



MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE FIRST QUARTER ENDED 31 MARCH 2010

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 first quarter ended 31 March 2010. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000 (Restated)	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000 (Restated)
Operating revenue		2,909,417	2,684,387	2,909,417	2,684,387
Operating expenses		(3,012,463)	(2,864,011)	(3,012,463)	(2,864,011)
Other operating income		392,550	38,559	392,550	38,559
Profit/(Loss) from operations		289,504	(141,065)	289,504	(141,065)
Derivative gain/(loss)	Part B,2	56,655	(557,001)	56,655	(557,001)
Finance costs		(27,890)	(17,440)	(27,890)	(17,440)
Share of results from associated companies		3,780	5,965	3,780	5,965
Share of results from jointly controlled entity		(1,798)	-	(1,798)	-
Profit/(Loss) before taxation		320,251	(709,541)	320,251	(709,541)
Taxation		(9,689)	11,587	(9,689)	11,587
Profit/(Loss) for the period		310,562	(697,954)	310,562	(697,954)
Profit/(Loss) attributable to:					
Equity holders of the Company		310,047	(698,546)	310,047	(698,546)
Minority Interest		515	592	515	592
Profit/(Loss) for the period		310,562	(697,954)	310,562	(697,954)
Earnings/(loss) per share attributable to equity holders of the Company					
Basic (sen)		10.64	(34.02)	10.64	(34.02)
Diluted (sen)		10.35	(32.12)	10.35	(32.12)

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QUARTERLY REPORT ON THE FIRST QUARTER ENDED 31 MARCH 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000 (Restated)	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000 (Restated)
Profit/(Loss) for the period	310,562	(697,954)	310,562	(697,954)
Other comprehensive income:				
Cash flow hedges	3,663	-	3,663	-
Total comprehensive income/(loss) for the period	314,225	(697,954)	314,225	(697,954)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	313,710	(698,546)	313,710	(698,546)
Minority Interest	515	592	515	592
Total comprehensive income/(loss) for the period	314,225	(697,954)	314,225	(697,954)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	As at 31/3/2010 RM '000	As at 31/12/2009 RM '000 (Restated)
<u>Non current assets</u>			
Aircraft, property, plant and equipment		5,997,690	3,111,973
Investment in associated companies		82,756	78,976
Investment in jointly controlled entity		-	1,798
Other investments		53,952	53,952
Prepaid lease		325,769	179,983
Intangible assets		126,983	110,041
Other assets		238,284	230,297
Deferred tax assets		32,847	34,026
		6,858,281	3,801,046
<u>Current assets</u>			
Inventories		427,830	384,916
Trade and other receivables		1,518,475	1,389,388
Negotiable instruments of deposit		392,376	287,466
Cash and bank balances		2,796,778	2,664,859
		5,135,459	4,726,629
<u>Current liabilities</u>			
Trade and other payables		1,980,351	2,081,638
Provision		803,034	902,295
Short term borrowings		249,762	315,518
Provision for taxation		3,000	3,696
Derivative financial instruments	Part B,12	323,586	584,788
Sales in advance of carriage		1,752,047	1,676,536
		5,111,780	5,564,471
Net current assets/(liabilities)		23,679	(837,842)
		6,881,960	2,963,204
Equity attributable to equity holders of the Company			
		3,651,306	675,495
Share capital - ordinary shares		3,342,156	1,671,078
Redeemable Convertible Preference Shares (RCPS)		58,076	58,076
Reserves			
Share premium		4,998,065	4,007,678
Reserve		593,581	589,282
Accumulated losses		(5,340,572)	(5,650,619)
Minority interest		12,384	11,869
Total equity		3,663,690	687,364
<u>Non current liabilities</u>			
Long term borrowings		3,013,227	2,004,062
Derivative financial instruments	Part B,12	205,043	271,778
		3,218,270	2,275,840
		6,881,960	2,963,204
Net assets per share (RM)		1.09	0.40

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

	Attributable to equity holders of the Company							Minority interests RM '000	Total Equity RM '000	
	Share capital RM '000	Equity component of RCPS RM '000	Non-distributable Share premium RM '000	Cash Flow Hedge Reserves RM '000	Distributable Reserves RM '000	Accumulated losses RM '000	Total reserves RM '000			Total RM '000
At 1 January 2010 (as previously stated)	1,671,078	58,076	4,007,678	-	589,282	(5,590,387)	(993,427)	735,727	11,869	747,596
Prior year adjustment on effect of adopting IC 13	-	-	-	-	-	(60,232)	(60,232)	(60,232)	-	(60,232)
At 1 January 2010 (As restated)	1,671,078	58,076	4,007,678	-	589,282	(5,650,619)	(1,053,659)	675,495	11,869	687,364
Profit for the period	-	-	-	-	-	310,047	310,047	310,047	515	310,562
Other comprehensive income	-	-	-	3,663	-	-	3,663	3,663	-	3,663
Rights issue	1,671,078	-	1,002,647	-	-	-	1,002,647	2,673,725	-	2,673,725
Rights shares' expenses	-	-	(12,260)	-	-	-	(12,260)	(12,260)	-	(12,260)
Grant of ESOS	-	-	-	-	636	-	636	636	-	636
At 31 March 2010	3,342,156	58,076	4,998,065	3,663	589,918	(5,340,572)	251,074	3,651,306	12,384	3,663,690

