

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2010.
The figures have been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MARCH 2010	PRECEDING YEAR CORRESPONDING QUARTER 31 MARCH 2009 RESTATED	CURRENT YEAR TO DATE 31 MARCH 2010	PRECEDING YEAR TO DATE 31 MARCH 2009 RESTATED
	RM '000	RM '000	RM '000	RM '000
Revenue	3,307,432	3,999,001	13,775,074	15,783,466
Other operating income	<u>79,324</u>	<u>101,152</u>	<u>249,964</u>	<u>370,113</u>
Operating profit	393,087	254,801	1,266,623	1,922,431
Gain/(loss) on disposal of ships	7,085	-	(21,207)	-
Finance cost	(102,547)	(99,254)	(366,882)	(402,887)
Share of (loss)/profit of associates	(214)	(139)	30	342
Share of (loss)/profit of jointly controlled entities	(11,259)	31,476	33,350	36,370
Profit before tax	<u>286,152</u>	<u>186,884</u>	<u>911,914</u>	<u>1,556,256</u>
Taxation	<u>(52,493)</u>	<u>(11,666)</u>	<u>(89,696)</u>	<u>(67,566)</u>
Profit after tax	<u>233,659</u>	<u>175,218</u>	<u>822,218</u>	<u>1,488,690</u>
Attributable to:				
Shareholders of the parent	196,435	143,908	682,046	1,366,592
Minority interests	<u>37,224</u>	<u>31,310</u>	<u>140,172</u>	<u>122,098</u>
	<u>233,659</u>	<u>175,218</u>	<u>822,218</u>	<u>1,488,690</u>
Earnings per share attributable to shareholders of the parent : -				
(i) Basic (based on 3,860,789 and 3,805,971 ordinary shares) (sen)	5.09	3.78	17.67	35.91
(ii) Dilutive (based on 3,860,789 and 3,805,971 ordinary shares respectively) (sen)	5.09	3.78	17.67	35.91

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements
for the year ended 31 March 2009)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

	AS AT END OF CURRENT QUARTER 31 MARCH 2010 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31 MARCH 2009 RESTATE RM '000
Ships	20,056,849	21,377,027
Offshore floating assets	6,911,217	4,806,598
Property, Plant and Equipment	1,260,933	1,089,582
Prepaid Land & Building Lease Payments	125,989	111,640
Investments in Associates	2,715	3,320
Investments in Jointly Controlled Entities	551,911	311,754
Other non-current financial assets	956,229	645,684
Intangible Assets	963,298	1,023,532
Deferred Tax Asset	4,803	4,133
	<u>30,833,944</u>	<u>29,373,270</u>
Current Assets		
Inventories	344,560	347,024
Trade & Other Receivables	1,676,326	2,844,201
Cash	7,849,080	3,725,436
Amounts due from Group Companies	199,594	313,201
Amounts due from Associates	9,597	4,638
Amounts due from Jointly Controlled Entities	108,372	54,541
Assets held for sale	38,715	153
	<u>10,226,244</u>	<u>7,289,194</u>
Current Liabilities		
Short Term Borrowings	3,577,411	3,104,324
Trade & Other Payables	3,693,587	3,380,041
Provision for Taxation	77,539	52,621
Amounts due to Group Companies	129,397	42,998
Amounts due to Associates	7,380	4,821
Amounts due to Jointly Controlled Entities	128,998	1,210
	<u>7,614,312</u>	<u>6,586,015</u>
Net Current Assets	<u>2,611,932</u>	<u>703,179</u>
	<u>33,445,876</u>	<u>30,076,449</u>
Shareholders' Funds		
Shareholders of parent		
Share Capital	4,463,794	3,719,828
Share Premium	4,459,468	-
Reserves		
Revaluation Reserve	1,381	1,381
Other Reserves	420,336	2,079,069
Statutory Reserve	1,242	1,242
Retained Profits	14,315,751	14,930,553
	<u>23,661,972</u>	<u>20,732,073</u>
Minority interests	<u>374,237</u>	<u>340,096</u>
Total equity	<u>24,036,209</u>	<u>21,072,169</u>
Non-Current Liabilities		
Long Term Borrowings	9,194,263	8,747,646
Deferred Taxation	30,149	22,903
Derivatives Liabilities	185,255	233,731
	<u>33,445,876</u>	<u>30,076,449</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009)



