MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Income Statement

For The Year Ended 31 December 2015

	3 Months Ended 31 December		Cumulative 12 Months Ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	3,312,062	2,286,791	10,908,386	9,296,254
Cost of sales	(2,280,141)	(1,618,586)	(7,463,515)	(6,651,437)
GROSS PROFIT	**1,031,921**	**668,205**	**3,444,871**	**2,644,817**
Other operating income	548,612	232,086	678,342	350,034
General and administrative expenses	(498,150)	(431,418)	(1,286,343)	(1,153,527)
OPERATING PROFIT	**1,082,383**	**468,873**	**2,836,870**	**1,841,324**
Net impairment provisions	(316,527)	(358,917)	(548,852)	(358,917)
Disposal of assets through finance lease	-	654,549	-	654,549
Net loss on disposal of ships, property, plant and equipment	(74,992)	-	(67,341)	(33,457)
Finance costs	(96,808)	(57,024)	(240,353)	(304,494)
Share of profit/(loss) of associates	4	2	217	(30)
Share of profit of joint ventures	169,073	319,914	586,316	611,373
PROFIT BEFORE TAX	**763,133**	**1,027,397**	**2,566,857**	**2,410,348**
Taxation	(10,744)	(35,788)	(31,750)	(90,311)
PROFIT FOR THE PERIOD	**752,389**	**991,609**	**2,535,107**	**2,320,037**
PROFIT ATTRIBUTABLE TO:				
Equity Holders of the Corporation:	752,720	959,034	2,467,780	2,204,310
Non-Controlling Interests	(331)	32,575	67,327	115,727
PROFIT FOR THE PERIOD	**752,389**	**991,609**	**2,535,107**	**2,320,037**
BASIC & DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE CORPORATION	16.9	21.5	55.3	49.4

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 Year Ended 31 December 2015

	3 Months Ended 31 December		Cumulative 12 Months Ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAX FOR THE PERIOD	**752,389**	**991,609**	**2,535,107**	**2,320,037**
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to profit or loss in subsequent periods:				
Fair value gain/(loss) on non-current investments	7,546	(73,952)	2,167	(127,355)
Cash Flow hedges:				
Fair value gain/(loss)				
Group	16,038	(672)	(15,700)	3,354
Joint ventures	5,373	(217)	25,643	24,149
(Loss)/gain on currency translation *	(1,251,607)	1,041,936	5,775,556	1,349,907
Total other comprehensive (loss)/income	**(1,222,650)**	**967,095**	**5,787,666**	**1,250,055**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(470,261)**	**1,958,704**	**8,322,773**	**3,570,092**
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Equity Holders of the Corporation	(465,571)	1,916,869	8,210,890	3,445,074
Non-Controlling Interests	(4,690)	41,835	111,883	125,018
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(470,261)**	**1,958,704**	**8,322,773**	**3,570,092**

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

	2015	2014	2013
As at 31 December	4.29400	3.49450	3.29000
As at 30 September	4.44750	3.27650	-

The Condensed Consolidated Statement of Comprehensive Income 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 Financial Position

As at 31 December 2015

	31 December 2015 RM'000	31 December 2014 RM'000
NON CURRENT ASSETS		
Ships	23,022,372	18,215,599
Offshore floating assets	398,067	326,374
Property, plant and equipment	2,027,378	1,971,972
Prepaid lease payments on land and buildings	233,974	249,905
Finance lease receivables	3,786,759	3,561,430
Investments in associates	2,369	1,987
Investments in joint ventures	4,699,924	6,248,878
Other non-current financial assets	360,967	572,000
Derivatives assets	1,501	-
Intangible assets	925,635	931,319
Deferred tax asset	92,186	90,373
	35,551,132	**32,169,837**
CURRENT ASSETS		
Inventories	1,740,894	243,782
Finance lease receivables	491,240	390,635
Trade and other receivables	3,396,181	2,549,910
Cash and cash equivalents	5,654,024	4,838,829
Amounts due from related companies	380,836	87,516
Amounts due from associates	448	308
Amounts due from joint ventures	522,718	380,517
Assets held for sale	-	922,722
Derivatives assets	-	246
	12,186,341	**9,414,465**
TOTAL ASSETS	**47,737,473**	**41,584,302**
EQUITY		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	7,780,376	2,035,596
Retained profits	18,673,165	16,797,403
Equity attributable to equity holders of the Corporation	**35,376,803**	**27,756,261**
Non-Controlling Interests	1,097,690	1,064,843
TOTAL EQUITY	**36,474,493**	**28,821,104**
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	5,394,348	7,590,349
Deferred tax liabilities	30,370	28,963
Provisions	697,043	551,189
Derivative liabilities	1,931	-
	6,123,692	**8,170,501**
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,110,055	1,148,814
Trade and other payables	3,890,417	3,300,602
Provision for taxation	29,155	42,491
Amounts due to related companies	1,440	4,099
Amounts due to associates	2,137	2,169
Amounts due to joint ventures	106,084	94,522
	5,139,288	**4,592,697**
TOTAL LIABILITIES	**11,262,980**	**12,763,198**
TOTAL EQUITY AND LIABILITIES	**47,737,473**	**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 Year Ended 31 December 2015