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2009**

	Attributable to equity holders of the Company							Minority interests RM '000	Total Equity RM '000
	Share capital RM '000	Equity component of RCPS RM '000	Non-distributable Share premium RM '000	Distributable Reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000		
At 1 January 2009 (as previously stated)	1,671,002	58,076	4,007,446	577,732	(2,128,558)	2,456,620	4,185,698	11,278	4,196,976
Prior year adjustment on effect of adopting IC 13	-	-	-	-	(109,888)	(109,888)	(109,888)	-	(109,888)
Effect of adopting FRS 139	-	-	-	-	(3,952,026)	(3,952,026)	(3,952,026)	-	(3,952,026)
At 1 January 2009 (As restated)	1,671,002	58,076	4,007,446	577,732	(6,190,472)	(1,605,294)	123,784	11,278	135,062
Loss for the period	-	-	-	-	(698,546)	(698,546)	(698,546)	592	(697,954)
Grant of ESOS	-	-	-	2,888	-	2,888	2,888	-	2,888
Conversion of RCPS	60	-	183	-	-	183	243	-	243
At 31 March 2009	1,671,062	58,076	4,007,629	580,620	(6,889,018)	(2,300,769)	(571,631)	11,870	(559,761)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000 (Restated)
Cash Flows From Operating Activities		
Profit/(loss) before taxation	320,251	(709,541)
Adjustments for :-		
Provision for:		
- aircraft maintenance and overhaul costs	143,859	105,459
- short term accumulating compensated absences, net	5,212	4,713
- doubtful debts	-	6,645
Aircraft, property, plant and equipment:		
- depreciation	89,294	79,287
- (writeback)/provision of impairment losses	(6,839)	1,277
- (written back)/written off, net	(826)	1,406
- gain on disposal	(65)	-
Writeback of:		
- unavailed credits on sales in advance of carriage	(61,353)	(76,168)
- doubtful debts	(14,089)	-
- inventories obsolescence, net	(6,160)	(3,869)
Amortisation of:		
- intangible assets	7,816	6,186
- prepaid lease payments on land	46	46
Share of results of:		
- jointly-controlled entity	1,798	-
- associated companies	(3,780)	(5,965)
Interest expenses	27,874	17,421
Grant of ESOS	636	2,888
Derivative (gain)/loss	(56,655)	557,001
Unrealised foreign exchange gain	(18,367)	(46,990)
Interest income	(18,213)	(2,869)
Operating profit/(loss) before working capital changes	410,439	(63,073)
Increase in inventories	(36,753)	(3,388)
(Increase)/Decrease in trade and other receivables	(209,216)	249,414
(Increase)/Decrease in amount owing by holding company	(144,621)	115
(Decrease)/Increase in trade and other payables	(163,399)	46,836
Decrease in provision	(243,120)	(103,300)
Increase/(Decrease) in sales in advance of carriage	136,864	(8,901)
Cash (used in)/generated from operating activities	(249,806)	117,703
Net cash settlement on derivatives	(148,476)	(565,082)
Premium paid on derivatives	(23,932)	(447,621)
Interest paid	(36,999)	(17,070)
Taxes paid	(9,206)	(2,095)
Net cash used in operating activities	(468,419)	(914,165)
Cash Flows From Investing Activities		
Purchase of:		
- aircraft, property, plant and equipment	(1,819,055)	(163,626)
- intangible assets	(24,758)	(7,363)
(Placement)/withdrawal of:		
- negotiable instruments of deposit	(100,000)	220,000
- deposits pledged with banks	(41,434)	145,175
Proceeds from:		
- disposal of aircraft, property, plant and equipment	94	-
- disposal of other investment	-	5,850
Interest received	16,869	37,042
Dividend received	-	2,303
Net cash (used in)/generated from investing activities	(1,968,284)	239,381
Cash Flows From Financing Activities		
Proceeds from:		
- rights issue	2,673,725	-
- finance lease	-	194,501
Repayment of:		
- short term borrowings	(110,000)	-
- finance lease	(23,582)	(4,239)
Expenses incurred on issuance of Rights share exercise	(12,260)	-
Settlement for redemption of RCPS	(696)	(516)
Net cash generated from financing activities	2,527,187	189,746
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	90,484	(485,038)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,449,003	2,940,623
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	2,539,487	2,455,585
Cash and cash equivalents comprise:		
Cash on hand and at banks	661,305	768,735
Short term deposits	2,135,473	2,172,795
Cash and cash equivalents	2,796,778	2,941,530
Less: Deposits pledged with banks	(257,291)	(485,945)
Cash and cash equivalents as at 31 March	2,539,487	2,455,585

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

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: 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 audited annual financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly condensed financial report. 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 2009.

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited annual financial statements for the financial year ended 31 December 2009 except as mentioned in Note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

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 2009 except for the adoption of IC Interpretation 13: Customer Loyalty Programmes, FRS 8: Operating Segments, FRS 101 (Revised): Presentation of Financial Statements and FRS 7: Financial Instruments: Disclosures with effect from 1 January 2010.

The principal changes in accounting policies and effects resulting from the adoption of IC Interpretation 13, FRS 8 and FRS 101 (Revised) are discussed below.

i) