MISC BERHAD
(Company No.: 8178 H)

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30 JUNE 2010 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2009 RM '000	CURRENT YEAR TO DATE 30 JUNE 2010 RM '000	PRECEDING YEAR TO DATE 30 JUNE 2009 RM '000
Revenue	3,270,512	3,893,434	3,270,512	3,893,434
Other operating income	337,179	94,546	337,179	94,546
Operating profit	538,988	354,711	538,988	354,711
Loss on disposal of ships	-	(8,489)	-	(8,489)
Finance cost	(86,648)	(88,276)	(86,648)	(88,276)
Share of profit of associates	64	9	64	9
Share of profit of jointly controlled entities	18,938	15,543	18,938	15,543
Profit before tax	471,342	273,498	471,342	273,498
Taxation	(10,261)	(2,090)	(10,261)	(2,090)
Profit after tax	461,081	271,408	461,081	271,408
Profit attributable to:				
Shareholders of the parent	427,980	233,449	427,980	233,449
Minority interests	33,101	37,959	33,101	37,959
	461,081	271,408	461,081	271,408
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)	9.6	6.0	9.6	6.0
(ii) Dilutive (based on 4,460,794,000 and 3,860,789,000 ordinary shares) (sen)	9.6	6.0	9.6	6.0

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30 JUNE 2010 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2009 RM '000	CURRENT YEAR TO DATE 30 JUNE 2010 RM '000	PRECEDING YEAR TO DATE 30 JUNE 2009 RM '000
Profit after tax	461,081	271,408	461,081	271,408
(Loss)/income adjustments to reserves:				
Fair value loss on non-current investments	(21,879)	(1,994)	(21,879)	(1,994)
Fair value loss on cash flow hedges	(63,892)	(14,125)	(63,892)	(14,125)
Currency translation differences	(586,131)	(516,489)	(586,131)	(516,489)
Total (loss)/income adjustments to reserves for the quarter	**(671,902)**	**(532,608)**	**(671,902)**	**(532,608)**
Total comprehensive (losses)/income for the quarter, net of tax	**(210,821)**	**(261,200)**	**(210,821)**	**(261,200)**
Attributable to:				
Shareholders of the parent	(234,148)	(299,456)	(234,148)	(299,456)
Minority interests	23,327	38,256	23,327	38,256
	(210,821)	**(261,200)**	**(210,821)**	**(261,200)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	AS AT END OF CURRENT QUARTER 30 JUNE 2010 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31 MARCH 2010 RM '000
Ships	19,645,022	20,056,849
Offshore floating assets	6,973,140	6,911,217
Property, Plant and Equipment	1,285,172	1,260,933
Prepaid Land & Building Lease Payments	125,163	125,989
Investments in Associates	2,253	2,715
Investments in Jointly Controlled Entities	874,455	551,911
Other non-current financial assets	896,922	956,229
Intangible Assets	938,901	963,298
Deferred Tax Asset	14,821	4,803
	30,755,849	30,833,944
Current Assets		
Inventories	347,902	344,560
Trade & Other Receivables	1,579,168	1,676,326
Cash	7,632,334	7,849,080
Amounts due from Group Companies	250,214	199,594
Amounts due from Associates	8,463	9,597
Amounts due from Jointly Controlled Entities	154,876	108,372
Assets held for sale	20,508	38,715
	9,993,465	10,226,244
Current Liabilities		
Short Term Borrowings	1,093,339	3,577,411
Trade & Other Payables	3,943,684	3,693,587
Provision for Taxation	71,304	77,539
Amounts due to Group Companies	83,475	129,397
Amounts due to Associates	5,562	7,380
Amounts due to Jointly Controlled Entities	116,491	128,998
	5,313,855	7,614,312
Net Current Assets	4,679,610	2,611,932
	35,435,459	33,445,876
Shareholders' Funds		
Shareholders of parent		
Share Capital	4,463,794	4,463,794
Share Premium	4,459,468	4,459,468
Reserves		
Revaluation Reserve	1,381	1,381
Other Reserves	(241,792)	420,336
Statutory Reserve	1,242	1,242
Retained Profits	14,743,731	14,315,751
	23,427,824	23,661,972
Minority interests	380,699	374,237
Total equity	23,808,523	24,036,209
Non-Current Liabilities		
Long Term Borrowings	11,333,523	9,194,263
Deferred Taxation	44,266	30,149
Derivatives Liabilities	249,147	185,255
	35,435,459	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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2010

	CUMULATIVE	
	CURRENT YEAR TO DATE 30 JUNE 2010 RM '000	PRECEDING YEAR TO DATE 30 JUNE 2009 RM '000
Cash Flow from Operating Activities	854,316	1,770,643
Cash Flow from Investing Activities	(952,171)	(1,342,072)
Cash Flow from Financing Activities	(82,555)	(91,661)
Net Change in Cash & Cash Equivalents	(180,410)	336,910
Cash & Cash Equivalents at the beginning of the year	7,849,080	3,725,436
Currency translation difference	(36,336)	(66,044)
Cash & Cash Equivalent at the end of the period	7,632,334	3,996,302

MISC BERHAD
(Company No.: 8178 H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010

