

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



Condensed Consolidated Income Statement

For The Period Ended 31 March 2012

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
	MFRS	FRS	MFRS	FRS
Revenue	2,403,911	2,924,355	2,403,911	2,924,355
Cost of Sales	(2,136,726)	(2,423,672)	(2,136,726)	(2,423,672)
GROSS PROFIT	267,185	500,683	267,185	500,683
Other operating income	92,371	234,330	92,371	234,330
General and administrative expenses	(347,359)	(554,859)	(347,359)	(554,859)
OPERATING PROFIT	12,197	180,154	12,197	180,154
Impairment provisions	(116,380)	(456,648)	(116,380)	(456,648)
Liner exit provisions	(220,455)	-	(220,455)	-
Gain on dilution of interest in MHB	-	(36,434)	-	(36,434)
Gain on disposal of ships	-	99,120	-	99,120
Finance cost	(95,636)	(87,320)	(95,636)	(87,320)
Share of profit of associates	15	2,162	15	2,162
Share of profit of jointly controlled entities	46,409	76,309	46,409	76,309
LOSS BEFORE TAX	(373,850)	(222,657)	(373,850)	(222,657)
Taxation	(35,927)	12,630	(35,927)	12,630
LOSS AFTER TAX FOR THE PERIOD	(409,777)	(210,027)	(409,777)	(210,027)
(LOSS)/PROFIT ATTRIBUTABLE TO:				
Equity holders of the parent	(465,080)	(307,879)	(465,080)	(307,879)
Minority interests	55,303	97,852	55,303	97,852
LOSS FOR THE PERIOD	(409,777)	(210,027)	(409,777)	(210,027)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:				
(i) Basic and Diluted	(10.4)	(6.9)	(10.4)	(6.9)
(Based on 4,463,794,000 no. of shares)				

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the period ended 31 December 2011

MISC Berhad

(Company No. 8178 H)

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Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 March 2012

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAX FOR THE PERIOD	(409,777)	(210,027)	(409,777)	(210,027)
OTHER COMPREHENSIVE INCOME				
Fair value gain on non-current investments	17,984	28,641	17,984	28,641
Fair value gain /(loss) on cash flow hedges:				
Group	32,622	37,765	32,622	37,765
Jointly controlled entities	(1,952)	-	(1,952)	-
Currency translation differences	(617,390)	(711,389)	(617,390)	(711,389)
Other capital reserves	1,012	101	1,012	101
Revaluation reserves	294	(24)	294	(24)
Statutory reserves	-	124	-	124
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(567,430)	(644,782)	(567,430)	(644,782)
TOTAL COMPREHENSIVE INCOME	(977,207)	(854,809)	(977,207)	(854,809)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(1,020,174)	(943,928)	(1,020,174)	(943,928)
Minority interests	42,967	89,119	42,967	89,119
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(977,207)	(854,809)	(977,207)	(854,809)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2012

	31 March 2012	31 December 2011	1 April 2011
	RM'000	RM'000	RM'000
NON CURRENT ASSETS			
Ships	17,323,021	18,572,664	18,373,851
Offshore floating assets	7,610,810	7,706,240	6,794,926
Property, Plant and Equipment	1,534,750	1,522,684	1,441,072
Prepaid Land & Building Lease Payments	77,663	78,369	82,487
Finance Lease Receivables	403,190	420,731	212,788
Investments in Associates	2,496	2,322	605
Investments in Jointly Controlled Entities	3,475,570	3,538,305	3,379,684
Other non-current financial assets	1,121,288	1,159,995	498,496
Intangible Assets	826,548	855,158	848,699
Deferred Tax Asset	4,998	5,241	11,781
	32,380,334	33,861,709	31,644,389
CURRENT ASSETS			
Inventories	514,967	434,995	403,973
Trade & Other Receivables	2,271,747	1,885,850	1,309,515
Cash	3,209,555	4,155,139	3,352,727
Amounts due from Group Companies	208,556	141,544	676,178
Amounts due from Associates	1,007	1,178	1,420
Amounts due from Jointly Controlled Entities	269,954	216,958	915,369
Derivative assets	152	-	-
Assets held for sale	946,240	519,688	84,825
	7,422,178	7,355,352	6,744,007
TOTAL ASSETS	39,802,512	41,217,061	38,388,396
EQUITY			
Share Capital	4,463,794	4,463,794	4,463,794
Share Premium	4,459,468	4,459,468	4,459,468
Reserves	(767,660)	(212,566)	(940,290)
Retained Profits	11,621,291	12,086,371	13,999,913
Equity attributable to owners of the parent	19,776,893	20,797,067	21,982,885
Non Controlling Interests	1,331,165	1,288,723	1,154,973
TOTAL EQUITY	21,108,058	22,085,790	23,137,858
NON-CURRENT LIABILITIES			
Long Term Borrowings	10,718,620	8,332,604	10,008,122
Deferred Taxation	83,809	45,267	7,995
Provisions	712,403	647,331	-
Derivatives Liabilities	154,415	183,819	196,864
	11,669,247	9,209,021	10,212,981
CURRENT LIABILITIES			
Short Term Borrowings	2,965,897	5,859,556	1,247,261
Trade & Other Payables	3,911,735	3,934,580	3,646,721
Provision for Taxation	55,535	59,217	43,058
Amounts due to Group Companies	19,610	17,638	59,150
Amounts due to Associates	2,246	3,003	2,419
Amounts due to Jointly Controlled Entities	70,184	45,929	31,209
Derivative Liabilities	-	2,327	-
Liabilities of assets held for sale	-	-	7,739
	7,025,207	9,922,250	5,037,557
TOTAL LIABILITIES	18,694,454	19,131,271	15,250,538
TOTAL EQUITY AND LIABILITIES	39,802,512	41,217,061	38,388,396

