



MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE SECOND QUARTER ENDED 30 JUNE 2007

ANNOUNCEMENT

The Board of Directors of Malaysian Airline System Berhad ("MAS" or "the Company") would like to announce the following unaudited consolidated results for the second quarter ended 30 June 2007. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/6/2007 RM '000	Quarter ended 30/6/2006 RM '000 (Restated)	Period ended 30/6/2007 RM '000	Period ended 30/6/2006 RM '000 (Restated)
Continuing Operations				
Operating revenue	3,496,508	2,951,378	7,077,232	5,907,956
Operating expenses	(3,502,389)	(3,195,819)	(7,011,392)	(6,527,533)
Other operating income	54,379	80,499	111,625	138,975
Profit/(loss) from operations	48,498	(163,942)	177,465	(480,602)
Finance costs	(13,144)	(9,108)	(26,177)	(9,159)
Gain on sale of aircraft	8,292	-	8,292	-
Gain on sale of properties	34,282	-	52,009	-
Share of results from associated companies	3,538	10,382	8,058	15,391
Profit/(loss) before taxation	81,466	(162,668)	219,647	(474,370)
Taxation	(6,145)	(12,748)	(15,706)	(23,588)
Profit/(loss) for the period from continuing operations	75,321	(175,416)	203,941	(497,958)
Discontinued Operation				
Results for the period from a discontinued operation (Refer Part A, Note 13)	37,476	(1,080)	41,988	1,502
Profit/(loss) for the period	112,797	(176,496)	245,929	(496,456)
Attributable to:				
Equity holders of the Company	112,848	(177,076)	245,558	(498,199)
Minority interest	(51)	580	371	1,743
Profit/(loss) for the period	112,797	(176,496)	245,929	(496,456)
Earnings/(loss) per share attributable to equity holders of the Company				
Basic (sen)				
Continuing operations	6.01	(14.04)	16.24	(39.87)
Discontinued operations	2.99	(0.09)	3.35	0.12
	<u>9.00</u>	<u>(14.13)</u>	<u>19.59</u>	<u>(39.75)</u>

Note:

The comparative figures have been reclassified to conform with current year's presentation as reflected in Note 17 of Part A - Explanatory Notes Pursuant to FRS 134, Paragraph 16.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30/6/2007 RM '000	As at 31/12/2006 RM '000 (Restated)
Property, plant and equipment	1,680,478	2,141,262
Investment in associated companies	57,923	67,461
Long term investments	68,903	105,233
Prepaid lease payments on land and buildings	345,750	355,502
Amount owing by a fellow subsidiary	268,826	295,860
Intangible assets	91,303	80,362
Deferred tax assets	30,084	41,828
	<u>2,543,267</u>	<u>3,087,508</u>
<u>Current assets</u>		
Inventories	412,049	385,769
Trade receivables	1,223,842	1,015,143
Other receivables	1,031,301	841,600
Tax recoverable	50,340	45,608
Cash and bank balances	2,681,300	1,584,699
	<u>5,398,832</u>	<u>3,872,819</u>
Non-current assets held for sale	<u>99,656</u>	<u>10,647</u>
	<u>5,498,488</u>	<u>3,883,466</u>
<u>Current liabilities</u>		
Trade payables	1,951,806	1,665,663
Other payables	1,338,882	1,070,815
Short term borrowings	500,000	1,050,000
Amount owing to holding company	46,418	72,031
Provision for taxation	19,568	20,457
Sales in advance of carriage	1,551,419	1,202,060
	<u>5,408,093</u>	<u>5,081,026</u>
Net current asset/(liabilities)	90,395	(1,197,560)
	<u>2,633,662</u>	<u>1,889,948</u>
Equity attributable to equity holders of the Company	2,118,530	1,873,425
Share capital - ordinary shares	1,253,244	1,253,244
Reserves		
Share premium	3,300,711	3,301,164
General Reserve	501,530	501,530
Accumulated losses	(2,936,955)	(3,182,513)
Minority interest	14,817	15,246
Total equity	<u>2,133,347</u>	<u>1,888,671</u>
<u>Long term liabilities</u>		
Long term borrowings	500,000	-
Deferred tax liabilities	315	1,277
	<u>2,633,662</u>	<u>1,889,948</u>
Net assets per share (RM)	<u>1.69</u>	<u>1.49</u>

Note:

The comparative figures have been reclassified to conform with current year's presentation as reflected in Note 1 of Part A - Explanatory Notes Pursuant to FRS 134, Paragraph 16.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Period ended 30/6/2007 RM '000	Period ended 30/6/2006 RM '000 (Restated)
Cash Flows From Operating Activities		
Profit/(loss) before taxation from:		
Continuing operations	219,647	(474,370)
Discontinued operations	43,784	1,511
Adjustments for :-		
Depreciation of property, plant and equipment	162,982	155,082
Interest expense	26,156	9,081
Property, plant and equipment written off, net	21,539	10,208
Amortisation of intangible assets	5,062	-
Discount on redeemed RPS	3,229	-
Writeback of unavailed credits on sales in advance of carriage	(125,213)	(65,601)
Gain on sale of property, plant and equipment, net	(52,105)	(475)
Gain on disposal of subsidiary	(36,145)	-
Writeback of impairment losses for property, plant and equipment	(28,288)	-
Interest income	(41,421)	(21,959)
(Writeback)/provision for doubtful debts, net of reversals	(10,045)	39,822
Share of results of associated companies	(8,058)	(15,391)
Unrealised foreign exchange (gain)/losses	(4,296)	12,332
Dividend income	(1,495)	(1,229)
Operating profit/(loss) before working capital changes	175,333	(350,989)
(Increase)/decrease in inventories	(25,088)	71,433
Increase in trade and other receivables	(339,137)	(394,772)
(Decrease)/increase in amount owing to holding company	(25,613)	62,591
Increase in trade and other payables	917,616	197,614
Increase in sales in advance of carriage	474,572	51,225
Cash generated from/(used in) operating activities	1,177,683	(362,898)
Interest paid	(13,049)	(9,094)
Taxes paid	(5,810)	(6,055)
Net cash generated from/(used in) operating activities	1,158,824	(378,047)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(156,059)	(462,730)
Proceeds on sale of property, plant and equipment	70,580	514
Interest received	33,007	24,822
Purchase of other investments	(73)	-
Purchase of intangible assets	(16,003)	-
Proceeds from disposal of subsidiary (Note 13, Part A)	5,314	-
Proceeds from sale of other investments	33,173	6,986
Dividend received	19,091	1,229
Net cash used in investing activities	(10,970)	(429,179)
Cash Flows From Financing Activities		
(Repayment)/drawdown of short term borrowings	(550,000)	1,000,000
Drawdown of long term borrowings	500,000	-
Dividend paid to minority interest in a subsidiary	(800)	-
Expenses incurred on issuance of Rights share exercise	(453)	-
Net cash (used in)/generated from financing activities	(51,253)	1,000,000
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	1,096,601	192,774
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	1,584,699	1,179,409
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	2,681,300	1,372,183

