



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Income Statement

For The Period Ended 31 March 2016

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	2,394,469	2,490,268	2,394,469	2,490,268
Cost of sales	(1,599,737)	(1,768,213)	(1,599,737)	(1,768,213)
GROSS PROFIT	794,732	722,055	794,732	722,055
Other operating income	779,512	48,076	779,512	48,076
General and administrative expenses	(799,466)	(306,558)	(799,466)	(306,558)
OPERATING PROFIT	774,778	463,573	774,778	463,573
Net impairment provisions	(73,440)	-	(73,440)	-
Net loss on disposal of ships, property, plant and equipment	-	4,628	-	4,628
Finance costs	(47,694)	(55,029)	(47,694)	(55,029)
Share of profit of joint ventures	127,079	98,680	127,079	98,680
PROFIT BEFORE TAX	780,723	511,852	780,723	511,852
Taxation	14,663	295	14,663	295
PROFIT FOR THE PERIOD	795,386	512,147	795,386	512,147
PROFIT ATTRIBUTABLE TO:				
Equity Holders of the Corporation	571,009	486,310	571,009	486,310
Non-Controlling Interests	224,377	25,837	224,377	25,837
PROFIT FOR THE PERIOD	795,386	512,147	795,386	512,147
BASIC & DILUTED EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY HOLDERS				
OF THE CORPORATION	12.8	10.9	12.8	10.9

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For The Period Ended 31 March 2016

	3 Months Ended 31 March		Cumulative 3 Months Ended 31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAX FOR THE PERIOD	795,386	512,147	795,386	512,147
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Fair value (loss)/gain on non-current investments	(3,823)	1,046	(3,823)	1,046
Cash Flow hedges:				
Fair value gain/(loss)				
Group	(26,893)	(464)	(26,893)	(464)
Joint ventures	-	186	-	186
(Loss)/gain on currency translation *	(2,791,992)	1,487,410	(2,791,992)	1,487,410
Total other comprehensive (loss)/income	(2,822,708)	1,488,178	(2,822,708)	1,488,178
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,027,322)	2,000,325	(2,027,322)	2,000,325
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Equity Holders of the Corporation	(2,220,804)	1,964,450	(2,220,804)	1,964,450
Non-Controlling Interests	193,482	35,875	193,482	35,875
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,027,322)	2,000,325	(2,027,322)	2,000,325

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

	2016	2015	2014
As at 31 December	-	4.29400	3.49450
As at 31 March	3.93300	3.70750	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 March 2016

	31 March 2016 RM'000	31 December 2015 RM'000
NON CURRENT ASSETS		
Ships	20,830,455	22,947,385
Offshore floating assets	321,639	403,429
Property, plant and equipment	1,994,555	2,092,769
Prepaid lease payments on land and buildings	238,057	238,208
Finance lease receivables	3,121,759	3,786,759
Finance lease assets under construction	1,318,047	1,256,005
Investments in associates	2,318	2,369
Investments in joint ventures	4,381,762	4,684,574
Other non-current financial assets	337,156	360,967
Derivative assets	-	976
Intangible assets	789,744	925,635
Deferred tax asset	90,616	92,186
	33,426,108	36,791,262
CURRENT ASSETS		
Inventories	209,091	205,216
Finance lease receivables	483,429	491,240
Trade and other receivables	3,448,959	3,502,508
Cash and cash equivalents	6,062,796	5,654,024
Amounts due from related companies	209,381	371,134
Amounts due from associates	227	448
Amounts due from joint ventures	483,727	522,717
Derivative assets	-	525
	10,897,610	10,747,812
TOTAL ASSETS	44,323,718	47,539,074
EQUITY		
Share capital	4,463,794	4,463,794
Share premium	4,459,468	4,459,468
Reserves	4,983,806	7,775,619
Retained profits	18,675,606	18,662,571
Equity attributable to equity holders of the Corporation	32,582,674	35,361,452
Non-Controlling Interests	1,291,172	1,097,690
TOTAL EQUITY	33,873,846	36,459,142
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	4,636,541	5,394,348
Deferred tax liabilities	26,656	30,369
Provisions	786,281	697,044
Derivative liabilities	20,392	1,931
	5,469,870	6,123,692
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,721,782	1,110,055
Trade and other payables	3,150,242	3,707,351
Provision for taxation	2,563	29,155
Amounts due to related companies	3,587	1,458
Amounts due to associates	2,151	2,137
Amounts due to joint ventures	99,677	106,084
	4,980,002	4,956,240
TOTAL LIABILITIES	10,449,872	11,079,932
TOTAL EQUITY AND LIABILITIES	44,323,718	47,539,074

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.



MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2016

	31 March 2016 RM'000	31 March 2015 RM'000
Cash Flow from Operating Activities:		
Cash receipts from customers	3,256,079	1,074,492
Cash paid to suppliers and employees	(1,968,577)	(423,967)
Cash from Operations	1,287,502	650,525
Taxation paid	(26,804)	(11,679)
Net cash flows generated from operating activities	1,260,698	638,846
Cash Flow from Investing Activities:		
Purchase of ships, offshore floating assets and other property, plant and equipment	(347,448)	(952,240)
Proceeds from disposal of ships, other property, plant and equipment and assets held for sale	-	8,431
Dividend received from:		
Associates and joint ventures	36,018	1,563
Repayment of loans due from joint ventures	134	24,887
Interest received	15,032	4,292
Net cash flows used in investing activities	(296,264)	(913,067)
Cash Flow from Financing Activities:		
Drawdown of term loans and revolving credit	629,177	186,000
Repayment of term loans and revolving credit	(208,548)	(586,557)
Dividends paid to the equity holders of the Corporation	(557,974)	(267,825)
Dividends paid to non-controlling interest of subsidiaries	(20,000)	(13,721)
Cash advances from joint ventures	17,916	-
Interest paid	(28,129)	(42,443)
Net cash flows used in financing activities	(167,558)	(724,546)
Net Change in Cash & Cash Equivalents	796,876	(998,767)
Cash & Cash Equivalents at the beginning of the year	5,654,024	4,838,829
Currency translation difference	(388,104)	231,815
Cash & Cash Equivalents at the end of the period	6,062,796	4,071,877

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.


MISC BERHAD

(Company No. 8178 H)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 March 2016

← Attributable to equity holders of the Corporation →

	Total equity	Equity attributable to equity holders of the Corporation	Share capital* Ordinary shares	Share premium	Retained profits	Other reserves, total	Other capital reserve	Capital reserve	Revaluation reserve	Statutory reserve	Capital redemption reserve	Fair value reserve	Hedging reserve	Currency translation reserve	Non-controlling Interests
	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 2016															
At 1 January 2016	36,459,142	35,361,452	4,463,794	4,459,468	18,662,571	7,775,619	41,415	435,284	1,357	1,966	59,715	65,566	1,843	7,168,473	1,097,690
Total comprehensive (loss)/income	(2,027,322)	(2,220,804)	-	-	571,009	(2,791,813)	-	-	-	-	-	(3,823)	(26,425)	(2,761,565)	193,482
Transactions with owners															
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(557,974)	(557,974)	-	-	(557,974)	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	(557,974)	(557,974)	-	-	(557,974)	-	-	-	-	-	-	-	-	-	-
At 31 March 2016	33,873,846	32,582,674	4,463,794	4,459,468	18,675,606	4,983,806	41,415	435,284	1,357	1,966	59,715	61,743	(24,582)	4,406,908	1,291,172
3 MONTHS ENDED 31 MARCH 2015															
At 1 January 2015	28,821,104	27,756,261	4,463,794	4,459,468	16,797,403	2,035,596	41,415	435,284	1,357	1,966	59,715	63,399	(5,546)	1,438,006	1,064,843
Total comprehensive income/(loss)	2,000,325	1,964,450	-	-	486,310	1,478,140	-	-	-	-	-	1,046	(278)	1,477,372	35,875
Transactions with owners															
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(281,540)	(267,825)	-	-	(267,825)	-	-	-	-	-	-	-	-	-	(13,715)
Total transactions with owners	(281,540)	(267,825)	-	-	(267,825)	-	-	-	-	-	-	-	-	-	(13,715)
At 31 March 2015	30,539,889	29,452,886	4,463,794	4,459,468	17,015,888	3,513,736	41,415	435,284	1,357	1,966	59,715	64,445	(5,824)	2,915,378	1,087,003

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.