MISC Berhad

(Company No. 8178 H)

The figures have not been audited.



Condensed Consolidated Statement of Cash Flow

For The Period Ended 31 March 2012

	31 March 2012 RM'000	31 March 2011 RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	2,151,625	3,098,355
Cash paid to suppliers and employees	(2,393,064)	(2,784,522)
Cash from Operations	(241,439)	313,833
Taxation paid	(9,911)	(5,821)
Net cash generated from operating activities	(251,350)	308,012
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and Other property, plant and equipment	(425,474)	(781,564)
Proceeds from disposal of ships, other property, plant and equipment	10,273	509,581
Dividend received from:		
Quoted Investments	-	22,481
Unquoted Investments	-	1,058
Associates and jointly controlled entities	24,973	4,007
Repayment of loans from jointly controlled entities	31,833	312,658
Loans to jointly controlled entities	-	(9,216)
Cash advances from jointly controlled entity	19,495	-
Proceeds from dilution of interest in a subsidiary	-	6,615
Additional investments in associates and jointly controlled entities	(2,449)	(2,004)
Interest received	18,694	15,285
	(322,655)	78,901
Cash Flow from Financing Activities:		
Repayment of term loans	(125,805)	(122,018)
Dividends paid to minority shareholders of subsidiaries	(525)	(45,651)
Interest paid	(305,942)	(136,283)
	(432,272)	(303,952)
Net Change in Cash & Cash Equivalents	(1,006,277)	82,961
Cash & Cash Equivalents at the beginning of the year	4,155,139	3,291,011
Currency translation difference	60,693	(21,245)
Cash & Cash Equivalent at the end of the period	3,209,555	3,352,727

MISC Berhad

(Company No. 8178 H)



Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 March 2012

	← Attributable to owners of the parent →														
	Total Equity	Equity attributable to owners of the Parent	Share Capital* Ordinary Shares	Share Premium	Other reserves total	Retained profits	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Fair value reserve	Hedging reserve	Currency translation reserve	Minority interest
	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
3 MONTHS ENDED 31 MARCH 2012															
At 1 Jan 2012	22,297,386	21,008,663	4,463,794	4,459,468	(203,341)	12,288,742	41,415	435,284	1,357	1,966	59,715	203,307	(209,779)	(736,606)	1,288,723
Impact of adoption of MFRS 1	(211,596)	(211,596)	-	-	(9,225)	(202,371)	-	-	-	-	-	-	-	(9,225)	-
At 1 January 2012 (restated)	22,085,790	20,797,067	4,463,794	4,459,468	(212,566)	12,086,371	41,415	435,284	1,357	1,966	59,715	203,307	(209,779)	(745,831)	1,288,723
Total comprehensive income	(977,207)	(1,020,174)	-	-	(555,094)	(465,080)	1,012	-	294	-	-	17,984	26,852	(601,237)	42,967
Transactions with owners															
Dividends	(525)	-	-	-	-	-	-	-	-	-	-	-	-	-	(525)
Total transactions with owners	(525)	-	-	-	-	-	-	-	-	-	-	-	-	-	(525)
At 31 March 2012	21,108,058	19,776,893	4,463,794	4,459,468	(767,660)	11,621,291	42,427	435,284	1,651	1,966	59,715	221,291	(182,927)	(1,347,068)	1,331,165
3 MONTHS ENDED 31 MARCH 2011															
At 1 Jan 2010	23,921,611	22,840,103	4,463,794	4,459,468	(1,018,564)	14,935,405	41,342	1,185	1,381	1,242	59,715	196,542	(204,503)	(1,115,468)	1,081,508
Total comprehensive income	(854,809)	(943,928)	-	-	(636,048)	(307,879)	101	-	(24)	124	-	28,641	32,866	(697,756)	89,119
Transactions with owners															
Transfer to reserves	-	-	-	-	434,727	(434,727)	-	434,099	-	628	-	-	-	-	-
Disposal of a subsidiary	29,998	-	-	-	-	-	-	-	-	-	-	-	-	-	29,998
Dividends	(29,863)	15,788	-	-	-	15,788	-	-	-	-	-	-	-	-	(45,651)
Total transactions with owners	135	15,788	-	-	434,727	(418,939)	-	434,099	-	628	-	-	-	-	(15,653)
At 31 March 2011	23,066,937	21,911,963	4,463,794	4,459,468	(1,219,885)	14,208,587	41,443	435,284	1,357	1,994	59,715	225,183	(171,637)	(1,813,224)	1,154,974

* Included in share capital is one preference share of RM1.