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007**

	Attributable to equity holders of the Company						Minority interests RM '000	Total Equity RM '000
	Share capital RM '000	Non-distributable Share premium RM '000	Distributable General reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000		
At 1 January 2007	1,253,244	3,301,164	501,530	(3,182,513)	620,181	1,873,425	15,246	1,888,671
Profit for the period	-	-	-	245,558	245,558	245,558	371	245,929
Expenses incurred on issuance of Rights share exercise	-	(453)	-	-	(453)	(453)	-	(453)
Dividends	-	-	-	-	-	-	(800)	(800)
At 30 June 2007	1,253,244	3,300,711	501,530	(2,936,955)	865,286	2,118,530	14,817	2,133,347

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2006**

	Attributable to equity holders of the Company						Minority interests RM '000	Total Equity RM '000
	Share capital RM '000	Non-distributable Share premium RM '000	Distributable General reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000		
At 1 January 2006 as previously stated	1,253,244	3,301,164	501,530	(3,033,324)	769,370	2,022,614	13,152	2,035,766
Prior year adjustment -effects of adopting FRS128	-	-	-	(12,757)	(12,757)	(12,757)	-	(12,757)
At 1 January 2006, as restated	1,253,244	3,301,164	501,530	(3,046,081)	756,613	2,009,857	13,152	2,023,009
Loss for the period	-	-	-	(498,199)	(498,199)	(498,199)	1,743	(496,456)
At 30 June 2006	1,253,244	3,301,164	501,530	(3,544,280)	258,414	1,511,658	14,895	1,526,553

1. ACCOUNTING POLICIES

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134 (previously MASB 26) - Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad

and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2006. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2006 except for the adoption of all relevant new and revised FRS that became effective for the Group for the financial period beginning 1 January 2007:

- FRS 2 - Share-based Payment
- FRS 117 - Leases
- FRS 124 - Related Party Disclosures

The principal changes in accounting policies and the effects resulting from the adoption of FRS 2 and FRS 117 are as follows:

FRS 2 - Share-based Payment

FRS 2 requires the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity over the vesting period. The effects on the balance sheets as at 30 June 2007 and income statements for the period ended 30 June 2007 is immaterial as the grant date for the Company's share options to eligible employees was on 29 June 2007.

FRS 117 - Leases

Prior to 1 January 2007, leasehold land and building was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings.

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land from property, plant and equipment to prepaid land lease payments has been accounted for retrospectively in the balance sheets. As at 31 December 2006, the total unamortised amounts of leasehold land amounting to RM355.5 million are retained the carrying amount of prepaid land lease payments and are amortised on a straight-line basis over their lease terms. However, the adoption of the revised FRS 117 has no financial effect on the income statements.

The effects on the balance sheet as at 30 June 2007 and restatement of comparatives are as follows:

Effects on balance sheets as at 30 June 2007:

	Increase/ (decrease) RM'000
Property, plant and equipment	(345,750)
Prepaid lease payments on land and buildings	<u>345,750</u>

Effects on balance sheets as at 31 December 2006:

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Property, plant and equipment	2,496,764	(355,502)	2,141,262
Prepaid lease payments on land and buildings	-	355,502	<u>355,502</u>

The adoption of revised FRS 124 did not result in significant changes in accounting policies of the Group.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

2. QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENT:

There was no qualification of the Group's Audited Annual Financial Statements for the year ended 31 December 2006.

3. SEASONALITY OR CYCLICAL NATURE OF OPERATIONS

The Group is principally engaged in the business of air transportation and provision of related services. The demand for the Group's services is generally influenced by the growth performance of the Malaysian economy and the economies of the countries in which the Group operates as well as seasonal, health and security factors.

4. UNUSUAL ITEMS

There were no unusual items for the period ended 30 June 2007.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no material changes in estimates of amount reported for the period ended 30 June 2007.

6. SIGNIFICANT EVENTS

- i) On 15 January 2007, the Company proposed to implement a performance-based share option scheme for eligible employees including executive directors of the Group who meet the criteria of eligibility for participation in the Proposed Option Scheme. CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) was appointed as the adviser to the Company for the Proposed Option Scheme. The objective of the Proposed Option Scheme is to reward and retain high performing employees and to encourage a high performance culture.

On 23 April 2007, at the Extraordinary General Meeting, the shareholders' of the Company approved the proposed performance-based share option scheme above. On 15 May 2007, the Proposed Option Scheme was approved by Bursa Malaysia.