	31 December 2015 RM'000	31 December 2014 RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	11,903,771	8,902,087
Cash paid to suppliers and employees	(7,705,924)	(5,954,846)
Cash from Operations	**4,197,847**	**2,947,241**
Taxation paid	(80,913)	(101,529)
Net cash flows generated from operating activities	**4,116,934**	**2,845,712**
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(3,222,627)	(1,708,835)
Acquisition of non-controlling interests	-	(58,910)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	119,384	626,482
Proceeds from disposal of quoted investments	-	221,641
Proceeds from disposal of investment in joint venture	3,241,100	-
Dividend received from:		
Quoted investments	2,628	7,587
Associates and joint ventures	33,160	665,532
Repayment of loans due from joint ventures	274,909	2,772
Proceeds from disposal of a subsidiary	-	5,000
Interest received	61,531	61,916
Net cash flows generated from / (used) in investing activities	**510,085**	**(176,815)**
Cash Flow from Financing Activities:		
Drawdown of term loans and revolving credit	1,021,694	5,787,628
Repayment of term loans and revolving credit	(4,866,978)	(6,131,829)
Repayment of shareholders loan	-	(1,636,385)
Acquisition of subsidiary	1,896	-
Dividends paid to the equity holders of the Corporation	(592,018)	(401,742)
Dividends paid to non-controlling interest of subsidiaries	(78,698)	(110,118)
Interest paid	(170,020)	(326,881)
Net cash flows used in financing activities	**(4,684,124)**	**(2,819,327)**
Net Change in Cash & Cash Equivalents	(57,105)	(150,430)
Cash & Cash Equivalents at the beginning of the year	4,838,829	4,747,735
Currency translation difference	872,300	241,524
Cash & Cash Equivalents at the end of the year	**5,654,024**	**4,838,829**

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 Year Ended 31 December 2015

	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
		Attributable to equity holders of the Corporation													
	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 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	8,322,773	8,210,890	-	-	2,467,780	5,743,110	-	-	-	-	-	2,167	9,018	5,731,925	111,883
Transactions with owners															
Liquidation of a subsidiary	(338)	-	-	-	-	-	-	-	-	-	-	-	-	-	(338)
Acquisition of a subsidiary	1,670	1,670	-	-	-	1,670	1,670	-	-	-	-	-	-	-	-
Dividends	(670,716)	(592,018)	-	-	(592,018)	-	-	-	-	-	-	-	-	-	(78,698)
Total transactions with owners	(669,384)	(590,348)	-	-	(592,018)	1,670	1,670	-	-	-	-	-	-	-	(79,036)
At 31 December 2015	**36,474,493**	**35,376,803**	**4,463,794**	**4,459,468**	**18,673,165**	**7,780,376**	**43,085**	**435,284**	**1,357**	**1,966**	**59,715**	**65,566**	**3,472**	**7,169,931**	**1,097,690**
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)	3,570,092	3,445,074	-	-	2,204,310	1,240,764	-	-	-	-	-	(127,355)	26,760	1,341,359	125,018
Transactions with owners															
Dilution of interest in a subsidiary	5,503	-	-	-	-	-	-	-	-	-	-	-	-	-	5,503
Dividends	(511,860)	(401,742)	-	-	(401,742)	-	-	-	-	-	-	-	-	-	(110,118)
Total transactions with owners	(506,357)	(401,742)	-	-	(401,742)	-	-	-	-	-	-	-	-	-	(104,615)
At 31 December 2014	**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**

* 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 4 February 2016.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 December 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.

The disposal was completed on 7 November 2015 and VTTI has since ceased to be a joint-venture company of MTTI and the MISC Group.

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	7,523,309	2,831,656	553,421		10,908,386
Inter-Segment	27,336	435,991	(463,327)		-
	7,550,645	**3,267,647**	**90,094**	*	**10,908,386**
Operating profit	**2,381,567**	**448,789**	**6,514**	**	**2,836,870**

1) LNG, Petroleum and Chemical
2) Offshore, Heavy Engineering and Tank Terminal
* 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 12 Months Ended	
	31-Dec-2015 RM'000	31-Dec-2014 RM'000	31-Dec-2015 RM'000	31-Dec-2014 RM'000
Interest income	31,295	43,743	60,333	70,628
Other income	360,796	118,417	442,839	185,713
Finance costs	(96,808)	(57,024)	(240,353)	(304,494)
Depreciation of property, plant and equipment	(411,169)	(306,320)	(1,419,246)	(1,232,873)
Amortisation of prepaid lease payments	(633)	(3,013)	(6,329)	(8,206)
Amortisation of intangibles	(3,296)	(3,296)	(13,076)	(13,076)
Impairment loss on trade and non trade receivables:				
Third parties	(40,455)	(2,517)	(40,572)	(9,267)
Bad debts written off	18	(4,277)	(2,374)	(5,323)
Net realised foreign exchange (loss)/gain	(77,649)	49,168	(37,240)	(28,941)
Net unrealised foreign exchange gain	86,963	23,854	72,855	21,765

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 RM61,181,000.

For the quarter ended 31 December 2015, the Group recognised a net loss on disposal of RM74,992,000 (31 December 2014: Nil) from disposal of SPPE with carrying amount of RM162,479,000 (31 December 2014: RM Nil).

For the year ended 31 December 2015, the Group recognised a net loss on disposal of RM67,341,000 (31 December 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	167,569	-	167,569
At 31 December 2015	**1,021,115**	**504,463**	**1,525,578**
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	-	13,077	13,077
Impairment	160,176	-	160,176
At 31 December 2015	**162,501**	**437,442**	**599,943**
Net carrying amount			
At 1 January 2014	**808,359**	**93,174**	**901,533**
At 31 December 2014	**851,221**	**80,098**	**931,319**
At 31 December 2015	**858,614**	**67,021**	**925,635**

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 impairment test was performed on the Group's investments during the quarter ended 31 December 2015. Based on the assessment, the Group recorded impairment of RM160,176,000 on its goodwill during the quarter.

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 2015.

A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents is as follows:

	31-Dec-2015 RM'000	31-Dec-2014 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	3,721,928	3,258,864
Cash and bank balances	386,141	351,092
Deposits with licensed banks	1,545,955	1,228,873
Total cash and cash equivalents	**5,654,024**	**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 31 December 2015				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	76,244	-	-	76,244
Derivatives				
Interest rate swaps designated as hedging instruments	-	976	-	976
Forward exchange contracts	-	525	-	525
	76,244	**1,501**	**-**	**77,745**
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	**-**	**(1,931)**	**-**	**-**
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**

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 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:

	31-Dec-2015 RM'000	31-Dec-2014 RM'000
Short Term Borrowings		
Secured	173,964	324,694
Unsecured	936,091	824,120
	1,110,055	1,148,814
Long Term Borrowings		
Secured	1,576,006	711,169
Unsecured	3,818,342	6,879,180
	5,394,348	7,590,349
Total	**6,504,403**	**8,739,163**

ii) Foreign borrowings in United States Dollar equivalent as at 31 December 2015 is as follows:

	RM'000
United States Dollar Borrowings	6,470,196

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 ended 31 December 2015 amounting to RM334.8 million (2014: RM178.6 million) on 2 September 2015.

A18. CAPITAL COMMITMENTS

	31-Dec-2015 RM'000	31-Dec-2014 RM'000
Approved and contracted for:		
Group	5,105,336	525,250
Share of capital commitments		
in joint ventures	-	144,506
	5,105,336	669,756
Approved but not contracted for:		
Group	2,159,228	316,396
Share of capital commitments		
in joint ventures	-	79,661
	2,159,228	396,057
Total	**7,264,564**	**1,065,813**

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following:

	RM'000
Secured	
Bank guarantees extended to a third party	19,638
Unsecured	
Performance bond on contract extended to third parties	50,159

A20. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the quarter end date.