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the period ended 31 December 2011

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 condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 15 May 2012.

A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. Except for the effects of the matter disclosed in Note A2.2 Comparative information, these condensed consolidated interim financial statements are prepared in compliance with MFRS 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

For the periods up to and including the period ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The audited consolidated financial statements of the Group for the period ended 31 December 2011, which were prepared under FRS, are available upon request from the Company registered office at level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

These condensed consolidated interim financial statements form part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. Explanations of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows are described in Note A3 below.

The reconciliations of equity and income statement for comparative periods and of equity at the date of transition reported under FRS, to those reported for those periods and at the date of transition under MFRS are provided as per Appendix A. The transition from FRS to MFRS has no material impact on the statement of cash flows.

A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (Cont'd.)

A2.2 Comparative information

During the financial period ended 31 December 2011, the Group changed its year end from 31 March to 31 December to be coterminous with the year end of its holding company. The date of transition to MFRS is 1 April 2011. Comparative amounts (i.e for the three months period ended 31 March 2011) presented for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes:

- (i) are not comparable interim period (quarter and year-to-date) of the immediate preceding financial period as required by MFRS 134; and
- (ii) represent amounts prepared under FRS, prior to the date of transition to MFRS.

Accordingly, these comparative amounts are not comparable to the amounts presented in MFRS for the three months period ended 31 March 2012.

The comparative amounts for the three months period ended 31 March 2011 were used to provide the relevant unambiguous comparative information to enable fair assessment of the group's performance given the nature and seasonality of the Group's business.

The above departure from the requirements of MFRS 134 is primarily due to the Group's change of financial year end. However, the impact on the comparatives is temporary and will be resolved by the quarter ending March 2013.

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business Combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations* prospectively from the date of transition, or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

- (i) The classification of former business combination under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Ships, other property, plant and equipment ("SPPE")

The Group has adopted cost model to measure its SPPE under FRS. Upon transition to MFRS, the group has elected to still maintain the measurement of its SPPE using the cost model under MFRS 116 : *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to:

- (i) Regard fair value of certain ships at date of transition as their deemed costs at that date. As at transition date, i.e. 1 April 2011, a downward adjustment of RM195,617,000 (31 December 2011: RM198,812,000) was made to SPPE's carrying values. The corresponding adjustment was recognised against retained earnings and reserves.
- (ii) Regard fair value of certain buildings at date of transition as their deemed costs at that date. As at transition date, i.e. 1 April 2011, a downward adjustment of RM13,057,000 (31 December 2011: RM12,784,000) was recognised in SPPE's carrying values. The corresponding adjustment was recognised against retained earnings.

(c) Estimates

The estimates at 1 April 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at the date of transition to MFRS i.e. 1 April 2011 and as at 31 December 2011.

The reconciliations of equity and income statement for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided as per Appendix A.

A4. CHANGES IN ESTIMATES

There were no material changes in estimates reported in the prior period or prior financial period.

A5. CHANGES IN COMPOSITION OF THE GROUP

No major changes were made in the composition of the Group during the current financial quarter.

A6. SEGMENT REPORT

Segmental analysis for the current financial period to date is as follows:

	Energy Related Shipping ¹⁾	Other Energy Businesses ²⁾	Integrated Liner Logistics	Others, eliminations and adjustments	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE AND RESULT					
Revenue					
External sales	1,512,580	689,546	201,785	-	2,403,911
Inter-Segment	2,066	202,927	7,168	212,163 *	424,324
	<u>1,514,646</u>	<u>892,473</u>	<u>208,953</u>	<u>212,163</u>	<u>2,828,235</u>
Result					
Operating profit	<u>244,788</u>	<u>171,735</u>	<u>(308,390)</u>	<u>(95,936) **</u>	<u>12,197</u>

1) LNG, petroleum and chemical

2) Offshore, heavy engineering and tank terminal (including VTTI)

* Inter-segment revenue and transactions are eliminated on consolidation.

** Comprise of net foreign exchange differences, interest income, dividend income from quoted investments, eliminations and adjustments.

