

MISC Berhad

(Company No. 8178 H)



This is a quarterly report on consolidated results for the period ended 30 September 2010.
The figures have not been audited.

Condensed Consolidated Income Statement

For The Period Ended 30 September 2010

	3 months ended 30 September		Year to Date ended 30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	3,085,187	3,527,103	6,355,699	7,420,537
Other operating income	115,384	29,057	452,563	123,603
Operating profit	475,587	256,471	1,014,575	611,182
Loss on disposal of ships	-	(19,803)	-	(28,292)
Finance cost	(83,453)	(79,063)	(170,101)	(167,339)
Share of (loss)/profit of associates	(9)	75	55	84
Share of profit of jointly controlled entities	24,165	2,958	43,103	18,501
Profit before tax	416,290	160,638	887,632	434,136
Taxation	(9,150)	(31,869)	(19,411)	(33,959)
Profit after tax	407,140	128,769	868,221	400,177
Profit attributable to:				
Shareholders of the parent	369,362	82,062	797,342	315,511
Minority interests	37,778	46,707	70,879	84,666
	407,140	128,769	868,221	400,177
Earnings per share attributable to shareholders of the parent:				
(i) Basic (based on 4,463,794,000 and 3,860,789,000 ordinary shares) (sen)	8.3	2.1	17.9	8.2
(ii) Dilutive (based on 4,463,794,000 and 3,860,789,000 ordinary shares) (sen)	8.3	2.1	17.9	8.2

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010

MISC Berhad

(Company No. 8178 H)



This is a quarterly report on consolidated results for the period ended 30 September 2010.
The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 30 September 2010

	3 months ended 30 September		Year to Date ended 30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit after tax	<u>407,140</u>	<u>128,769</u>	<u>868,221</u>	<u>400,177</u>
(Loss)/income adjustments to reserves:				
Fair value gain / (loss) on non-current investments	20,834	15,435	(1,045)	13,442
Fair value loss on cash flow hedges	(23,322)	(50,319)	(87,214)	(62,440)
Currency translation differences	(985,400)	(428,867)	(1,589,112)	(941,130)
Total (loss)/income adjustments to reserves for the quarter	<u>(987,888)</u>	<u>(463,751)</u>	<u>(1,677,371)</u>	<u>(990,128)</u>
Total comprehensive (losses)/income for the quarter, net of tax	<u>(580,748)</u>	<u>(334,982)</u>	<u>(809,150)</u>	<u>(589,951)</u>
Attributable to:				
Shareholders of the parent	(592,870)	(366,233)	(855,291)	(663,959)
Minority interests	<u>12,122</u>	<u>31,251</u>	<u>46,141</u>	<u>74,008</u>
	<u>(580,748)</u>	<u>(334,982)</u>	<u>(809,150)</u>	<u>(589,951)</u>

MISC Berhad

(Company No. 8178 H)



Condensed Consolidated Statement of Financial Position

As at 30 September 2010

	30 September 2010	31 March 2010
	RM'000	RM'000
Ships	19,623,068	20,056,849
Offshore floating assets	6,810,566	6,911,217
Property, Plant and Equipment	1,306,327	1,260,933
Prepaid Land & Building Lease Payments	124,185	125,989
Investments in Associates	574	2,715
Investments in Jointly Controlled Entities	3,223,947	551,911
Other non-current financial assets	849,331	956,229
Intangible Assets	903,266	963,298
Deferred Tax Asset	14,324	4,803
	32,855,588	30,833,944
Current Assets		
<i>Inventories</i>	321,265	344,560
<i>Trade & Other Receivables</i>	1,494,995	1,676,326
<i>Cash</i>	2,468,285	7,849,080
<i>Amounts due from Group Companies</i>	439,373	199,594
<i>Amounts due from Associates</i>	2,284	9,597
<i>Amounts due from Jointly Controlled Entities</i>	106,140	108,372
<i>Assets held for sale</i>	-	38,715
	4,832,342	10,226,244
Current Liabilities		
<i>Short Term Borrowings</i>	1,240,366	3,577,411
<i>Trade & Other Payables</i>	3,256,555	3,693,587
<i>Provision for Taxation</i>	26,186	77,539
<i>Amounts due to Group Companies</i>	66,370	129,397
<i>Amounts due to Associates</i>	2,987	7,380
<i>Amounts due to Jointly Controlled Entities</i>	80,862	128,998
	4,673,326	7,614,312
Net Current Assets	159,016	2,611,932
	33,014,604	33,445,876
Equity Attributable to Equity Holders of the Corporation		
Share Capital	4,463,794	4,463,794
Share Premium	4,459,468	4,459,468
Reserves		
<i>Revaluation Reserve</i>	1,381	1,381
<i>Other Reserves</i>	(1,232,297)	420,336
<i>Statutory Reserve</i>	1,242	1,242
<i>Retained Profits</i>	14,224,564	14,315,751
	21,918,152	23,661,972
Minority interests	356,035	374,237
Total equity	22,274,187	24,036,209
Non-Current Liabilities		
<i>Long Term Borrowings</i>	10,421,475	9,194,263
<i>Deferred Taxation</i>	46,473	30,149
<i>Derivatives Liabilities</i>	272,469	185,255
	33,014,604	33,445,876

