 2015 is as follows:

Purpose	Proposed utilisation ⁽¹⁾	Actual utilisation	Estimated timeframe for utilisation from the Completion Date ⁽¹⁾	Revised timeframe for utilisation from the Completion Date	Deviation amount	Explanations
	RM million	RM million			RM million	⁽³⁾ %
Repayment of bank loans and borrowings	3,820.6	3,820.6	Within nine (9) months	Within nine (9) months	0.0	0.0
Capital expenditure	1,472.2	1,472.4	Within eighteen (18) months	Within thirty six (36) months ⁽²⁾	-0.2	0.0 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	5,294.8			0.0	

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

Scandinavian Bunkering (Singapore) Pte. Ltd. (“SBS”) vs MISC

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.

Equatorial Marine Fuel Management Services Pte. Ltd. (“Equatorial”) vs MISC

On 14 March 2008, MISC entered into a contract with Market Asia Link Sdn. Bhd. (“MAL”) for the supply of bunkers. In order to meet MAL’s obligation to supply the bunkers to MISC, MAL entered into contracts with several bunker suppliers, including a contract with Equatorial. MAL failed to pay its suppliers (including Equatorial) for the bunker supplied despite having been paid by MISC for such supply.

Equatorial sought to claim from MISC the amount owed by MAL and filed a claim against MISC in the Singapore Admiralty High Court in February 2010 for the sum of USD21,703,059.39 plus contractual interest at the rate of 2% per month. MISC defended the claim on grounds there is no contract between Equatorial and MISC.

On 22 July 2015, the Singapore Admiralty High Court delivered judgment in MISC’s favour and dismissed Equatorial’s claim.

On 21 August 2015, Equatorial filed an appeal to the Singapore Court of Appeal. A hearing date for the appeal has not been fixed.

B7. CHANGES IN MATERIAL LITIGATION (CONT'D.)

Global Terminal Investments Ltd ("GTIL") vs MISC and Dialog Group Berhad

On 4 October 2007, MISC entered into a shareholders agreement with Dialog Group ("SHA") where MISC acquired a 45% equity stake in Centralised Terminals Sdn Bhd. ("CTSB"). MISC thereafter commenced negotiations with Prostar Capital Ltd ("Prostar") to divest the said stake and negotiations were on-going till May 2015. Under the SHA, MISC must seek Dialog's consent before selling the shares, however Dialog's consent did not materialise.

On 30 September 2015, Global Terminal Investments Ltd ("GTIL"), Prostar's nominee to acquire MISC's shares filed a suit against MISC and Dialog in the Kuala Lumpur High Court. GTIL alleged that MISC concluded a valid share sale agreement with GTIL and MISC was in breach for not concluding the agreement. The orders sought by GTIL include specific performance of the draft share sale agreement between MISC and GTIL and in lieu of specific performance, MISC is to pay special damages of USD721,609.18 being transaction costs incurred. MISC's defence is that there is no binding agreement with GTIL.

The next case management date has been fixed on 13 November 2015.

B8. DIVIDENDS

No dividend has been proposed by the Board of Directors for this quarter ended 30 September 2015 (30 September 2014 : Nil).

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 June 2015 will mature in September 2018. The maturity of the IRS coincides with the maturity of the original floating rate loan.

Details of the Group's derivative financial instruments outstanding as at 30 September 2015 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value Loss RM'000
<u>Interest rate swaps</u>		
More than 3 years	1,334,250	(3,251)

B10. EARNINGS PER SHARE

	Quarter Ended		Cumulative 9 Months Ended	
	30-Sept-2015	30-Sept-2014	30-Sept-2015	30-Sept-2014
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM'000):	483,564	470,796	1,715,060	1,245,276
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)	10.8	10.5	38.4	27.9

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 30 September 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.

	30-Sept-2015 RM'000	31-Dec-2014 RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	19,044,942	17,864,552
- Unrealised	<u>(1,099,777)</u>	<u>(226,394)</u>
	<u>17,945,165</u>	<u>17,638,158</u>
Total share of retained loss from associates:		
- Realised	(2,229)	(2,335)
- Unrealised	<u>-</u>	<u>-</u>
	<u>(2,229)</u>	<u>(2,335)</u>
Total share of retained profits from joint ventures:		
- Realised	1,780,831	1,509,442
- Unrealised	<u>(35,675)</u>	<u>(8,825)</u>
	<u>1,745,156</u>	<u>1,500,617</u>
Total Group retained profits	<u>19,688,092</u>	<u>19,136,440</u>
Less:		
Consolidation adjustments	(1,748,220)	(2,339,037)
Total Group retained profits as per consolidated accounts	<u>17,939,872</u>	<u>16,797,403</u>

By Order of the Board