A7. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A8. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	3 Months Ended		3 Months Ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	RM'000	RM'000	RM'000	RM'000
Interest income	19,381	53,671	19,381	53,671
Other income	23,813	112,488	23,813	112,488
Finance cost	(95,636)	(87,320)	(95,636)	(87,320)
Depreciation of property, plant and equipment	(283,818)	(300,677)	(283,818)	(300,677)
Amortisation of prepaid lease payments	(705)	(1,136)	(705)	(1,136)
Amortisation of intangibles	(7,023)	(6,945)	(7,023)	(6,945)
Impairment loss on trade and non trade receivables:				
Jointly controlled entities	-	(21,519)	-	(21,519)
Third parties	(831)	(8,229)	(831)	(8,229)
Bad debts written off	(1,813)	(12,241)	(1,813)	(12,241)
Inventories written off	-	(5,097)	-	(5,097)
Loss on dilution on interest in a subsidiary	-	(36,615)	-	(36,615)
Impairment of ships, property, plant and equipment	(116,380)	(456,648)	(116,380)	(456,648)
Impairment on liner vessels*	(26,152)	-	(26,152)	-
Net realised foreign exchange gain	26,157	31,364	26,157	31,364
Net unrealised foreign exchange loss	(111,549)	(124,586)	(111,549)	(124,586)

* included in the Liner exit provisions

A9. SHIPS, PROPERTY, PLANT AND EQUIPMENT (SPPE)

Included in the total assets are constructions work-in-progress of RM8,392,233,000, mainly for the construction of ships and offshore floating assets.

The Group disposed assets with carrying amount of RM11,888,000 in the quarter ended 31 March 2012 (31 March 2011: RM397,262,000). As a result, the Group recognised a net loss on disposal of RM1,615,000 (31 March 2011: Net gain of RM96,051,600) from the asset sales.

Impairment provisions of RM116,380,000 was recognised in the current quarter. Additionally, Liner exit provisions includes RM26,152,000 million impairment on liner vessels.

A10. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
Cost			
At 1 April 2011	695,381	504,463	1,199,844
Currency translation differences	27,684	-	27,684
At 31 December 2011	723,065	504,463	1,227,528
Currency translation differences	(21,587)	-	(21,587)
At 31 March 2012	701,478	504,463	1,205,941
Accumulated amortisation and impairment			
At 1 April 2011	2,325	348,820	351,145
Amortisation	-	21,225	21,225
Currency translation differences	-	-	-
At 31 December 2011	2,325	370,045	372,370
Amortisation	-	7,023	7,023
Currency translation differences	-	-	-
At 31 March 2012	2,325	377,068	379,393
Net carrying amount			
At 1 April 2011	693,056	155,643	848,699
At 31 December 2011	720,740	134,418	855,158
At 31 March 2012	699,153	127,395	826,548

Goodwill is tested for impairment on annual basis (31 December) or when circumstances indicate that the carrying value may be impaired. The Group's impairment test is a comparison of the goodwill's carrying value against its value-in-use (calculated using cash flow projections). The key assumptions used to determine the recoverable amount of the cash generating units were discussed in the annual consolidated financial statements for the period ended 31 December 2011.

Impairment test on the goodwill of the Group's investment in a quoted subsidiary is performed by comparing carrying value of investment against the recoverable amount derived from its share price quoted on the Main Market of Bursa Malaysia.

Goodwill was not tested for impairment in the quarter as there were no indications of impairment as at 31 March 2012.

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.

A11. INVENTORIES

There were no write-down of inventories or reversal of inventories written-down recognised by the Group during the three months period ended 31 March 2012.

A12. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents are as follows:

	31-Mar-12 RM'000	31-Dec-11 RM'000	1-Apr-11 RM'000
Deposits with licensed banks	2,367,464	3,870,637	3,077,617
Cash and bank balances	842,091	284,502	275,110
Total cash and cash equivalents	3,209,555	4,155,139	3,352,727

A13. 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
31-Mar-12				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	369,133	-	-	369,133
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(154,415)	-	(154,415)
Forward exchange contracts	-	-	-	-
	-	(154,415)	-	(154,415)
31-Dec-11				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	351,158	-	-	351,158
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(183,819)	-	(183,819)
Forward exchange contracts	-	(2,327)	-	(2,327)
	-	(186,146)	-	(186,146)
1-Apr-11				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	373,033	-	-	373,033
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(196,864)	-	(196,864)

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.

A14. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares during the current quarter ended 31 March 2012.