MISC BERHAD

(Company No. 8178 H)

Notes to the Unaudited Condensed Financial Report

A1. CORPORATE INFORMATION

MISC Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 5 May 2016.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2016 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The results for this interim period are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2015.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2015.

The audited consolidated financial statements of the Group for the year ended 31 December 2015 are available upon request from the Corporation's registered office located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The main functional currency of the Group is United States Dollar ("USD") while these interim financial statements are presented in Ringgit Malaysia ("RM").

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2016 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2015.

As of 1 January 2016, the Group and the Corporation have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

MFRS and amendments effective for annual periods beginning on or after 1 January 2016:

MFRS 14: Regulatory Deferral Accounts

Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 7: Financial Instruments – Disclosures (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities - Applying the Consolidation Exception

Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 12: Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative

Amendments to MFRS 116: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116: Property, Plant and Equipment - Bearer Plants

Amendments to MFRS 119: Employee Benefits (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 127: Separate Financial Statements: Equity Method in Separate Financial Statements
 Amendments to MFRS 128: Investment in Associates and Joint Ventures - Investment Entities - Applying the Consolidation Exception
 Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
 Amendments to MFRS 138: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
 Amendments to MFRS 141: Agriculture - Bearer Plants

A4. CHANGES IN ESTIMATES

Having considered rapid changes in vessel design and technology, and as part of the Group's annual review on estimated useful life ("EUL") of Ships, Property, Plant and Equipment ("SPPE"), the Board had in the current quarter decided to change the estimated useful life of ships as follows:

Vessel Type	Current EUL	Previous EUL
Petroleum and Chemical Tankers	20 Years	25 Years
LNG Carriers	Higher of 25 years, firm contract period or the extended life post vessel refurbishment	Higher of 30 years or firm contract period with a maximum of 40 years for refurbished ships

The change in useful life of ships caused an increase in depreciation for the current period as follows:

	Current EUL RM'000	Previous EUL RM'000	Increase in Depreciation RM'000
Depreciation	502,576	412,290	90,286

A5. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2015.

A6. CHANGES IN COMPOSITION OF THE GROUP

There were no major changes in the composition of the Group during the quarter ended 31 March 2016.

A7. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	LNG	Petroleum ⁽¹⁾	Offshore	Heavy Engineering	Others, eliminations and adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	683,205	1,261,520	172,647	142,536	134,561	2,394,469
Inter-segment	(222)	-	19,041	114,186	(133,005)	-
	<u>682,983</u>	<u>1,261,520</u>	<u>191,688</u>	<u>256,722</u>	<u>1,556</u> *	<u>2,394,469</u>
Operating profit	<u>747,801</u>	<u>221,376</u>	<u>(164,548)</u>	<u>(3,495)</u>	<u>(26,356)</u> **	<u>774,778</u>

1) Following internal reorganization in the current year, Chemical segment's results have been combined with the product-group sub segment of the Petroleum sector.

* Comprises Integrated Logistics results, Tank Terminal results and Inter-segment eliminations

** Comprises Integrated Logistics results, Tank Terminal results, net foreign exchange differences, interest income, dividend income from quoted investments, eliminations and adjustments.

A8. SEASONALITY OF OPERATIONS

The businesses of the Group are subject to market fluctuations.

A9. PROFIT FOR THE PERIOD

Included in the profit for the period are the following items:

	Quarter Ended		Cumulative 3 Months Ended	
	31-Mar-2016 RM'000	31-Mar-2015 RM'000	31-Mar-2016 RM'000	31-Mar-2015 RM'000
Interest income	11,354	7,754	11,354	7,754
Other income	712,189	17,484	712,189	17,484
Finance costs	(47,694)	(55,029)	(47,694)	(55,029)
Depreciation of ships, property, plant and equipment	(502,576)	(316,164)	(502,576)	(316,164)
Amortisation of prepaid lease payments	(1,925)	(1,993)	(1,925)	(1,993)
Amortisation of intangibles	(2,207)	(3,225)	(2,207)	(3,225)
Net impairment provisions	(73,440)	-	(73,440)	-
Impairment loss on trade and non trade receivables:				
Third parties	(172)	(4,707)	(172)	(4,707)
Bad debts written off	-	(2,392)	-	(2,392)
Net realised foreign exchange gain/(loss)	11,909	(6,648)	11,909	(6,648)
Net unrealised foreign exchange loss	(55,900)	(9,382)	(55,900)	(9,382)

A10. SHIPS, PROPERTY, PLANT AND EQUIPMENT ("SPPE")

Included in total assets are construction work-in-progress, mainly for the construction of ships and offshore floating assets totalling RM762,966,000.