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010

MISC Berhad

(Company No. 8178 H)



Condensed Consolidated Statement of Cash Flow

For The Period Ended 30 September 2010

	30 September 2010	30 September 2009
	RM'000	RM'000
Cash Flow from Operating Activities	1,111,903	2,007,728
Cash Flow from Investing Activities	(4,587,498)	(2,106,626)
Cash Flow from Financing Activities	(1,472,854)	(1,414,031)
Net Change in Cash & Cash Equivalents	(4,948,449)	(1,512,929)
Cash & Cash Equivalents at the beginning of the year	7,849,080	3,725,436
Currency translation difference	(432,346)	(144,169)
Cash & Cash Equivalent at the end of the period	<u><u>2,468,285</u></u>	<u><u>2,068,338</u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010

MISC Berhad

(Company No. 8178 H)



Condensed Consolidated Statement of Changes in Equity

For The Period Ended 30 September 2010

	Total Equity	Equity attributable to equity holders of the Corporation	Share Capital* Ordinary shares	Share Premium	Other reserves total	Retained profits	Attributable to equity holders of the Corporation							Minority interest
							Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Net unrealised gains/(losses) reserve	Currency translation reserve	
	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
6 MONTHS ENDED 30 SEPTEMBER 2010														
At 1 April 2010	24,036,209	23,661,972	4,463,794	4,459,468	422,959	14,315,751	41,342	1,185	1,381	1,242	59,715	38,878	279,216	374,237
Total comprehensive (losses) / income	(809,150)	(855,291)	-	-	(1,652,633)	797,342	-	-	-	-	-	(90,678)	(1,561,955)	46,141
Transaction with owners														
Acquisition of a subsidiary	1,119	-	-	-	-	-	-	-	-	-	-	-	-	1,119
Disposal of a subsidiary	(11,210)	-	-	-	-	-	-	-	-	-	-	-	-	(11,210)
Dividends	(942,781)	(888,529)	-	-	-	(888,529)	-	-	-	-	-	-	-	(54,252)
Total transactions with owners	(952,872)	(888,529)	-	-	-	(888,529)	-	-	-	-	-	-	-	(64,343)
At 30 September 2010	22,274,187	21,918,152	4,463,794	4,459,468	(1,229,674)	14,224,564	41,342	1,185	1,381	1,242	59,715	(51,800)	(1,282,739)	356,035
6 MONTHS ENDED 30 SEPTEMBER 2009														
At 1 April 2009	21,294,241	20,953,162	3,719,828	-	2,209,161	15,024,173	41,342	1,185	1,381	1,242	59,715	68,412	2,035,884	341,079
Total comprehensive (losses) / income	(589,951)	(663,959)	-	-	(979,470)	315,511	-	-	-	-	-	(57,657)	(921,813)	74,008
Transaction with owners														
Acquisition of a subsidiary	61,261	-	-	-	-	-	-	-	-	-	-	-	-	61,261
Dividends	(765,461)	(741,829)	-	-	-	(741,829)	-	-	-	-	-	-	-	(23,632)
Total transactions with owners	(704,200)	(741,829)	-	-	-	(741,829)	-	-	-	-	-	-	-	37,629
At 30 September 2009	20,000,090	19,547,374	3,719,828	-	1,229,691	14,597,855	41,342	1,185	1,381	1,242	59,715	10,755	1,114,071	452,716

* 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 March 2010

MISC Berhad

(Company No. 8178 H)

Notes to The Condensed Financial Report

The figures have not 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 2010. 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 2010.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the quarterly condensed consolidated financial statements are consistent with those of the audited financial statements for the year ended 31 March 2010 except for the adoption of the new standards and interpretations which are mandatory for annual financial periods beginning on or after 1 July 2009 and 1 January 2010, noted below:

FRS 8: Operating Segments

FRS 101: Presentation of Financial Statements (Revised)

Amendment to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 7: Financial Instruments - Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs ' Improvements to FRSs (2009)

IC Interpretation 11: FRS 2: Group and Treasury Share Transactions

IC Interpretation 13; Customer Loyalty Programmes

IC Interpretation 14; FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual financial period beginning on or after January 2010. These FRSs are, however, not applicable to the Group.