A15. INTEREST BEARING LOANS AND BORROWINGS

- i) The tenure of Group borrowings classified as short and long term as well as secured and unsecured categories are as follows :-

	31-Mar-12 RM'000	31-Dec-11 RM'000	1-Apr-11 RM'000
Short Term Borrowings			
Secured	441,949	453,107	397,298
Unsecured	2,523,948	5,406,449	849,963
	<u>2,965,897</u>	<u>5,859,556</u>	<u>1,247,261</u>
Long Term Borrowings			
Secured	1,730,509	1,920,271	1,454,464
Unsecured	8,988,111	6,412,333	8,553,658
	<u>10,718,620</u>	<u>8,332,604</u>	<u>10,008,122</u>
Total	<u>13,684,517</u>	<u>14,192,160</u>	<u>11,255,383</u>

- ii) Foreign borrowings in United States Dollar equivalent as at 31 March 2012 are as follows :-

	RM'000
United States Dollar Borrowings	11,364,024

A16. DIVIDENDS

No interim dividend has been declared for the financial period ended 31 March 2012. (31 March 2011 : Nil)

A17. CAPITAL COMMITMENTS

	31-Mar-12 RM'000	31-Dec-11 RM'000	1-Apr-11 RM'000
Approved and contracted for:			
<i>Group</i>	2,453,115	2,863,242	2,922,554
<i>Share of capital commitments in jointly controlled entities</i>	1,114,166	392,341	502,882
	<u>3,567,281</u>	<u>3,255,583</u>	<u>3,425,436</u>
Approved but not contracted for:			
<i>Group</i>	4,858,754	5,174,797	5,817,179
<i>Share of capital commitments in jointly controlled entities</i>	87,667	954,578	942,774
	<u>4,946,421</u>	<u>6,129,375</u>	<u>6,759,953</u>
Total	<u>8,513,702</u>	<u>9,384,958</u>	<u>10,185,389</u>

A18. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM'000
Secured	
Bank guarantees extended to a third party	53,400
Unsecured	
Bank guarantees extended to third parties	175,821

A19. SUBSEQUENT MATERIAL EVENT

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

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

GROUP

	Quarter and Year-to-date RM'Million	
	31-Mar-12	31-Mar-11
Revenue	2,403.9	2,924.4
Operating Profit	12.2	180.2
Loss Before Tax	(373.9)	(222.7)

For the first quarter ended 31 March 2012, the Group recorded revenue of RM2,403.9 million, a 17.8% decrease as compared to RM2,924.4 million in the same calendar period of last year ("comparative quarter").

The revenue decrease was largely due to reduction in Liner business revenue from lower volume carried and lower freight rates. The business segment suffered a 93.0% reduction in liftings following the Group's decision to completely exit from the Liner business operations by middle 2012. Lower revenue in Heavy Engineering business segment further contributed to the decrease in Group revenue.

Lower earning days from reduced demand combined with softer rates have translated to 3.5% revenue decrease in Petroleum business.

On the back of lower revenue, the Group's operating profit of RM12.2 million for the quarter was 93.2% lower than the comparative quarter's operating profit of RM180.2 million. The decrease in the Group's operating profit was largely due to higher losses in Liner business and lower profit in Heavy Engineering business.

Despite 8.4% revenue growth in Chemical business, increased operating costs particularly bunker, has resulted in higher losses for the segment.

The Group suffered loss before tax of RM373.9 million for the quarter, a 67.9% increase as compared to RM222.7 million loss before tax in the comparative quarter, mainly due to lower operating profit generated in the current quarter. The Group recognised additional impairment provision on its ships of RM116.4 million in the current quarter following decrease in asset values from deterioration of shipping markets. In comparison, the Group recognised impairment provisions of RM456.6 million in the comparative quarter. The Group also recognised RM220.5 million additional Liner exit provisions in the current quarter.

Compounded by continuing uncertainties in global economic growth, the prospects for shipping industry continue to remain challenging. Low freight rates, rising bunker costs and vessels supply overhang contribute to the challenges faced and do not bode well for the rest of the year. Cost management will be an important priority in the few quarters ahead.

Meanwhile, LNG market remains favorable with buoyant demand for gas energy in Japan, whilst the prospects for Offshore and Heavy Engineering businesses remain favorable in the short and medium term and continue to provide stability to the Group.

Performance and prospects of each operating segment are discussed below:

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS (Cont'd.)

ENERGY RELATED SHIPPING ("ERS")

	Quarter and Year-to-date RM'Million	
	31-Mar-12	31-Mar-11
Revenue:		
Third Party	1,512.6	1,509.0
Operating profit	244.8	280.6

ERS segment's revenue of RM1,512.6 million in the current quarter is marginally higher than the RM1,509.0 million revenue in the comparative quarter.

Marginal increase in the segment's revenue was primarily due to forex impact from translation of United States Dollar (USD) amounts to Ringgit Malaysia (RM) amounts. Operationally, the segment recorded slightly lower USD revenue as compared to the comparative quarter.

For petroleum segment, both VLCC and aframax sectors saw a slight improvement in average market rates for the current quarter as compared to the comparative quarter. Increase in the average market rates of both sectors was mainly influenced by a combination of growth in seaborne crude oil volumes and transport distance. As reference, the VLCC average market rate was USD36,114/day relative to USD27,656/day, whilst the average market rate for aframax sector was USD15,188/day relative to USD15,045/day in the comparative quarter. Despite improvement in average market rates, Petroleum business recorded 3.5% reduction in revenue, mainly attributed to lower earning days as well as lower charter renewal rates for its VLCC sector.

Market improvement in the Chemical sector has led to higher freight rates achieved for both, palm oil and chemical sub-sectors. Higher freight rates and volume carried have translated to 8.4% revenue growth in Chemical business, softening the impact of lower revenue in Petroleum business.

ERS segment's operating profit of RM244.8 million for the quarter is 12.7% lower than the RM280.6 million profit in the comparative quarter. The segment's lower operating profit was largely due to higher operating costs, especially bunker. However, LNG business stable performance has helped to mitigate the higher operating losses in Petroleum and Chemical businesses.

The outlook for the Petroleum and Chemical segments remain downcast on the back of subdued outlook of the global economy. Meanwhile, LNG market remains favorable with buoyant demand for gas energy in Japan and will continue to provide stability to ERS segment.

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS (Cont'd.)

OTHER ENERGY BUSINESS ("OEB")

	Quarter and Year-to-date RM'Million	
	31-Mar-12	31-Mar-11
Revenue:		
Third Party	689.5	839.3
Operating profit	171.7	180.2

OEB segment's revenue of RM689.5 million in the current quarter is 17.8% lower than the RM839.3 million revenue in the comparative quarter.

The decrease in the segment's revenue was mainly due to lower revenue recognised by Heavy Engineering business, especially from staggered novation of EPCIC Turkmenistan Block 1 project to a jointly controlled entity. Heavy Engineering recorded RM593.3 million revenue from Turkmenistan project in the comparative quarter. However, higher number of Topsides and Jackets projects developed and secured in the quarter has reduced the revenue impact from Turkmenistan Block 1 project. No major movement on Offshore business revenue as compared to the comparative quarter.

Operating profit was lower by 4.7% to RM171.7 million from RM180.2 million in the comparative quarter, mainly due to lesser profit recognised from Turkmenistan Block 1 project as it has reached final stages of completion.

Enhanced efforts in domestic and international production of oil and gas will provide growth opportunities to the segment. The segment's prospects remain favorable in the short and medium term.

INTEGRATED LINER LOGISTICS ("ILL")

	Quarter and Year-to-date RM'Million	
	31-Mar-12	31-Mar-11
Revenue:		
Third Party	201.8	576.0
Operating Loss	(308.4)	(176.5)

Integrated Liner Logistics segment recorded 65.0% revenue decrease when compared to the comparative quarter, primarily attributed to lower volume carried and lower freight rates. Poor liner market conditions combined with the Group's decision to exit from its Liner related business operations have influenced the demand for the business, as evidenced by a 93.0% reduction in volume carried for the current quarter.

Accordingly, the segment's operating losses of RM308.4 million was 74.7% higher than the comparative quarter's operating loss of RM176.5 million.

As announced on 24 November 2011, the Group will be exiting from Liner and its related businesses with full operational cessation expected by 30 June 2012.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

GROUP

	Current Quarter RM Million 31-Mar-12	Preceding Quarter RM Million 31-Dec-11
Revenue:		
Third Party	<u>2,403.9</u>	<u>2,878.8</u>
Operating Profit	<u>12.2</u>	<u>89.2</u>
Loss Before Tax	<u>(373.9)</u>	<u>(1,651.9)</u>

The Group revenue of RM2,403.9 million in the current quarter is 16.5% lower than RM2,878.8 million recorded in the preceding quarter. Lower volume carried by Liner business combined with lower freight rates in petroleum business following unfavorable market were the main causes of the decrease in Group revenue.

In tandem with lower revenue, the Group's operating profit of RM12.2 million was 86.3% lower than the RM89.2 million operating profit in the preceding quarter ended 31 December 2011. The lower Group operating profit was primarily due to higher losses in the Liner business segment, negated by improved performance in Petroleum and Chemical businesses. Both Petroleum and Chemical businesses have reduced their losses by 42.8% and 29.9% respectively.

The current quarter's loss before tax of RM373.9 million was 77.4% lower than the RM1,651.9 million loss in the preceding quarter. The RM1,278 million decrease in the current quarter's loss before tax was mainly attributed to lower recognition of liner exit and impairment provisions totalling RM336.9 million in the current quarter as compared to RM1,719.0 million in the preceding quarter.

B3. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED AND SHORTFALL IN PROFIT GUARANTEE

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

B4. TAXATION

	Jan 11- Mar 11 RM '000
Taxation for the period comprises the following charge	
Income tax charge	
- current period	(3,064)
- prior year	3
Deferred taxation	<u>38,988</u>
	<u>35,927</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 taxation charge for the Group is attributable to tax in respect of other activities of the Group.