On 14 June 2007, the Company launched its Employee-Share-Option-Scheme (ESOS) to selected participants and the final acceptance (grant date) for this scheme was 29 June 2007.

- ii) On 1 March 2007, the Company entered into a conditional Share Purchase Agreement ("SPA") for the proposed disposal of 10,000,000 ordinary shares of RM1.00 each representing 100% of the entire allotted and issued share capital of the Company's wholly-owned subsidiary, MAS Hotel & Boutiques Sdn.Bhd. ("MHB") to Kingdom Langkawi B.V. for cash consideration of RM435 million.

As at 30 June 2007, the Company has partially disposed MHB and its completion is pending fulfillment of final condition precedent which is subject to settlement of certain land issue by March 2008. Refer to Part A Note 13 for details.

- iii) On 9 March 2007, the Company entered into a conditional sale and purchase agreement and a lease agreement with Employees Provident Fund Board ("EPF") for the proposed disposal and leaseback of a piece of freehold land held under H.S.D 63481, P.T. No. 314 in the Mukim Of Damansara, District of Petaling, State of Selangor Darul Ehsan together with the building, known as MAS Academy of No.2, Jalan SS7/13, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan for a cash consideration of RM145 million. The leaseback period is 5 years from the completion of the proposed disposal with the option to renew the duration of the leaseback for a further five years.

On 23 April 2007, at the Extraordinary General Meeting, the shareholders' of the Company approved the proposed disposal and leaseback.

During the period, the disposal is currently in progress and the carrying value of the property of RM96.1million has been classified in the Balance Sheet as non current asset held for sale.

- iv) On 14 March 2007, the Company announced that it would launch its new airline known as "Firefly". Firefly would be operated by the Company's wholly owned subsidiary, FlyFirefly Sdn.Bhd. (formerly known as Kelas Services Sdn.Bhd.) which had been issued with the Air Services License and Air Operator's Certificate by the Department of Civil Aviation Malaysia effective 17 March 2007.

Firefly, managed as a separate entity, commenced operations with two (2) Fokker 50 aircraft in early April 2007 and operates twice daily services out of Penang International Airport to Kota Bahru, Langkawi, Kuantan and Kuala Terengganu; and daily services to Phuket and Koh Samui.

There were no other significant events for the period ended 30 June 2007 other than as disclosed in Note 8, Part B - Explanatory Notes Pursuant to Bursa Malaysia Securities Berhad Listing Requirements Under Part A of Appendix 9B.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

7. ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENTS OF DEBTS AND EQUITY SECURITIES

On 31 January 2007, the Company issued 500 redeemable preference shares of RM0.10 each ("RPS") at an issue price of RM1.00 per share to CIMB Bank Berhad ("CIMB Bank") for its working capital purposes. These 500 RPS were issued in conjunction with and formed an integral part of the Term Loan facility of RM500 million obtained from CIMB Bank.

There was no other issuance, cancellation, resale or repayment of debt or equity securities for the financial period ended 30 June 2007.

8. DIVIDEND PAID

There were no dividend paid in the financial period ended 30 June 2007.

9. SEGMENTAL INFORMATION

BY BUSINESS ACTIVITIES	Individual Quarter ended 30/6/2007		Cumulative Quarter ended 30/6/2007	
	Operating revenue RM '000	Operating profit/(loss) RM '000	Operating revenue RM '000	Operating profit/(loss) RM '000
Airline operations	3,079,624	154,616	6,250,980	266,740
Cargo services	647,933	15,079	1,258,436	33,696
Catering services	2,546	476	5,052	368
Others	25,831	(4,178)	47,990	(502)
	3,755,934	165,993	7,562,458	300,302
Eliminations	(259,426)	(114,266)	(485,226)	(119,608)
Total	3,496,508	51,727	7,077,232	180,694

10. VALUATION OF ASSETS

There was no valuation of property and equipment for the financial period ended 30 June 2007.

11. SUBSEQUENT EVENT

There was no subsequent event for the financial period ended 30 June 2007.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

12. CHANGES IN THE COMPOSITION OF THE GROUP

- i) On 12 March 2007, Kelas Services Sdn.Bhd. has changed its name to FlyFireFly Sdn. Bhd.("Firefly"), which commenced its operation to operate the community airlines on 2 April 2007. Further details as per Note 6(iv), Part A.
- ii) On 30 May 2007, the Company acquired a total of two (2) ordinary share in Absolute Competence Sdn. Bhd.("ACSB"), a shelf company, for a purchase consideration of RM 2. With effect from that date ACSB became the new wholly owned subsidiary of the Company. On 13 June 2007, ACSB's name was changed to MASWings Sdn. Bhd. ("MASWings"). MASWings' principal activity is to provide air services transportation to rural areas of Sabah and Sarawak. The company has yet to commence operations.
- iii) On 30 May 2007, a wholly owned subsidiary, Malaysian Aerospace Engineering Sdn. Bhd.("MAESB") was incorporated with two (2) ordinary shares of RM1 each held in trust by Datuk Iris Jala @ Idris Jala and Tengku Dato' Azmil Zahrudin bin Raja Abdul Aziz. On 22 June 2007, the shares were transferred to the Company.
- iv) On 31 July 2007, a wholly owned subsidiary, Firefly acquired 100% equity of Khidmat Stabil Sdn. Bhd. ("Khidmat Stabil"), a shelf company consists of a total of two (2) ordinary shares for a purchase consideration of RM2. On 6 August 2007, Khidmat Stabil increased its shareholding to RM200,000 with the allotment of additional 199,998 ordinary shares of RM1 each. On 14 August 2007, Khidmat Stabil name was changed to Flyfirefly Holiday Sdn.Bhd.

There was no other change in the composition of the Group for the financial period ended 30 June 2007.