The Group did not dispose any SPPE in the quarter ended 31 March 2016. In comparison, the Group recognised a net gain on disposal of RM4,628,000 with carrying amount of RM3,803,000 in the quarter ended 31 March 2015.

A11. INTANGIBLE ASSETS

	Goodwill	Other Intangible Assets	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2015	853,546	504,463	1,358,009
Addition	-	-	-
Currency translation differences	167,569	-	167,569
At 31 December 2015	1,021,115	504,463	1,525,578
Addition	-	-	-
Currency translation differences	(79,053)	-	(79,053)
At 31 March 2016	942,062	504,463	1,446,525
Accumulated amortisation and impairment			
At 1 January 2015	2,325	424,365	426,690
Amortisation	-	13,077	13,077
Impairment	160,176	-	160,176
At 31 December 2015	162,501	437,442	599,943
Amortisation	-	2,207	2,207
Impairment	-	54,631	54,631
At 31 March 2016	162,501	494,280	656,781
Net carrying amount			
At 1 January 2015	851,221	80,098	931,319
At 31 December 2015	858,614	67,021	925,635
At 31 March 2016	779,561	10,183	789,744

Goodwill is tested for impairment on an annual basis (31 December), or when circumstances indicate that the carrying value may be impaired. The Group's goodwill impairment test is a comparison of the goodwill's carrying value against its recoverable amount. The recoverable amounts are based on value-in-use for cash generating units ("CGU") calculated using cash flow projections. The key assumptions used to determine the value-in-use of CGUs are disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

Goodwill was not tested for impairment in the quarter as there were no indications of impairment as at 31 March 2016.

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. Following the early termination of contract for two vessels, the Group has written off the related intangible assets of the said contracts amounting to RM54,631,000 in the current quarter.

A12. INVENTORIES

The Group did not recognise any write-down of inventories or reversal of inventories during the quarter ended 31 March 2016.

A13. CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents is as follows:

	31-Mar-2016 RM'000	31-Dec-2015 RM'000
Cash with PETRONAS Integrated Financial Shared Service Centre *	4,210,986	3,721,928
Cash and bank balances	304,388	386,141
Deposits with licensed banks	1,547,422	1,545,955
Total cash and cash equivalents	6,062,796	5,654,024

* To allow for more efficient cash management by the Group, the Corporation's and a few subsidiaries in the Group's cash and bank balances have, since 1 July 2013, been held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC").

A14. FAIR VALUE HIERARCHY

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - Inputs that are based on observable market data, either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets and liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2016				
<u>Financial Assets</u>				
Available-for-sale financial assets				
Quoted investments	72,422	-	-	72,422
Derivatives				
Forward exchange contracts	-	3,197	-	3,197
	72,422	3,197	-	75,619
<u>Financial Liabilities</u>				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(23,589)	-	(23,589)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2015				
Financial Assets				
Available-for-sale financial assets				
Quoted investments	76,244	-	-	76,244
Derivatives				
Interest rate swaps designated as hedging instruments	-	976	-	976
Forward exchange contracts	-	525	-	525
	76,244	1,501	-	77,745
Financial Liabilities				
Derivatives				
Interest rate swaps designated as hedging instruments	-	(1,931)	-	(1,931)

No transfers between any levels of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

A15. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities made by the Group during the quarter ended 31 March 2016.

A16. INTEREST BEARING LOANS AND BORROWINGS

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

	31-Mar-2016 RM'000	31-Dec-2015 RM'000
Short Term Borrowings		
Secured	160,379	173,964
Unsecured	1,561,403	936,091
	1,721,782	1,110,055
Long Term Borrowings		
Secured	1,407,039	1,576,006
Unsecured	3,229,502	3,818,342
	4,636,541	5,394,348
Total	6,358,323	6,504,403

ii) Foreign borrowings in United States Dollar equivalent as at 31 March 2016 is as follows:

	RM'000
United States Dollar Borrowings	5,735,471

A17. DIVIDENDS PAID

The Corporation paid a second interim tax exempt dividend in respect of the financial year ended 31 December 2015 of 12.5 sen per share (2014: 6 sen) totalling RM558.0 million (2014: RM267.8 million) on 9 March 2016.