B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- a) The status of utilisation of proceeds raised from corporate proposals as at 8 May 2012 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

Renounceable Rights Issue

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	RM Million	RM Million		RM Million	%
Capital expenditure	5,187.3	4,798.3	Within 36	-	-
Estimated expenses	20.5	20.5	Within 3	-	-
Total	5,207.8	4,818.8		-	-

- b) The status of the utilisation of proceeds raised from MHB listing as at 8 May 2012 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	RM Million	RM Million		RM Million	%
Capital expenditure	914.4	478.0	Within 36	-	-
Working Capital	122.5	122.5	Within 12	-	-
Estimated expenses	14.0	11.0	Within 3	-	-
Total	1,050.9	611.5		-	-

B6. CHANGES IN MATERIAL LITIGATION

There were no material litigations involving the Group for the quarter ended 31 March 2012.

B7. DIVIDENDS

No dividend has been proposed by the Board of Directors for this financial period ended 31 March 2012 (31 March 2011 : 10 sen)

B8. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group has entered into interest rate swap arrangements, a form of derivative to convert its interest exposure from floating term into fixed term.

As at 31 March 2012, the fair value loss of the interest rate swaps with maturity between two (2) to five (5) years for a notional value of RM4,105,260,000 was RM154,415,000.

During the quarter, the Group recognised a net gain of RM32,622,000 in its equity in connection to its hedging activities. The Group also shared a net loss of RM1,952,000 of its jointly controlled entities fair value loss in relation to the same arrangements.

The Group also has entered into forward currency contracts to manage the exposure to foreign exchange risk. As at 31 March 2012, the fair value gain of its foreign exchange contract is RM152,000.

Details of the Group's derivative financial instruments outstanding as at 31 March 2012 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value RM'000
<u>Foreign exchange contracts</u>		
Less than 1 year	<u>101,850</u>	<u>152</u>
<u>Interest rate Swaps</u>		
1 year to 3	3,854,373	(147,944)
More than 3	<u>250,887</u>	<u>(6,471)</u>
	<u>4,105,260</u>	<u>(154,415)</u>
Total	<u>4,207,110</u>	<u>(154,263)</u>

B9. EARNINGS/LOSS PER SHARE

In respect of earnings per share :-

- The amount used as numerator for the calculation of basic loss per share is RM465.1 million for the first quarter ended 31 March 2012 which is the same as the net loss shown in the condensed consolidated income statement.
- The number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share in the current and previous financial year is 4,464.0 million.

The Group does not have any financial instrument which may dilute its basic earnings per share.

B10. REALISED AND UNREALISED PROFIT

The breakdown of the Group's retained profits as at 31 March 2012 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-Mar-12 RM'000	31-Mar-11 RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	14,532,532	17,182,898
- Unrealised	(319,255)	(204,443)
	14,213,277	16,978,455
Total share of retained loss from associates:		
- Realised	(2,271)	(1,891)
- Unrealised	(34)	(54)
	(2,305)	(1,945)
Total share of retained profits from jointly controlled entities :		
- Realised	289,536	185,429
- Unrealised	63,726	(158)
	353,262	185,271
Total Group retained profits	14,564,234	17,161,781
Less:		
Consolidation adjustments	(2,942,943)	(2,953,194)
Total Group retained profits as per consolidated accounts	11,621,291	14,208,587
By Order of the Board		

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

(i) Reconciliations of income for the period ended 31 December 2011

	FRS as at 31-Dec-11 RM'000	Note 3 (a) Adjustments Business Combination RM'000	Note 3 (b) Adjustments SPPE RM'000	MFRS as at 31-Dec-11 RM'000
Revenue	8,505,933	-	-	8,505,933
Cost of sales	(7,478,246)	-	6,030	(7,472,216)
Gross profit	1,027,687	-	6,030	1,033,717
Other operating income	499,752	-	-	499,752
Finance income	86,276	-	-	86,276
General and administrative expenses	(1,014,337)	-	273	(1,014,064)
Operating Profit	599,378	-	6,303	605,681
Net gain on disposal of ships	23,174	-	-	23,174
Impairment provisions	(293,431)	-	-	(293,431)
Liner exit provisions	(1,452,723)	-	-	(1,452,723)
Finance costs	(279,743)	-	-	(279,743)
Share of profit of associates	224	-	-	224
Share of profit of jointly controlled entities	181,109	-	-	181,109
Loss before taxation	(1,222,012)	-	6,303	(1,215,709)
Taxation	(88,276)	-	-	(88,276)
Loss after taxation	(1,310,288)	-	6,303	(1,303,985)