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	CUMULATIVE	
	CURRENT	PRECEDING
	YEAR	YEAR
	TO DATE	TO DATE
	31 MARCH 2010	31 MARCH 2009
	RM '000	RM '000
Cash Flow from Operating Activities	3,800,586	3,409,131
Cash Flow from Investing Activities	(4,721,931)	(4,320,369)
Cash Flow from Financing Activities	5,327,303	2,467,421
Net Change in Cash & Cash Equivalents	<u>4,405,958</u>	<u>1,556,183</u>
Cash & Cash Equivalents at the beginning of the year	3,725,436	1,964,361
Currency translation difference	(282,314)	204,892
Cash & Cash Equivalent at the end of the period	<u><u>7,849,080</u></u>	<u><u>3,725,436</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010

	Share Capital* Ordinary shares RM '000	Share Premium RM '000	Non-distributable Other reserves RM '000	Distributable Retained profits RM '000	Total RM '000	Minority interest RM '000	Total equity RM '000
12 MONTHS ENDED 31 MARCH 2010							
At 1 April 2009	3,719,828	-	2,209,161	15,024,173	20,953,162	341,079	21,294,241
Change in accounting policy	-	-	-	(93,620)	(93,620)	(983)	(94,603)
Prior year adjustment	-	-	(127,469)	-	(127,469)	-	(127,469)
At 1 April 2009 (restated)	3,719,828	-	2,081,692	14,930,553	20,732,073	340,096	21,072,169
Currency translation differences	-	-	(1,756,668)	-	(1,756,668)	(36,127)	(1,792,795)
Long term investments:							
Fair value gains	-	-	66,514	-	66,514	-	66,514
Cash flow hedge:							
Fair value gains	-	-	31,421	-	31,421	17,055	48,476
Net income/(expense) recognised directly in equity	-	-	(1,658,733)	-	(1,658,733)	(19,072)	(1,677,805)
Profit for the year	-	-	-	682,046	682,046	140,172	822,218
Total recognised income and expense for the year	-	-	(1,658,733)	682,046	(976,687)	121,100	(855,587)
Rights issue:							
Share capital	743,966	-	-	-	743,966	-	743,966
Share premium	-	4,463,793	-	-	4,463,793	-	4,463,793
less:							
Transaction costs	-	(4,325)	-	-	(4,325)	-	(4,325)
Disposal of minority interest's shares of a subsidiary	-	-	-	-	-	(33)	(33)
Additional interest in a subsidiary	-	-	-	-	-	23,908	23,908
Dividends	-	-	-	(1,296,848)	(1,296,848)	(110,834)	(1,407,682)
At 31 March 2010	4,463,794	4,459,468	422,959	14,315,751	23,661,972	374,237	24,036,209

12 MONTHS ENDED 31 MARCH 2009

At 1 April 2008	3,719,828	-	(76,612)	14,936,290	18,579,506	274,061	18,853,567
Change in accounting policy	-	-	-	(55,670)	(55,670)	(399)	(56,069)
At 1 April 2008 (restated)	3,719,828	-	(76,612)	14,880,620	18,523,836	273,662	18,797,498
Currency translation differences	-	-	2,363,814	-	2,363,814	44,807	2,408,621
Revaluation reserves	-	-	1,326	-	1,326	-	1,326
Long term investments:							
Fair value loss	-	-	(25,174)	-	(25,174)	-	(25,174)
Cash flow hedge:							
Fair value loss	-	-	(54,193)	-	(54,193)	(52,069)	(106,262)
Prior year adjustment on cash flow hedge	-	-	(127,469)	-	(127,469)	-	(127,469)
Net income/(expense) recognised directly in equity	-	-	2,158,304	-	2,158,304	(7,262)	2,151,042
Profit for the year	-	-	-	1,366,592	1,366,592	122,098	1,488,690
Total recognised income and expense for the year	-	-	2,158,304	1,366,592	3,524,896	114,836	3,639,732
Acquisition of a subsidiary	-	-	-	-	-	1,709	1,709
Dividends	-	-	-	(1,316,659)	(1,316,659)	(50,111)	(1,366,770)
At 31 March 2009	3,719,828	-	2,081,692	14,930,553	20,732,073	340,096	21,072,169

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

NOTES TO THE CONDENSED FINANCIAL REPORT

The figures have been audited.