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended		Cumulative 12 Months Ended	
	31-Dec-2015 RM Million	31-Dec-2014 RM Million	31-Dec-2015 RM Million	31-Dec-2014 RM Million
Revenue (Third party):				
Energy Related Shipping ("ERS")	2,045.5	1,551.6	7,523.3	6,233.5
Other Energy Business ("OEB")	1,083.3	667.2	2,831.7	2,650.3
Others, Eliminations and adjustments	183.3	67.9	553.4	412.4
Total	**3,312.1**	**2,286.7**	**10,908.4**	**9,296.2**
Operating Profit				
Energy Related Shipping ("ERS")	875.4	260.8	2,381.6	1,496.7
Other Energy Business ("OEB")	191.9	232.6	448.8	385.1
Others, Eliminations and adjustments	15.1	(24.5)	6.5	(40.4)
Total Operating Profit	**1,082.4**	**468.9**	**2,836.9**	**1,841.4**
Net impairment provison	(316.5)	(358.9)	(548.9)	(358.9)
Disposal of assets through finance lease	-	654.5	-	654.5
Net loss on disposal of SPPE	(75.0)	-	(67.3)	(33.5)
Finance costs	(96.8)	(57.0)	(240.4)	(304.5)
Share of profit of joint ventures and associates	169.0	319.9	586.5	611.3
Profit Before Tax	**763.1**	**1,027.4**	**2,566.8**	**2,410.3**

B1. REVIEW OF GROUP PERFORMANCE (CONT'D.)

Performance of current quarter against the quarter ended 31 December 2014

Group revenue of RM3,312.1 million was 44.8% higher than RM2,286.7 million in the quarter ended 31 December 2014 ("corresponding quarter") while Group operating profit of RM1,082.4 million was 131.1% higher than the corresponding quarter's profit of RM468.9 million. The variances in Group performance by segments are further explained below.

ERS

ERS revenue of RM2,045.5 million was 31.8% higher than the corresponding quarter's revenue of RM1,551.6 million, mainly from 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 RM875.4 million was 235.6% higher than the corresponding quarter's profit of RM260.8 million, mainly from increased revenue in Petroleum business coupled with lower operating costs from a smaller fleet of operating vessels in Chemical business. LNG business recorded higher operating profit in the current quarter from recognition of compensation for early termination of term charter contracts for two vessels.

OEB

OEB revenue of RM1,083.3 million was 62.4% higher than corresponding quarter's revenue of RM667.2 million, mainly from recognition of construction revenue for a finance lease asset under construction in Offshore business and higher revenue from ongoing projects in Heavy Engineering in the current quarter.

OEB operating profit of RM191.9 million was 17.5% lower than the corresponding quarter's profit of RM232.6 million, mainly due to impairment provision made on receivables of a project in Offshore business. Meanwhile, Heavy Engineering recorded better financial performance mainly from currency gains following the strengthening of USD against RM for ongoing projects and higher value of marine repairs performed during the quarter.

Performance of current year against the year ended 31 December 2014

Group revenue for the year ended 31 December 2015 of RM10,908.4 million was 17.3% higher than the RM9,296.2 million revenue for the year ended 31 December 2014 ("corresponding year") while Group operating profit of RM2,836.9 million was 54.1% higher than the corresponding year's profit of RM1,841.4 million. The variances in Group performance by segments are further explained below.

ERS

ERS revenue of RM7,523.3 million was 20.7% higher than the corresponding year's revenue of RM6,233.5 million, mainly from 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 RM2,381.6 million was 59.1% higher than the corresponding year's profit of RM1,496.7 million, mainly from 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 year.

OEB

OEB revenue of RM2,831.7 million was 6.8% higher than the corresponding year's revenue of RM2,650.3 million, mainly from Engineering, Procurement and Construction ("EPC") revenue from a number of projects and full year finance lease income of a Floating Production, Storage and Offloading ("FPSO") unit which commenced in September 2014 in Offshore business. However, Heavy Engineering recorded lower revenue due to different phases of project construction and lesser number of projects in the current year.

OEB operating profit of RM448.8 million was 16.8% higher than the corresponding year's profit of RM385.1 million, mainly from full year finance lease income recognition of an FPSO unit which commenced in September 2014 in the Offshore business and slightly higher profit in Heavy Engineering from higher value of marine repairs in the current year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP	Quarter Ended 31-Dec-2015 RM Million	Quarter Ended 30-Sept-2015 RM Million
Revenue	**3,312.1**	**2,505.6**
Operating Profit	**1,082.4**	**618.9**
Net impairment provison	(316.5)	(232.3)
Net (loss)/gain on disposal of SPPE	(75.0)	0.9
Finance costs	(96.8)	(40.3)
Share of profit of joint ventures and associates	169.0	172.2
Profit Before Tax	**763.1**	**519.4**

Group revenue of RM3,312.1 million was 32.2% higher than the preceding quarter's revenue of RM2,505.6 million, mainly from recognition of EPC revenue for a finance lease asset under construction in Offshore business in the current quarter.

Group operating profit of RM1,082.4 million was higher than the preceding quarter's profit of RM618.9 million, mainly from recognition of compensation for early termination of term charter contracts for two vessels in LNG business.