13. DISCONTINUED OPERATION AND DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE

Save as disclosed in Note 6(ii), the Company, on 1 March 2007 entered into a conditional Share Purchase Agreement ("SPA") for the disposal of 100% equity of the Company's wholly-owned subsidiary, MAS Hotel & Boutiques Sdn. Bhd.("MHB"), a company involved in the business providing hotel and boutique facilities, to Kingdom Langkawi B.V.. This disposal forms part of MAS' strategic asset rationalisation exercise by the disposal of non-core assets as an initiative in the Company's Business Turnaround Plan.

The disposal of the subsidiary was partially completed on 5 April 2007 and partial gain on disposal of RM36.1 million was recognised in the income statements for the financial period ended 30 June 2007. Completion of the sale is pending the fulfilment of final condition precedent which is subject to settlement of certain land issues by March 2008. The remaining deferred consideration of RM35 million and related gain will be recognised upon the fulfilment of final condition precedent.

The financial results of MHB is presented separately on the consolidated income statements as discontinued operation.

The results of the discontinued operation are as follows:

	Quarter ended 31.3.07 RM'000	Quarter ended 30.6.07 RM'000	Quarter Cumulative 30.6.07 RM'000
Revenue	21,059	-	21,059
Expenses	(14,751)	1,331	(13,420)
Profit before tax	6,308	1,331	7,639
Taxation	(1,796)	-	(1,796)
Profit for the period from a discontinued operation	4,512	1,331	5,843
Gain on disposal of discontinued operation	-	36,145	36,145
Profit for the period from a discontinued operation	4,512	37,476	41,988

The cash flow of the discontinued operation are as follows:

	RM'000
Cash flow from operating activities	2,113
Cash flow from investing activities	(1,100)
Cash flow from financing activities	2,745
Total cash flows	3,758

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

13. DISCONTINUED OPERATION AND DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE (CONTINUED)

The assets and liabilities of the subsidiary company disposed of at the effective date are as follows:

	RM'000
Property, plant and equipment	338,719
Inventories	1,631
Receivables	2,837
Cash and bank balances	14,073
Payables	(7,142)
Due to holding company	(366,876)
Net liabilities disposed	<u>(16,758)</u>
Defrayed costs	(13,737)
Proceeds from disposal of subsidiary company	<u>33,124</u>
Gain on disposal of subsidiary company	<u>36,145</u>
Disposal proceeds settled by:	
Cash proceeds	400,000
Advances repayment	(366,876)
Cash consideration, net of advances repayment	<u>33,124</u>
Deferred payment	<u>35,000</u>
Adjusted consideration	<u>68,124</u>
Cash inflow arising on disposal:	
Cash consideration, net of advances repayment	33,124
Defrayed cost	(13,737)
Cash and cash equivalents of subsidiary disposed	<u>(14,073)</u>
Net cash inflow of the Group	<u>5,314</u>

The deferred payment is expected to be settled in cash by the purchaser, subject to the fulfillment of final condition precedent by March 2008.

There was no tax charge or credit arising from the gain or loss on disposal.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) Contingent liabilities

(a) Related to Penerbangan Malaysia Berhad ("PMB")

MAS continues to be the named lessee or borrower of finance leases and term loans which have been unbundled to PMB, a company wholly owned by Khazanah Nasional Berhad. As such, the outstanding balance of the borrowings assumed by PMB is included within the Group's contingent liabilities.

	<u>20/8/2007</u> <u>RM '000</u>
1. Secured / Unsecured	
Loans	
- Secured	281,066
- Unsecured	106,827
Finance leases (secured)	<u>493,649</u>
	<u>881,542</u>
2. Tenure	
Loans and leases due within one year	210,694
Loans and leases due after one year	<u>670,848</u>
	<u>881,542</u>
3. Loans by currencies in Ringgit Malaysia	
US Dollar	774,715
French Franc	<u>106,827</u>
	<u>881,542</u>
(b) Others	
Corporate guarantees given to third parties	4,963
Bank guarantees given to third parties	138,693
Performance bonds given to third parties	<u>646</u>
	<u>144,302</u>

(ii) Contingent assets

The Company has the right to receive from PMB 80% of the profit arising from the eventual realisation of certain aircraft assets unbundled to PMB under the Agreement for Aircraft and Finance Agreements Unbundling. The profit will be computed based on the excess of the value realised over the decayed cost of the aircraft. The rate of decay for each aircraft at future dates is stipulated by the WAU Agreement. Based on the published industry price data, MAS share of the profit on disposal if the applicable aircraft were to be disposed as at 20 August 2007 is RM1.1 billion after taking account of 20 aircraft sold in July 2007.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

15. SIGNIFICANT RELATED PARTY DISCLOSURES

	Quarter ended 30/6/2007 RM '000	Quarter ended 30/6/2006 RM '000	Period ended 30/6/2007 RM '000	Period ended 30/6/2006 RM '000
LSG Sky Chefs-Brahim's Sdn. Bhd., an associate:				
- Catering and other services paid/ payable	54,131	55,176	106,499	116,148
- Rental income and others	(4,902)	(4,962)	(10,253)	(9,869)
- Shared services billed	(1,218)	(778)	(1,832)	(1,632)
GE Engine Services (M) Sdn. Bhd., an associate:				
-Engine maintenance services rendered and purchase of aircraft, property and equipment	98,623	156,278	208,012	256,067
- Rental income and others	(3,846)	(3,773)	(7,692)	(7,546)
- Shared services billed	(73)	(123)	(114)	(213)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Line maintenance and aircraft interior cleaning services paid/ payable	1,236	1,471	2,509	3,047
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft component repair services paid/ payable	2,031	1,877	4,189	4,389
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft power plant unit overhaul services paid/ payable	1,254	1,509	3,122	2,652
Taj Madras Flight Kitchen Limited, an associate:				
- Catering services paid/ payable	395	272	1,048	768
Abacus International Holding Ltd., a company in which the Company has substantial shareholding:				
- Computer reservation system access fee paid/ payable	11,735	9,297	24,207	21,131
Evergreen Sky Catering Corporation, a company in which the Company has substantial shareholding:				
- Catering services paid/ payable	2,141	2,007	4,337	4,248
Miascor Catering Services Corporation, a company in which the Company has substantial shareholding:				
- Catering services paid/ payable	70	242	149	529
Penerbangan Malaysia Bhd, holding company:				
- Hire of aircraft paid/ payable	172,844	119,539	329,487	245,516
Aircraft Business Malaysia Sdn. Bhd., a fellow subsidiary:				
- Aircraft lease rental paid/ payable	71,068	69,408	142,126	138,054
Asset Global Network Sdn. Bhd., a fellow subsidiary:				
- Rental of premises paid/ payable	17,852	17,852	35,704	35,704