A1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention except for the derivatives financial instruments and available-for-sale financial assets that have been measured at fair value.

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2009.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2009 except for the early adoption of the following standards:

Early adoption of FRS 7

FRS 7 applies to all risks arising from all financial instruments. However, the extent of disclosure required depends on the extent of the Group's use of financial instruments and of its exposure to risk.

The FRS 7 requires disclosure of:

- (a) the significance of financial instruments for the Group's financial position and performance. These disclosures incorporate many of the requirements previously in FRS 132.
- (b) qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosure describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the group is exposed to risk based on information provided internally. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

The FRS supersedes the disclosure requirements of FRS 132. The presentation requirements of FRS 132 remain unchanged.

Early adoption of FRS 123: Borrowing Costs

This Standard supersedes FRS 123₂₀₀₄: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. MISC Group's policy on capitalisation of interest is already consistent with the requirements of FRS123.

Early adoption of Amendment to FRS 132 Financial Instruments: Presentation

The amendment requires that rights issues, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights issues, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The offer of rights by MISC Berhad to its shareholders was accounted for as equity instrument, as required by the amendment.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 March 2009.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter ended 31 March 2010.

A6. CHANGES IN ESTIMATES

To be in line with industry's practice, the Group has changed the useful life of ships from 20 to 25 years for non LNG ships and from 20 to the higher of 30 years or firm contract period of maximum life of 40 years for LNG refurbished vessels with effect from 1 April 2009. The effect of the revisions are accounted for prospectively as a change in accounting estimates. As a result of this revision, the depreciation charge of the Group has decreased by RM465,787,000.

A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

During the current quarter ended 31 March 2010, the Company has completed the Rights Issue exercise with the listing of 743,965,517 Rights Shares on the Main Market of Bursa Securities with effect from 24 February 2010.

A8. DIVIDENDS

The Group paid a final dividend of 20 sen per share tax exempt (2007/2008: 20 sen) on 28 August 2009 in respect of the 2008/2009 financial year, amounting to RM725.3 million (2007/2008: RM750.9 million) in total.

On 24 December 2009, the Group also paid an interim dividend of 15 sen per share tax exempt (2008/2009: 15 sen) in respect of the 2009/2010 financial year amounting to RM571.6 million.

A9. SEGMENT REPORT

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

	Energy Related Shipping ¹⁾ RM '000	Other Energy Businesses ²⁾ RM '000	Integrated Liner Logistics RM '000	Non- Shipping RM '000	Total RM '000
REVENUE AND RESULT					
Revenue					
Total Revenue - External sales	<u>6,629,666</u>	<u>4,321,288</u>	<u>2,824,120</u>	<u>-</u>	<u>13,775,074</u>
Result					
Operating profit	<u>1,752,367</u>	<u>753,280</u>	<u>(1,228,065)</u>	<u>(10,959)</u>	<u>1,266,623</u>

1) LNG, petroleum and chemical

2) Offshore and heavy engineering

A10. VALUATION OF PROPERTY

The valuations of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements as no revaluation has been carried out since 31 March 2009.

A11. SUBSEQUENT MATERIAL EVENT

MISC, had on the 8 April 2010, announced its intention to list its subsidiary, Malaysia Marine and Heavy Engineering Sdn. Bhd on the Main Market of Bursa Malaysia.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material change in the composition of the Group.

A13. 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	346,444

B1. REVIEW OF PERFORMANCE

The Group recorded a PBT of RM279.1 million (excluding gain on disposal of ships) in the fourth quarter, which was 49.3% higher than the corresponding quarter's PBT of RM186.9 million. The increase was mainly due to higher profits in LNG and Offshore businesses. The Group's cost reduction efforts have led to lower operating costs thereby improving results as compared to the corresponding quarter.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group profit before taxation of RM279.1 million (excluding gain on disposal of ships) was 45.7% higher than the RM191.6 million profit recorded in the preceding quarter. The higher profit recorded arose mainly from increased profit in Offshore and Heavy Engineering businesses.