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

(ii) Reconciliations of equity

		Note 3 (a)	Note 3 (b)			Note 3 (a)	Note 3 (b)	
	FRS as at	Adjustments	Adjustments	MFRS as at	FRS as at	Adjustments	Adjustments	MFRS as at
	1-Apr-11	Business	SPPE	1-Apr-11	31-Dec-11	Business	SPPE	31-Dec-11
	Combination				Combination			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Ships	18,569,468	-	(195,617)	18,373,851	18,771,476	-	(198,812)	18,572,664
Offshore floating assets	6,794,926	-	-	6,794,926	7,706,240	-	-	7,706,240
Property, Plant and Equipment	1,454,129	-	(13,057)	1,441,072	1,535,468	-	(12,784)	1,522,684
Prepaid Land & Building Lease Payments	82,487	-	-	82,487	78,369	-	-	78,369
Finance Lease Receivables	212,788	-	-	212,788	420,731	-	-	420,731
Investments in Associates	605	-	-	605	2,322	-	-	2,322
Investments in Jointly Controlled Entities	3,379,684	-	-	3,379,684	3,538,305	-	-	3,538,305
Other non-current financial assets	498,496	-	-	498,496	1,159,995	-	-	1,159,995
Intangible Assets	848,699	-	-	848,699	855,158	-	-	855,158
Deferred Tax Asset	11,781	-	-	11,781	5,241	-	-	5,241
	31,853,063	-	(208,674)	31,644,389	34,073,305	-	(211,596)	33,861,709
CURRENT ASSETS								
Inventories	403,973	-	-	403,973	434,995	-	-	434,995
Trade & Other Receivables	1,309,515	-	-	1,309,515	1,885,850	-	-	1,885,850
Cash and cash equivalents	3,352,727	-	-	3,352,727	4,155,139	-	-	4,155,139
Amounts due from Group Companies	676,178	-	-	676,178	141,544	-	-	141,544
Amounts due from Associates	1,420	-	-	1,420	1,178	-	-	1,178
Amounts due from Jointly Controlled Entities	915,369	-	-	915,369	216,958	-	-	216,958
Assets held for sale	84,825	-	-	84,825	519,688	-	-	519,688
	6,744,007	-	-	6,744,007	7,355,352	-	-	7,355,352
TOTAL ASSETS								
	38,597,070	-	(208,674)	38,388,396	41,428,657	-	(211,596)	41,217,061

A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

		Note 3 (a)	Note 3 (b)			Note 3 (a)	Note 3 (b)	
	FRS as at	Adjustments	Adjustments	MFRS as at	FRS as at	Adjustments	Adjustments	MFRS as at
	1-Apr-11	Business	SPPE	1-Apr-11	31-Dec-11	Business	SPPE	31-Dec-11
	Combination				Combination			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	4,463,794	-	-	4,463,794	4,463,794	-	-	4,463,794
Share Premium	4,459,468	-	-	4,459,468	4,459,468	-	-	4,459,468
Reserves	(940,290)	-	-	(940,290)	(203,341)	-	(9,225)	(212,566)
Retained Profits	14,208,587	-	(208,674)	13,999,913	12,288,742	-	(202,371)	12,086,371
Equity attributable to owners of the parent	22,191,559	-	(208,674)	21,982,885	21,008,663	-	(211,596)	20,797,067
Non Controlling Interests	1,154,973	-	-	1,154,973	1,288,723	-	-	1,288,723
TOTAL EQUITY	23,346,532	-	(208,674)	23,137,858	22,297,386	-	(211,596)	22,085,790
NON-CURRENT LIABILITIES								
Interest bearing loans and borrowings	10,008,122	-	-	10,008,122	8,332,604	-	-	8,332,604
Deferred Taxation	7,995	-	-	7,995	45,267	-	-	45,267
Long Term provisions	-	-	-	-	647,331	-	-	647,331
Derivatives Liabilities	196,864	-	-	196,864	183,819	-	-	183,819
	10,212,981	-	-	10,212,981	9,209,021	-	-	9,209,021
CURRENT LIABILITIES								
Interest bearing loans and borrowings	1,247,261	-	-	1,247,261	5,859,556	-	-	5,859,556
Trade & Other Payables	3,646,721	-	-	3,646,721	3,934,580	-	-	3,934,580
Provision for Taxation	43,058	-	-	43,058	59,217	-	-	59,217
Amounts due to Group Companies	59,150	-	-	59,150	17,638	-	-	17,638
Amounts due to Associates	2,419	-	-	2,419	3,003	-	-	3,003
Amounts due to Jointly Controlled Entities	31,209	-	-	31,209	45,929	-	-	45,929
Derivative Liabilities	-	-	-	-	2,327	-	-	2,327
Liabilities of assets held for sale	7,739	-	-	7,739	-	-	-	-
	5,037,557	-	-	5,037,557	9,922,250	-	-	9,922,250
TOTAL LIABILITIES	15,250,538	-	-	15,250,538	19,131,271	-	-	19,131,271
TOTAL EQUITY AND LIABILITIES	38,597,070	-	(208,674)	38,388,396	41,428,657	-	(211,596)	41,217,061