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16 (CONTINUED)

16. SIGNIFICANT RELATED PARTY BALANCES

	As at 30/6/2007 RM '000	As at 31/12/2006 RM '000 (Audited)
Amount owing to holding company	(46,418)	(72,031)
Amount owing by related parties	8,678	8,614
Amount owing by a fellow subsidiary		
- due within one year	54,352	54,389
- due after one year	268,826	295,860
Amount owing to associated companies	<u>(11,336)</u>	<u>(5,656)</u>

17. CHANGES IN PREVIOUS QUARTER PRESENTATION

The following disclosure for the second quarter ended 30 June 2006 has been restated to conform with the current period's presentation:

Quarter ended 30 June 2006

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	2,945,833	5,545	2,951,378
Operating expenses	(3,205,802)	9,983	(3,195,819)
Other operating income	99,292	(18,793)	80,499
Loss from operations	(160,677)	(3,265)	(163,942)
Finance costs	(13,446)	4,338	(9,108)
Taxation	(12,755)	7	(12,748)
Result for the period from a discontinued operation	-	(1,080)	(1,080)

Period ended 30 June 2006

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	5,916,792	(8,836)	5,907,956
Operating expenses	(6,548,343)	20,810	(6,527,533)
Other operating income	161,342	(22,367)	138,975
Loss from operations	(470,209)	(10,393)	(480,602)
Finance costs	(18,041)	8,882	(9,159)
Taxation	(23,597)	9	(23,588)
Result for the period from a discontinued operation	-	1,502	1,502

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**1. REVIEW OF PERFORMANCE**

The Group made an operating profit of RM48.5 million for the second quarter ended 30 June 2007 compared to an operating loss of RM163.9 million for the corresponding quarter last year due to the higher operating revenue and improved yields. In addition, the Group recorded gain on sale of properties and a subsidiary which resulted in a profit after tax of RM112.8 million (30 June 2006: RM176.5 million loss after tax).

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Operating revenue for the quarter decreased to RM3,496.5 million from RM3,580.7 million in the preceding quarter. The Group made a profit after tax of RM112.8 million compared to RM133.1 million in the preceding quarter due to lower operating revenue. However, this impact is reduced due to the gain from sale of the properties, aircraft and a subsidiary.

3. CURRENT YEAR PROSPECTS

Year 2007 has been encouraging but we maintain a cautious outlook for the balance of the year. According to the International Airline Transport Association (IATA), the global passenger growth for the year is expected to slow down to 5.0% in comparison to 5.9% growth for 2006. The Asia Pacific region, on the other hand, is forecasted to grow by more than 6% for the next five years. In light of these new opportunities, the Company will strengthen its presence in the region in particular ASEAN, China, India and Middle East markets. In the other regions, strategic alliances are being pursued with other airlines to complement the company's own efforts.

Competition will remain intense and record aircraft deliveries are expected in 2008. MAS will continue to intensify promotional activities through travel fairs like MAS Travel Fair and MATTA. For Visit Malaysia Year 2007, MAS has teamed up with Tourism Malaysia promoting attractive and affordable Visit Malaysia packages in the ASEAN region for increased tourist arrivals into the country.

On 14 March 2007, the Company launched Firefly, Malaysia's first community airline, tapping the potential customer base in the Indonesia-Malaysia-Thailand Growth Triangle. Firefly, now operating from its hub in Penang, plans to expand its hubs to Subang, Johor Bharu and Kota Kinabalu.

The Company's new wholly owned subsidiary, MASWings is expected to take over the turboprop operations in Sabah and Sarawak on 1st October 2007 and this will improve the international connectivity and provide dependable services. MASWings' P&L will be under the responsibility of the government.

In line with the MAS Business Turnaround Plan ("BTP"), management will continue to intensify efforts to generate profits for 2007. Revenue and yields have shown improvement since 2006 following the introduction of a new fare structure together with revenue management and distribution initiatives under the 'Omega' project. Complementing the Omega project is the 'Alpha' project, a 2007 initiative to directly focus on sales and marketing strategies. Other initiatives for 2007 include the electronic ticketing ("ET") and reservation Passenger Services System ("PSS"), an improved Customer Value Proposition and productive Engineering & Maintenance Breakthrough projects that are expected to enhance the Company's profitability.

On 8 May 2007, the Company successfully cut over to interline electronic ticketing with its first partner. This cutover represents another stage of MAS' RM400 million PSS roll out to upgrade all IT infrastructure to facilitate the airline's move to the IATA standard ET. ET will eventually simplify the traveling experience, offer customers a number of check-in options including via the internet and self-service kiosks located at the airport.