B3. GROUP CURRENT YEAR PROSPECTS

The Petroleum shipping segment is expected to continue enjoying the benefits of the market strength seen in 2015 into 2016, barring any material cutback in global oil production.

The steady performance of the LNG shipping and Offshore business segments in 2015 will continue into the next financial 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 and to a limited extent, cushion the weak performance of offshore construction business.

Operationally, the Group is expected to sustain its financial performance in 2015 into the current financial 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

	Quarter Ended 31-Dec-2015 RM'000	Cumulative 12 Months Ended 31-Dec-2015 RM'000
Taxation for the period comprises the following charge:		
Income tax charge		
- current period	13,293	35,930
- prior year	(103)	(103)
Deferred taxation	(2,446)	(4,077)
	10,744	31,750

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 following a letter issued by Ministry of Finance dated 29 October 2013. The Government recently extended the deferment by another 5 years via a letter issued by Ministry of Finance dated 27 November 2015.

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

The status of the utilisation of proceeds raised from disposal of 50% stake in Gumusut ("Share Disposal') as at 31 December 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 rights 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. During assessment of damages, the High Court awarded SBS the sum of USD25,246,233.17 with interest.

MISC thereafter appealed on the award of damages in the Court of Appeal. MISC succeeded in that appeal and damages were reduced to USD177,410.90 with interest.

SBS subsequently appealed to the Federal Court. The Federal Court upheld the award by the High Court of USD25,246,233.17 with interest. MISC has since fully settled the judgement amount with interest totalling USD37,849,113.90 on 1 April 2015 and costs.

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.

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.

On 27th January 2016, MISC succeeded in its application to strike out GTIL's suit. GTIL has one month to appeal to the Court of Appeal against the said decision.

B8. DIVIDENDS

The Board of Directors has approved a second interim tax exempt dividend of 12.5 sen per share (2014: 6 sen) in respect of financial year 2015 amounting to RM558.0 million (2014: RM267.8 million). The proposed dividend will be paid on 9 March 2016 to shareholders registered at the close of business on 24 February 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:
i) Shares transferred into the Depositor's Securities Account before 4.00 pm on 24 February 2016 in respect of Ordinary Transfers; and
ii) Shares bought on the BMSB on a cum entitlement basis according to the rules of BMSB.

The Board of Directors has also declared a final tax exempt dividend of 10.0 sen per share (2014: Nil) in respect of financial year 2015 amounting to RM446.4 million (2014: Nil). The proposed dividend (if approved by the shareholders) will be paid on 19 May 2016 to shareholders registered at the close of business on 20 April 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:
i) Shares transferred into the Depositor's Securities Account before 4.00 pm on 20 April 2016 in respect of Ordinary Transfers; and
ii) Shares bought on the BMSB on a cum entitlement basis according to the rules of BMSB.

B9. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group entered into interest rate swap ("IRS") arrangements, a form of derivative to convert its interest exposure from floating term into fixed term. The maturity of the IRS coincides with the maturity of the original floating rate loans.

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

Details of the Group's derivative financial instruments outstanding as at 31 December 2015 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value Gain/(Loss) RM'000
Foreign exchange contracts		
1 year to 3 years		
- Liabilities	(45,138)	118
- Assets	45,772	931
	634	1,049
Interest rate swaps		
1 year to 3 years	1,393,054	(10)
More than 3 years	120,638	(944)
	1,513,692	(954)
Total	**1,514,326**	**95**

B10. EARNINGS PER SHARE

	Quarter Ended		Cumulative 12 Months Ended	
	31-Dec-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM'000):	752,720	959,034	2,467,780	2,204,310
Weighted average number of ordinary shares in issue (thousand)	**4,463,794**	**4,463,794**	**4,463,794**	**4,463,794**
Basic earnings per share (sen)	16.9	21.5	55.3	49.4

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 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.

	31-Dec-2015 RM'000	31-Dec-2014 RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	18,986,696	17,864,552
- Unrealised	(1,142,352)	(226,394)
	17,844,344	**17,638,158**
Total share of retained loss from associates:		
- Realised	(2,178)	(2,335)
- Unrealised	-	-
	(2,178)	**(2,335)**
Total share of retained profits from joint ventures:		
- Realised	2,314,807	1,509,442
- Unrealised	(580)	(8,825)
	2,314,227	**1,500,617**
Total Group retained profits	**20,156,393**	**19,136,440**
Less:		
Consolidation adjustments	(1,483,228)	(2,339,037)
Total Group retained profits as per consolidated accounts	**18,673,165**	**16,797,403**

By Order of the Board