A18. CAPITAL COMMITMENTS

	31-Mar-2016 RM'000	31-Dec-2015 RM'000
Approved and contracted for:		
Group	4,845,489	5,105,336
	<u>4,845,489</u>	<u>5,105,336</u>
Approved but not contracted for:		
Group	180,526	258,689
	<u>180,526</u>	<u>258,689</u>
Total	<u>5,026,015</u>	<u>5,364,025</u>

A19. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following:

	RM'000
Secured	
Bank guarantees extended to a third party	19,441
	<u>19,441</u>
Unsecured	
Performance bond on contract extended to third parties	442,512
	<u>442,512</u>

A20. SUBSEQUENT MATERIAL EVENT

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

B1. REVIEW OF GROUP PERFORMANCE

	Quarter Ended		Financial Period Ended	
	31-Mar-2016 RM Million	31-Mar-2015 RM Million	31-Mar-2016 RM Million	31-Mar-2015 RM Million
Revenue (Third party):				
LNG	683.2	669.1	683.2	669.1
Petroleum	1,261.5	991.1	1,261.5	991.1
Offshore	172.6	197.4	172.6	197.4
Heavy Engineering	142.5	464.2	142.5	464.2
Others, Eliminations and adjustments	134.7	168.5	134.7	168.5
Total	2,394.5	2,490.3	2,394.5	2,490.3
Operating Profit				
LNG	747.8	360.2	747.8	360.2
Petroleum	221.4	36.9	221.4	36.9
Offshore	(164.5)	82.4	(164.5)	82.4
Heavy Engineering	(3.5)	38.1	(3.5)	38.1
Others, Eliminations and adjustments	(26.4)	(54.0)	(26.4)	(54.0)
Total Operating Profit	774.8	463.6	774.8	463.6
Net impairment provision	(73.5)	-	(73.5)	-
Net gain on disposal of SPPE	-	4.6	-	4.6
Finance costs	(47.7)	(55.0)	(47.7)	(55.0)
Share of profit of joint ventures	127.1	98.7	127.1	98.7
Profit Before Tax	780.7	511.9	780.7	511.9

Current quarter's performance against the quarter ended 31 March 2015

Group revenue of RM2,394.5 million was 3.8% lower than RM2,490.3 million in the quarter ended 31 March 2015 ("corresponding quarter") while Group operating profit of RM774.8 million was 67.1% higher than the corresponding quarter's profit of RM463.6 million. The variances in Group performance by segments are further explained below.

LNG

LNG revenue of RM683.2 million was 2.1% higher than the corresponding quarter's revenue of RM669.1 million, mainly due to the strengthening of United States Dollar ("USD") against Ringgit Malaysia ("RM").

LNG operating profit of RM747.8 million was 387.6% higher than the corresponding quarter's profit of RM360.2 million, mainly from recognition of compensation for early termination of time charter contracts for two vessels.

Petroleum

Petroleum revenue of RM1,261.5 million was 27.3% higher than the corresponding quarter's revenue of RM991.1 million, mainly from improved freight rates.

Petroleum operating profit of RM221.4 million was significantly higher than the corresponding quarter's profit of RM36.9 million, mainly from higher revenue in Petroleum business.

Offshore

Offshore revenue of RM172.6 million was 12.6% lower than the corresponding quarter's revenue of RM197.4 million. The corresponding quarter's revenue includes revenue from an Engineering, Procurement and Construction ("EPC") project amounting to RM53.2 million. There is no on-going EPC project in the current quarter.

Offshore business recorded operating loss of RM164.5 million in the current quarter compared to corresponding quarter's profit of RM82.4 million, mainly due to impairment provisions for early termination of contracts for two Mobile Offshore Production Units ("MOPU") in the current quarter.

Heavy Engineering

Heavy Engineering revenue of RM142.5 million was 69.3% lower than the corresponding quarter's revenue of RM464.2 million as most of its Offshore projects are nearing completion.

Heavy Engineering recorded operating loss of RM3.5 million in the current quarter compared to corresponding quarter's profit of RM38.1 million following the significant decrease in revenue.

Others, Eliminations and Adjustments

Lower operating loss in Others by RM27.6 million is mainly due to RM250.8 million reversal of provision for a legal suit in the current quarter. However, the difficult operating conditions in the container shipping business have greatly impacted the Group's ability to find employment for 4 container vessels that were previously chartered in for the liner business. This necessitated an additional provision of RM200.9 million for the current quarter.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<u>GROUP</u>	Quarter Ended 31-Mar-2016 RM Million	Quarter Ended 31-Dec-2015 RM Million
Revenue	2,394.5	3,312.1
Operating Profit	774.8	1,082.4
Net impairment provision	(73.5)	(316.5)
Net loss on disposal of SPPE	-	(75.0)
Finance costs	(47.7)	(96.8)
Share of profit of joint ventures and associates	127.1	169.0
Profit Before Tax	780.7	763.1

Group revenue of RM2,394.5 million was 27.7% lower than the preceding quarter's revenue of RM3,312.1 million, mainly from lower revenue in Heavy Engineering as most of its projects are nearing completion and recognition of construction revenue for a finance lease asset under construction in Offshore business in the preceding quarter.

Group operating profit of RM774.8 million was lower than the preceding quarter's profit of RM1,082.4 million, mainly due to impairment provisions for early termination of contracts for two MOPUs and additional liner exit provisions in the current quarter. However, the Group also recorded reversal of provision for a legal suit and higher compensation for early termination of LNG time charter contracts in the current quarter.

B3. GROUP CURRENT YEAR PROSPECTS

Barring any material cutback in global oil production, we expect the Petroleum shipping segment to continue to benefit from robust demand for tankers, despite stronger growth in tanker supply in 2016.

While it is a challenge to develop new projects for the LNG shipping and Offshore businesses due to the depressed price of oil and gas, the Group's present portfolio of long term contracts in place for both business segments should help to underwrite a steady financial performance for the rest of the year.

Given that the outlook of the Upstream oil and gas industry is projected to remain poor with the prolonged weakness in oil price, the prospects of the Heavy Engineering segment will remain very challenging.

B4. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECAST AND SHORTFALL IN PROFIT GUARANTEE

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

B5. TAXATION

	Quarter Ended 31-Mar-2016 RM'000
Taxation for the period comprises the following charge:	
Income tax charge	
- current period	(14,451)
Deferred taxation	(212)
	<u>(14,663)</u>

The Government had proposed to reduce the exemption for the shipping sector provided under Section 54A of the Income Tax Act, 1967 from 100% to 70% of statutory income effective from Year of Assessment 2012. Subsequently in December 2015, the Government decided to defer the implementation of the above proposal to Year of Assessment 2020.

The taxation charge is attributable to tax in respect of other activities of the Group.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

On 24 February 2016, the Corporation announced that it had entered into a conditional share purchase agreement with E&P Venture Solutions Co Sdn. Bhd., a wholly-owned subsidiary of PETRONAS Carigali Sdn. Bhd., for the proposed acquisition of the remaining 50% equity interest in Gumusut-Kakap Semi-Floating Production System (L) Limited for a cash consideration of USD445.0 million (approximately RM1,849.0 million).

The proposed acquisition was approved by the shareholders at the Extraordinary General Meeting held on 19 April 2016.

B7. CHANGES IN MATERIAL LITIGATION

Equatorial Marine Fuel Management Services Pte. Ltd. ("Equatorial") vs MISC

On 14 March 2008, MISC entered into a contract with Market Asia Link Sdn. Bhd. ("MAL") for the supply of bunkers. In order to meet MAL's obligation to supply the bunkers to MISC, MAL entered into contracts with several bunker suppliers, including a contract with Equatorial. MAL failed to pay its suppliers (including Equatorial) for the bunker supplied despite having been paid by MISC.

Equatorial filed a claim against MISC in the Singapore Admiralty High Court for USD21,703,059.39 plus contractual interest at the rate of 2% per month being the amount owed by MAL. When its claim was dismissed, Equatorial subsequently appealed to the Singapore Court of Appeal.