With the measures set out above, the Board of Directors is of the opinion that the targets announced in the BTP in early February 2006 are achievable. The targets for 2007 include 'targets', 'exceeding' and 'outstanding' results of RM50 million - RM99 million, RM100 million - RM 299 million and RM300 million onwards respectively.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

4. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in respect of the period ended 30 June 2007.

5. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/6/2007 RM '000	Quarter ended 30/6/2006 RM '000	Period ended 30/6/2007 RM '000	Period ended 30/6/2006 RM '000
Continuing operations				
Current period				
- Malaysian	300	466	606	941
- Foreign	1,848	1,848	3,696	3,681
	2,148	2,314	4,302	4,622
Under/ (Over) provision in prior period				
- Malaysian	(71)	(184)	(111)	(126)
- Deferred taxation	4,068	10,618	11,515	19,092
Total	6,145	12,748	15,706	23,588

The Group provided Malaysian taxation for its subsidiaries. The Company was granted an extension of the tax exemption status by the Ministry of Finance on its chargeable income in respect of all sources of income up to year of assessment 2015.

6. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

(i) Loss on sale of unquoted investments

Redeemable Preference Shares A and B ("RPS A" and "RPS B") of LSG Sky Chefs-Brahim's Sdn. Bhd. were fully redeemed during the period.

Date	No. of RPS A	No. of RPS B	Amount Redeemed RM'000	At Cost RM'000	Total Gain/(Loss) RM'000
31 March 2007	16,500*	-	3,965	3,965	-
31 May 2007	16,500*	-	3,965	3,965	-
30 June 2007	88,470**	30,000**	25,242	28,471	(3,229)
					<u>(3,229)</u>

* - RPS redeemed at cost

** - RPS redeemed at cost less discount rate of 11.34%

(ii) Profit on sale of properties

There were several local and overseas properties disposed during the quarter and period amounting to gain on disposal of RM34.3 million and RM52 million, respectively.

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

As at 30 June 2007, the Group has the following quoted securities: -

	In Malaysia RM '000	Outside Malaysia RM '000
At cost	-	1,377
At carrying value	-	1,377
At market value	-	25,938

There was no purchase or disposal of quoted securities during the financial period ended 30 June 2007.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

8. CORPORATE PROPOSALS

On 15 January 2007, the Company announced the proposed renounceable rights issues of up to 418 million new ordinary shares of RM1.00 each in the Company ("Rights Shares") at an issue price to be determined later by the Company's Board of Directors ("Board") and up to 418 million redeemable convertible preference shares of RM0.10 each in the Company ("RCPS") at an issue price of RM1.00 each on the basis of one (1) Rights Share and one (1) RCPS for every three (3) existing ordinary shares of RM1.00 each in the company ("MAS Shares") held ("Proposed Rights Issue").

On 15 February 2007, the Company further announced the proposed amendments to the Memorandum and Articles of Association of the Company ("Proposed M&A Amendments") to facilitate the issuance of the RCPS, which forms part of the Proposed Rights Issue.

Under the Proposed Rights Issue, the Board will provisionally allot up to 418 million Rights Shares and up to 418 million RCPS to the shareholders whose names appear on the Record of Depositors ("Entitled Shareholders") at the close of business of the Company, on a date to be determined and announced later by the Board, on the basis of one (1) Rights Share and one (1) RCPS for every three (3) existing MAS Shares held. The Board will deal with the fractional entitlements of the Rights Shares and RCPS in such manner as it may in its absolute discretion deem fit and expedient in the interest of the Company. The Entitled Shareholders can elect to subscribe for their respective Rights Shares entitlements and/or RCPS entitlements.

CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) ("CIMB") is appointed as the adviser to the Company for the Proposed Rights Issue.

On 28 February 2007, The Securities Commission ("SC") approved the Proposed Rights Issue subject to compliance of the certain conditions.

On 18 April 2007, Bank Negara Malaysia ("BNM"), approved the issuance of 58.0 million RCPS to non-residents of Malaysia and on 31 May 2007, further approval was obtained for the issuance of an additional 70.1 million RCPS to non-residents of Malaysia.

On 23 April 2007, at the Company's Extraordinary General Meeting, the shareholders of the Company approved, inter-alia, the Proposed Rights Issue and the Proposed M&A Amendments.

The shareholders of the Company also approved the proposed increase in the Company's authorised share capital to facilitate the issuance of the RCPS pursuant to the Proposed Rights Issue. The authorised share capital of the Company has been increased from RM10,000,100,001 to RM10,041,900,001 comprising 9,000,000,000 MAS Shares, one (1) special rights redeemable preference share of RM1.00, 100,000,000,000 redeemable convertible preference shares of RM0.01 each, 1,000,000 redeemable preference shares of RM0.10 each and 418,000,000 RCPS by the creation of 418,000,000 RCPS.

On 15 May 2007, Bursa Malaysia Securities Berhad ("Bursa Securities") approved in-principle the admission of the RCPS to the Official List of Bursa Securities and for the listing and quotation of the Rights Shares, RCPS and the new MAS Shares to be issued pursuant to the conversion of the RCPS on the Main Board of Bursa Securities.

On 16 August 2007, SC has approved the Company's application for an extension of time until 27 February 2008 to implement the Proposed Rights Issue.

The completion of Proposed Rights Issue is pending issuance of the abridged prospectus.

There were no other proposals made during and subsequent to the financial period ended 30 June 2007 other than disclosed in Note 6, Part A, Explanatory Notes Pursuant to FRS 134, Paragraph 16.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

9. GROUP BORROWINGS AND DEBT SECURITIES

(a) The Group as at 30 June 2007 has lease obligations amounting to RM551.5 million (31 December 2006: RM651.7 million) which are covered by interest bearing funds amounting to RM614.6 million (31 December 2006: RM614.4 million) placed with and payments made to financial institutions at the inception date of the respective lease arrangements under defeasance arrangements. The defeased lease obligations, together with the related funds placements and payments, are therefore not included in these financial statements.