B3. CURRENT YEAR PROSPECTS

The year 2009 saw the trough of the freight rate cycles for liner, chemical and petroleum shipping in tandem with the global economic turmoil. Continued recovery of freight rates will track the speed and trajectory of recovery of global economic activities. The momentum of new tonnage deliveries remains strong in the short term. However, MISC's performance going forward is expected to improve with the containment of losses of its liner business. Additionally, expansion of its heavy engineering business and increase in number of earning assets of its offshore business are expected to contribute positively to the Group's performance.

B4. 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.

B5. TAXATION

	Jan 10-Mar 10 RM '000	Apr 09-Mar 10 RM '000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	50,974	86,990
- prior year	(13,839)	(15,707)
Deferred taxation	15,358	18,413
	<u>52,493</u>	<u>89,696</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.

B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no material sales of investments and/or properties for the current financial year to date.

B7. PURCHASES AND SALES OF QUOTED SECURITIES

i) There were no purchases and sales of quoted securities for the current financial year to date.

ii) Investments in quoted securities as at 31 March 2010 are as follows:-

Other Long Term Investments	RM '000
At cost	159,488
At carrying value	336,969
At market value	336,969

B8. STATUS OF CORPORATE PROPOSALS

- a) There were no outstanding corporate proposals submitted by the Group for the quarter ended 31 March 2010.
- b) The status of utilisation of proceeds raised from corporate proposals as at 30 April 2010 (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		Amount	%
Capital expenditure	5,187	1,551	By December 2012	-	-
Total	5,187	1,551		-	-

B9. GROUP BORROWINGS

- i) The tenure of Group borrowings as at 31 March 2010 classified as short and long term as well as secured and unsecured categories are as follows :-

	RM '000
Short Term Borrowings	
Secured	386,347
Unsecured	3,191,064
	<u>3,577,411</u>
Long Term Borrowings	
Secured	2,033,076
Unsecured	7,161,187
	<u>9,194,263</u>
Total	<u>12,771,674</u>

- ii) Foreign borrowings in Ringgit Malaysia equivalent as at 31 March 2010 are as follows :-

	RM '000
US Dollars	10,707,832

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments for the quarter ended 31 March 2010.

B11. CHANGES IN MATERIAL LITIGATION

There were no material litigation involving the Group.

B12. DIVIDENDS

The Board of Directors has declared a final dividend of 20 sen per share tax exempt dividend (2008/2009:20 sen) in respect of the 2009/2010 financial year amounting to RM892.8 million (2008/2009: RM744.0 million). The proposed dividend (if approved by the shareholders) will be paid on 30 August 2010 to shareholders registered at the close of business on 10 August 2010. A depositor shall qualify for entitlement to the dividend. A depositor shall qualify for entitlement only in respect of:

- securities transferred into the Depositor's Securities Account before 4:00 pm on 10 August 2010 in respect of Ordinary Transfers; and
- shares bought on the "BMSB" on a cum entitlement basis according to the rules of "BMSB".

B13. DERIVATIVES

As part of the Group's efforts to hedge its interest rate risks, the Group had entered into interest rate swap arrangements, a form of derivative to convert our interest exposure from floating term into fixed term. The details of the derivative held by the Group as at 31 March 2010 were as follows:

Type of Derivative	Contract/Notional Value RM' Million	Fair value RM' Million
Interest rate swaps		
More than 3 years	4,456	(185)

During the year, the Group has recognised a net gain of RM48,476,000 in its equity in relation to interest rate swap arrangements.

B14. EARNINGS PER SHARE

In respect of earnings per share :-

- i) The amount used as numerator for the calculation of basic earnings per share is RM196.4 million for the fourth quarter ended 31 March 2009 and RM682.0 million for the current financial year to 31 March 2010 which are the same as the net profits shown in the condensed consolidated income statement.
- ii) The number of ordinary shares used as the denominator in calculating the basic earnings per share in the current financial year is 3,860 million and 3,805 million for the previous financial year.
- iii) The number of ordinary shares used as the denominator in calculating the dilutive earnings per share in the current financial year is 3,860.0 million and 3,805.0 million for the previous financial year.

The Group does not have any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.