On 29th March 2016, the Singapore Court of Appeal dismissed Equatorial's appeal with costs. Since this is the final appeal court in Singapore, this brought the suit to an end.

Global Terminal Investments Ltd ("GTIL") vs MISC and Dialog Group Berhad

On 4 October 2007, MISC entered into a shareholders agreement with Dialog Group ("SHA") where MISC acquired a 45% equity stake in Centralised Terminals Sdn Bhd. ("CTSB"). MISC thereafter commenced negotiations with Prostar Capital Ltd ("Prostar") to divest the said stake and negotiations were on-going till May 2015. Under the SHA, MISC must seek Dialog's consent before selling the shares, however Dialog's consent did not materialise.

On 30 September 2015, Global Terminal Investments Ltd ("GTIL"), Prostar's nominee to acquire MISC's shares filed a suit against MISC and Dialog in the Kuala Lumpur High Court. GTIL alleged that MISC concluded a valid share sale agreement with GTIL and MISC was in breach for not concluding the agreement. The orders sought by GTIL include specific performance of the draft share sale agreement between MISC and GTIL and in lieu of specific performance, MISC is to pay special damages of USD721,609.18 being transaction costs incurred. MISC's defence is that there is no binding agreement with GTIL.

MISC succeeded in its application to strike out GTIL's suit. On 29 February 2016, GTIL confirmed they will not appeal against the striking out and has since compensated MISC with costs.

B8. DIVIDENDS

The Company's shareholders had at its Annual General Meeting (AGM) held on 19 April 2016 approved a final tax exempt dividend of 10 sen per share (31 March 2015: Nil) in respect of the financial year 2015. The final dividend totalling RM446.4 million is to be paid on 19 May 2016 to shareholders registered at the close of business on 20 April 2016.

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

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

No dividend has been proposed by the Board of Directors for this quarter ended 31 March 2016 (31 March 2015: Nil).

B9. DERIVATIVES

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

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

Details of the Group's derivative financial instruments outstanding as at 31 March 2016 are as follows:

Contract/Tenure	Notional Value RM'000	Fair Value Gain/(Loss) RM'000
<u>Foreign exchange contracts</u>		
1 year to 3 years	117,475	3,273
	<u>117,475</u>	<u>3,273</u>
<u>Interest rate swaps</u>		
1 year to 3 years	1,179,900	(13,779)
More than 3 years	392,113	(10,316)
	<u>1,572,013</u>	<u>(24,095)</u>
Total	<u>1,689,488</u>	<u>(20,822)</u>

B10. EARNINGS PER SHARE

	Quarter Ended		Financial Period Ended	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
Basic earnings per share are computed as follows:				
Profit for the period attributable to equity holders of the Corporation (RM'000):	571,009	486,310	571,009	486,310
Weighted average number of ordinary shares in issue (thousand)	<u>4,463,794</u>	<u>4,463,794</u>	<u>4,463,794</u>	<u>4,463,794</u>
Basic earnings per share (sen)	12.8	10.9	12.8	10.9

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

B11. REALISED AND UNREALISED PROFIT

The breakdown of the Group's retained profits as at 31 March 2016 and 31 December 2015 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-2016 RM'000	31-Dec-2015 RM'000
Total retained profits of MISC Group and its subsidiaries:		
- Realised	19,344,749	18,976,102
- Unrealised	<u>(1,292,531)</u>	<u>(1,142,352)</u>
	<u>18,052,218</u>	<u>17,833,750</u>
Total share of retained loss from associates:		
- Realised	(2,178)	(2,178)
- Unrealised	<u>-</u>	<u>-</u>
	<u>(2,178)</u>	<u>(2,178)</u>
Total share of retained profits from joint ventures:		
- Realised	2,244,220	2,314,807
- Unrealised	<u>3,717</u>	<u>(580)</u>
	<u>2,247,937</u>	<u>2,314,227</u>
Total Group retained profits	<u>20,297,977</u>	<u>20,145,799</u>
Less:		
Consolidation adjustments	(1,622,371)	(1,483,228)
Total Group retained profits as per consolidated accounts	<u>18,675,606</u>	<u>18,662,571</u>

By Order of the Board