(b) Borrowings:

	As at 30/6/2007 RM 'mil	As at 31/12/2006 RM 'mil
Long term borrowing:		
Unsecured	500	-
Short tem borrowing:		
Unsecured	500	1,050

(i) On 27 March 2006, the Group entered into a bridging loan facility arrangement of up to a maximum principal amount of RM1 billion with a financial institution. The bridging loan facility was used for working capital requirements. The short term borrowing bore effective weighted interest rate of 4.49% per annum, unsecured and was fully redeemed on 31 January 2007.

(ii) On 22 August and 22 September 2006 respectively, the Group entered into revolving credit facilities with certain financial institutions. The facilities are unsecured with an effective weighted interest rate of 4.37% per annum. On 22 February and 22 March 2007, the Group has redeemed RM100 million in total for the Revolving Credit Facilities with certain financial institutions. As at 30 June 2007, the net drawdown amount is RM500 million.

(iii) On 30 January 2007, the Company and CIMB Bank Berhad ("CIMB Bank") entered into a Facility Agreement whereby CIMB Bank agreed to make available to MAS a term loan facility of up to the maximum principal amount of RM500 million ("Term Loan"), and a Subscription Agreement in relation to the issuance by MAS of an aggregate of 500 redeemable preference shares of RM0.10 each ("RPS") at an issue price of RM1.00 per share to CIMB Bank.

Pursuant to these agreements, MAS had on 31 January 2007 drawn down the Term Loan of RM500 million with CIMB Bank and issued 500 RPS to CIMB Bank.

The issuance of RPS to CIMB Bank provides MAS with an option to service the Term Loan through payment of non-cumulative tax-exempt dividend on the RPS or through payment of interest subject to prevailing laws and regulations.

The Term Loan bears an interest rate of 5.58% per annum, unsecured and repayable in one (1) bullet repayment at the end of three (3) years from the drawdown date with interest payable for every six (6)-month period.

10. FINANCIAL INSTRUMENTS

(a) As at 20 August 2007, the Group has entered into various fuel hedging transactions for periods up to 31 December 2008 in lots totalling 6,935,000 barrels.

The fuel hedging programme is closely monitored and is subject to the vagaries of the market such as geopolitical events, economic situation and weather conditions.

The accounting policy adopted is to charge related expenses as fuel cost in the financial statements upon the expiry of fuel hedging contracts.

(b) As at 20 August 2007, the Group has entered into various interest rate hedging contract transactions for periods up to 13 December 2016 for a total notional amount of RM4,179.8 million.

The accounting policy adopted is to charge the related expenses against the underlying expenses being hedged.

The fixed interest rates relating to interest rate hedging contracts as at 20 August 2007 vary from 4.0% to 5.45% per annum.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

10. FINANCIAL INSTRUMENTS (CONTINUED)

- (c) As at 20 August 2007, the Group has entered into foreign currency forward contracts and options amounting to RM870.1 million for periods up to 30 June 2008.

The accounting policy adopted is to recognise exchange gains and losses relating to these foreign currency forward contracts and options in the income statement in the same period as the underlying hedged item.

11. MATERIAL LITIGATION

(a) Shahjalal Aviation Systems Ltd. ("Shahjalal") vs MAS

Shahjalal was a general sales agent and had filed a claim in Dhaka, Bangladesh against MAS for a sum of BDT2,670.0 million (RM175.7 million) purportedly due to them on account of commission charges, loss of business and goodwill under the general sales agency. MAS had earlier filed a claim against Shahjalal for a sum of TK152.0 million (RM10.0 million) which was subsequently reduced to BDT87.8 million (approximately RM4.6 million) after adjustments of the bank guarantee and other amounts, together with interest, on account of unremitted passenger and cargo sales.

MAS, in consultation with its solicitors, is of the opinion that the above case filed against MAS is without merit and is continuing to pursue the claim and contest Shahjalal's claim.

(b) Arbitration Proceedings by ACL Advanced Cargo Logistic GmbH ("ACL") vs MAS

On 16 September 2004, MAS received notice that ACL had initiated proceedings against MAS at the International Court of Arbitration in Paris, France. The claim against MAS allegedly for breach of a ground handling contract is damages in the sum of EURO 62.7 million (approximately RM300 million).

On 23 April 2007, MAS received a notification from the Arbitral Tribunal dated 4 April 2007 declaring that MAS has breached the ACL agreement but made no ruling on MAS' liability to compensate ACL for the damages suffered as a result of the breach. The Tribunal has not fixed any date to decide on the quantum of damages and costs.

The partial award makes no monetary award and, at this time, has no ascertainable financial and operational effect on the Company and the Group. The legal effect is being analysed by MAS' Malaysian and Swiss Counsels.

MAS, in consultation with its legal counsels, is of the opinion that it has a fair chance of success in defending the claim, although the prospects of not succeeding on the issue of liability cannot be totally excluded.

(c) Securiforce Sdn Bhd and Securiforce Hi-Tech Cargo Sdn Bhd (collectively, the "Plaintiffs") vs MAS and Malaysia Airlines Cargo Sdn Bhd ("MASKargo")

The Plaintiffs served a writ of summons and statement of claim on MAS and its wholly-owned subsidiary, MASKargo, on 16 June 2005. The Plaintiffs' claim is for special damages of RM4.9 million and general damages of RM250 million as well as unspecified exemplary damages as a consequence of what is alleged by the Plaintiffs to be a termination by MAS, in breach of a purported contract consisting of various documents involving services rendered by the Plaintiffs to MAS and MASKargo. MAS and MASKargo are challenging the claim.