The new and revised FRSs and Interpretations above are expected to have no significant financial impact on the financial statements of the Group upon initial application except for the following:

FRS 8: Operating Segments

FRS 8, which replaces FRS 114²⁰⁰⁴; Segment Reporting, specifies how entity should report its operating segments, based on the information about the components of the entity available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS114²⁰⁰⁴.

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. In addition, the revised standard introduces the statement of comprehensive income that presents all items of income and expense recognised in income statement, together with all other items of recognised income and expense, that is recognised directly in equity, either in one single statement, or in two linked statements.

The Group has elected to present this statement as two-linked statement. However, for subsidiaries that do not have any movement in their statement of comprehensive income, they are allowed to opt for one single statement presentation.

In addition, a statement of financial position is required at the beginning of earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group and the Group has adopted the standard retrospectively.

FRS 117: Leases

FRS 117; leases clarifies on the classification of leases of land and buildings. For those land element held under operating leases that are required to be reclassified as finance leases, the group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings.

The Group has assessed and did not expect any impact from adoption of this standard.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors had issued an unqualified audit report on the financial statements for Financial Year Ended 31 March 2010.

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 30 September 2010.

A6. CHANGES IN ESTIMATES

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

A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

During the current quarter ended 30 September 2010, the Group had, made repayments of RM700 million in respect of Commercial Paper and Medium Term Notes programs and had drawdown a total of RM500 million Medium Term Notes facilities maturing in 2011-2012.

A8. DIVIDENDS

The Group paid a final dividend of 20 sen per share tax exempt (2008/2009: 20 sen) on 30 August 2010 in respect of the 2009/2010 financial year, totalling RM888.5 million (2008/2009: RM741.8 million).

A9. 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					
Total Revenue - External sales	3,185,381	1,946,702	1,223,616	-	6,355,699
Inter-Segment	43,503	682,448	78,491	(804,442) *	-
	<u>3,228,884</u>	<u>2,629,150</u>	<u>1,302,107</u>	<u>(804,442)</u>	<u>6,355,699</u>
Result					
Operating profit	<u>752,368</u>	<u>394,461</u>	<u>(232,064)</u>	<u>99,810</u> **	<u>1,014,575</u>

1) LNG, petroleum and chemical

2) Offshore and heavy engineering

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

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

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 2010.

A11. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the current financial quarter to date.

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	59,528

A14. CAPITAL COMMITMENTS

	30-09-10 RM'000	31-03-10 RM'000 (Audited)
Approved and contracted for:		
<i>Group</i>	4,078,820	3,240,263
<i>Share of capital commitments in jointly controlled entities</i>	428,289	354,174
	4,507,109	3,594,437
Approved but not contracted for:		
<i>Group</i>	4,007,614	5,783,465
<i>Share of capital commitments in jointly controlled entities</i>	867,831	299,291
	4,875,446	6,082,756

The outstanding capital commitments include purchase and the construction of ships, offshore floating assets and tank terminals.

B1. REVIEW OF PERFORMANCE

The Group profit before taxation of RM416.3 million was 159.2% higher than the corresponding quarter's profit of RM160.6 million. The increase was mainly from improved performance in the restructured Liner business and increased profitability in Heavy Engineering business.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group profit before taxation of RM416.3 million was 11.7% lower than the RM471.3 million recorded in the preceding quarter. The lower profit achieved were mainly due to higher losses from Chemical business and Petroleum business recording nominal loss in this quarter.

B3. CURRENT YEAR PROSPECTS

We expect improvement in freight rates from last year's depressed levels. However, the competitive landscape in the shipping industry remains challenging with volatility in rates over the short term. In addition, prospects in the Offshore and Heavy Engineering segments have significantly improved. In line with the recent listing of Malaysia Marine & Heavy Engineering Holdings Berhad ("MHB") on Bursa Malaysia, contribution from the Heavy Engineering segment will be diluted to 66.5%.