		Attributable to equity holders of the Corporation												
	Total Equity	Equity attributable to equity holders of the Corporation	Share Capital* Ordinary shares	Share Premium	Other reserves total	Retained profits	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Net unrealised gains/(losses) 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
3 MONTHS ENDED 30 JUNE 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	(210,821)	(234,148)	-	-	(662,128)	427,980	-	-	-	-	-	(86,688)	(575,440)	23,327
Transaction with owners														
Acquisition of a subsidiary	1,119	-	-	-	-	-	-	-	-	-	-	-	-	1,119
Disposal of a subsidiary	(11,210)	-	-	-	-	-	-	-	-	-	-	-	-	(11,210)
Dividends	(6,774)	-	-	-	-	-	-	-	-	-	-	-	-	(6,774)
Total transactions with owners	(16,865)	-	-	-	-	-	-	-	-	-	-	-	-	(16,865)
At 30 June 2010	**23,808,523**	**23,427,824**	**4,463,794**	**4,459,468**	**(239,169)**	**14,743,731**	**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**(47,810)**	**(296,224)**	**380,699**
3 MONTHS ENDED 30 JUNE 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	(261,200)	(299,456)	-	-	(532,905)	233,449	-	-	-	-	-	(26,964)	(505,941)	38,256
Transaction with owners														
Acquisition of a subsidiary	61,261	-	-	-	-	-	-	-	-	-	-	-	-	61,261
Dividends	(23,114)	-	-	-	-	-	-	-	-	-	-	-	-	(23,114)
Total transactions with owners	38,147	-	-	-	-	-	-	-	-	-	-	-	-	38,147
At 30 June 2009	**21,071,188**	**20,653,706**	**3,719,828**	**-**	**1,676,256**	**15,257,622**	**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**41,448**	**1,529,943**	**417,482**

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

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 $114_{2004:}$ 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 $FRS114_{2004.}$

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 is still assessing the potential implication as a result of the classification of its unexpired land leases as operating or finance leases

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 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 June 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 June 2010, 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.

A8. DIVIDENDS

There were no dividend payments in the current financial period to date.

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	1,651,278	1,022,836	596,398	-		3,270,512
Inter-Segment	22,086	336,726	35,169	(393,981)	*	-
	1,673,364	1,359,562	631,567	(393,981)		3,270,512
Result						
Operating profit	409,835	152,648	(134,718)	111,223	**	538,988

* 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.

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 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	367,031

A14. CAPITAL COMMITMENTS

	6/30/2010 RM'000	**3/31/2010 RM'000 (Audited)**
Approved and contracted for	6,084,279	3,594,437
Approved but not contracted for	3,247,937	6,082,756
	9,332,216	9,677,193

The outstanding capital commitments relate to the purchase and the construction of ships and offshore floating assets, investments and other expenditure projects.

B1. REVIEW OF PERFORMANCE

The Group profit before taxation of RM471.3 million was 72.3% higher than the corresponding quarter's profit of RM273.5 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 RM471.3 million was 68.9% higher than the RM279.1 million (excluding gain on disposal of ships totalling RM7.1 million) recorded in the preceding quarter. The higher profit achieved in this quarter arose mainly from improved performance in the restructured Liner business.

B3. CURRENT YEAR PROSPECTS

We continue to see improvements in freight rates which have translated into higher profitability for our shipping segments. However, the competitive landscape in the shipping industry remains challenging with volatility in short term rates being a key feature. In addition, expectations of higher Exploration and Production (E&P) spending in the region bodes well for our Heavy Engineering and Offshore businesses. Current year performance is expected to improve further in tandem with the global trade recovery.

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

	Apr 10-June 10 RM '000
Taxation for the period comprises the following charge	
Income tax charge	
- current period	6,981
- prior year	(11,315)
Deferred taxation	14,595
	10,261

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 June 2010 are as follows:-

Other Investments (Long Term)	RM '000
At cost	159,488
At carrying value	315,090
At market value	315,090

B8. STATUS OF CORPORATE PROPOSALS

a) The status of utilisation of proceeds raised from corporate proposals as at 12 August 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	2,321.7	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**	**2,342.2**		**-**	**-**

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, representing approximately 9.12% and 16.38% of the enlarged issued and paid-up capital of MHB respectively.

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

i) Securities Commission ("SC") for the Proposed IPO and the Proposed Listing
ii) Equity Compliance Unit of SC in compliance with the Bumiputera Equity Requirements for Public Listed Companies
iii) Ministry of International Trade and Industry for the proposed IPO, the Proposed Listing and Bumiputera Offering
iv) 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.

The Proposed IPO scheme is expected to be completed by the fourth quarter of 2010.

c) On 17 May 2010, MISC, through its wholly-owned subsidiary, MTTI Sdn. Bhd has 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 subjected to price adjustment (upwards or downwards) taking into account capital expenditure, working capital and other items agreed between both parties.

The acquisition of VTTI is expected to complete within six (6) months from the date of the SPA ("Completion Date"). To date, MISC has paid 10% of the purchase consideration and the remaining balance will be paid at the Completion Date.

B9. GROUP BORROWINGS

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

	RM '000
Short Term Borrowings	
Secured	393,358
Unsecured	699,981
	1,093,339
Long Term Borrowings	
Secured	1,900,783
Unsecured	9,432,740
	11,333,523
Total	12,426,862

ii) Foreign borrowings in Ringgit Malaysia equivalent as at 30 June 2010 are as

	RM '000
US Dollars	10,366,099

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. CHANGES IN MATERIAL LITIGATION

There were no material litigation involving the Group.

B12. DIVIDENDS

No dividend has been proposed for the quarter ended 30 June 2010.

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 June 2010, the fair value of the interest rate swaps with maturity exceeding three (3) years, for a notional value of RM4,374.8 million was a loss of RM249.1 million.

During the year, the Group has recognised a net loss of RM63,892,000 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 RM428.0 million for the first quarter ended 30 June 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 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.