MAS, in consultation with its solicitors is of the opinion that MAS has merits to contest the claim.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

(d) MAS vs Tan Sri Tajudin bin Ramli, Ralph Manfred Gotz, Uwe Juergen Beck and Wan Aishah binti Wan Hamid (collectively, the “Defendants”)

On 5 April 2006, MAS filed a civil suit in Malaysia against its former Executive Chairman, Tan Sri Tajudin bin Ramli and three (3) other Defendants. The claim against the Defendants is for losses amounting to RM174.6 million for, amongst others, breach of fiduciary duties committed by the Defendants and conspiracy to defraud MAS. The First and Fourth Defendants have filed applications to strike out the suit. The Court has yet to fix the matter for hearing.

MAS, in consultation with its solicitors is of the opinion that MAS has a fair chance of success in the suit.

(e) MAS, MAS Golden Holidays Sdn Bhd and MAS Hotels and Boutiques Sdn Bhd (collectively, the “Plaintiffs”), vs Tan Sri Tajudin bin Ramli, Naluri Corporation Berhad, Promet (Langkawi) Resorts Sdn Bhd (“Promet”), Kauthar Venture Capital Sdn Bhd (“Kauthar”) and Pakatan Permai Sdn Bhd

On 26 May 2006, the Plaintiffs filed a civil suit (“Original Suit”) in the High Court at Kuala Lumpur against its former Executive Chairman, Tan Sri Tajudin bin Ramli and four (4) other Defendants for damages of approximately RM90 million together with further damages to be assessed, resulting from inter alia breach of fiduciary duties and/or knowingly assisting or benefiting from such breach of fiduciary duties.

In response to the Original Suit, Tan Sri Tajudin bin Ramli, Promet and Kauthar had on 9 October 2006 jointly filed and served a defence and counterclaim (“Counter Claim”) on MAS, MAS Golden Holidays Sdn Bhd, MAS Hotels and Boutiques Sdn Bhd, MAS’s directors and the Government alleging that the Defendants in the Counter Claim (except for the Government) had conspired to injure them or had caused injury to them through malicious prosecution of the Original Suit.

In relation to the Original Suit, MAS, in consultation with its solicitors is of the opinion that it has a fair possibility of success against the Defendants and is continuing to pursue its claim. In relation to the Counter Claim, MAS in consultation with its solicitors is of the view that since the Original Suit has not been disposed off, the Counter Claim is premature.

(f) Arbitration Proceedings by Air Maldives Limited (“AML”) vs MAS

On 15 May 2007, MAS received Notice from the Secretariat of the ICC International Court of Arbitration in Paris, France that AML had commenced arbitration proceedings against MAS for alleged continuous breaches of MAS’s duties under a Management Agreement between MAS and AML dated 16 January 1996.

MAS has taken legal advice to challenge the claim.

The Notice did not specify the amount of damages claimed by AML and did not provide sufficient information to enable MAS and its solicitors to meaningfully assess the quantum of AML’s claim. Accordingly it is not possible, to ascertain the effect this claim would have on the financial position of MAS.

(g) MAS vs Air Maldives Limited

On 8 August 2007, MAS through its solicitors have filed an affidavit of services in the High Court at Kuala Lumpur in respect of its claim against Air Maldives Limited for the sum of USD35.6 million.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)

12. DIVIDENDS

The directors do not recommend any dividend for the financial period ended 30 June 2007.

13. EARNINGS/ (LOSS) PER SHARE

(a) Basic

The basic earnings per share for the current quarter is calculated by dividing the profit attributable to shareholders of the Company by number of ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/6/2007 RM '000	Quarter ended 30/6/2006 RM '000	Period ended 30/6/2007 RM '000	Period ended 30/6/2006 RM '000
Profit/(loss) attributable to ordinary equity holders of the Company for:				
Continuing operation	75,372	(175,996)	203,570	(499,701)
Discontinuing operation	37,476	(1,080)	41,988	1,502
	<u>112,848</u>	<u>(177,076)</u>	<u>245,558</u>	<u>(498,199)</u>
Ordinary shares in issue ('000)	1,253,244	1,253,244	1,253,244	1,253,244
Basic earnings/(loss) per share for:				
Continuing operation	6.01	(14.04)	16.24	(39.87)
Discontinuing operation	2.99	(0.09)	3.35	0.12
	<u>9.00</u>	<u>(14.13)</u>	<u>19.59</u>	<u>(39.75)</u>

(b) Diluted

Diluted earnings per share is not presented in the financial statements as there are no dilutive potential ordinary shares outstanding as at 30 June 2007.

14. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 27 August 2007.

By Order of the Board

Rizani bin Hassan (LS 05125)
Company Secretary
Selangor Darul Ehsan
27 August 2007

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/6/2007	Quarter ended 30/6/2006 (Restated)	Period ended 30/6/2007	Period ended 30/6/2006 (Restated)
	RM '000	RM '000	RM '000	RM '000
1. Total Revenue	3,550,887	3,031,877	7,188,857	6,046,931
2. Profit/(loss) before tax	118,942	(161,595)	263,431	(472,859)
3. Profit/(loss) for the period	112,797	(176,496)	245,929	(496,456)
4. Profit/(loss) for the period attributable to equity holders of the Company	112,848	(177,076)	245,558	(498,199)
5. Basic earnings/(loss) per share (sen)	9.00	(14.13)	19.59	(39.75)

	AS AT 30/6/2007	AS AT 31/12/2006 (Audited)
Net assets per share attributable to ordinary equity holders of the Company	1.69	1.49

ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/6/2007	Quarter ended 30/6/2006	Period ended 30/6/2007	Period ended 30/6/2006
	RM '000	RM '000	RM '000	RM '000
1. Gross interest income	22,578	13,862	41,421	21,959
2. Gross interest expense	(13,134)	(9,081)	(26,156)	(9,081)