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

	July 10-Sept 10 RM '000	Apr 10-Sept 10 RM '000
Taxation for the period comprises the following charge		
Income tax charge		
- current period	39,178	46,159
- prior year	(35,432)	(46,747)
Deferred taxation	5,404	19,999
	<u>9,150</u>	<u>19,411</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 30 Sept 2010 are as follows:-

Other Investments (Long Term)	RM '000
At cost	159,488
At carrying value	335,924
At market value	335,924

B8. STATUS OF CORPORATE PROPOSALS

- a) The status of utilisation of proceeds raised from corporate proposals as at 17 November 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 RM Million	%
Capital expenditure	5,187.3	2,743.0	Within 36 months from the completion of the Rights Issue Exercise	-	-
Estimated expenses in relation to the Rights Issue Exercise	20.5	20.5	Within 3 months from the completion of the Rights Issue Exercise	-	-
Total	5,207.8	2,763.5		-	-

- b) MISC had, on 8 April 2010, announced the intention to list its subsidiary, Malaysia Marine & Heavy Engineering Holdings Berhad ("MHB") on the Main Market of Bursa Malaysia. The Proposed IPO comprises of two sub-schemes i.e. the Proposed Offer for Sale and the Proposed Public Issue.

MHB has submitted applications to the respective authorities with regard to its Proposed Listing as follows:

- Securities Commission ("SC") for the Proposed IPO and the Proposed Listing
- Equity Compliance Unit of SC in compliance with the Bumiputera Equity Requirements for Public Listed Companies
- Ministry of International Trade and Industry (MITI) for the proposed IPO, the Proposed Listing and Bumiputera Offering
- Shariah Advisory Council of the SC in relation to the approval of classification of the entire enlarged issued and paid-up share capital of MHB as Shariah-compliant security upon completion of the Proposed Listing.

The Shariah Advisory Council had, on 4 August 2010, approved MHB's application as Shariah-compliant security subject to the SC's approval for the Proposed Listing.

On 30 August 2010, both SC and MITI approved MHB's applications in relation to its Proposed IPO and the Proposed Listing and the allocation of 184,000,000 shares to Bumiputera investors.

The Proposed IPO was completed with the listing of MHB on the Main Market of Bursa Malaysia on 29 October 2010.

The status of the utilisation of proceeds raised from MHB listing as at 17 November 2010 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	
	RM Million	RM Million		Amount RM Million	%
Capital expenditure	914.4	222.6	Within 36 months from the date of the Listing	-	-
Working Capital	122.5	-	Within 12 months from the date of the Listing	-	-
Estimated expenses in relation to the Proposed Offer for Sale and listing	14.0	11.0	Within 3 months from the date of the Listing	-	-
Total	<u>1,050.9</u>	<u>233.6</u>		<u>-</u>	<u>-</u>

- c) On 17 May 2010, MISC, through its wholly-owned subsidiary, MTTI Sdn. Bhd entered into a conditional Sale and Purchase Agreement ("SPA") with Martank B.V. ("Martank"), a wholly-owned subsidiary of Vitol Holding B.V. for the proposed acquisition of 50% issued share capital of VTTI for a cash consideration of USD735 million.

The USD735 million purchase consideration is subject to price adjustment taking into account capital expenditure, working capital and other items agreed between both parties.

The transaction was completed on 7 September 2010 at a net purchase consideration of approximately USD839 million. The final purchase consideration, based on the Final Completion Accounts, will be announced at a later date.

B9. GROUP BORROWINGS

- i) The tenure of Group borrowings as at 30 Sept 2010 classified as short and long term as well as secured and unsecured categories are as follows :-

	RM '000
Short Term Borrowings	
Secured	390,460
Unsecured	849,906
	<u>1,240,366</u>
Long Term Borrowings	
Secured	1,694,911
Unsecured	8,726,564
	<u>10,421,475</u>
Total	<u>11,661,841</u>

- ii) Foreign borrowings in Ringgit Malaysia equivalent as at 30 Sept 2010 are as follows :-

	RM '000
US Dollars	9,801,814

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments for the quarter ended 30 September 2010 .

B11. CHANGES IN MATERIAL LITIGATION

There were no material litigation involving the Group.

B12. DIVIDENDS

The Board of Directors has declared an interim dividend of 15 sen per share tax exempt dividend (2009/2010:15 sen) in respect of financial year 2010/2011 amounting to RM669.6 million (2009/2010: RM558.0 million). The proposed dividend will be paid on 23 December 2010 to shareholders registered at the close of business on 10 December 2010.

A depositor shall qualify for entitlement to the dividend only in respect of:

- i. Securities transferred into the Depositor's Securities Account before 4.00 pm on 10 December 2010 in respect of Ordinary Transfers; and
- ii. 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.

As at 30 Sept 2010, the fair value loss of the interest rate swaps with maturity exceeding three (3) years, for a notional value of RM4,139.9 million was RM272.5 million.

During the year, the Group has recognised a net loss of RM87,214,000 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 RM369.4 million for the second quarter ended 30 Sept 2010 is RM369.4 million derived from 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 4,464.0 million and 3,861.0 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 4,464.0 million and 3,861.0 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.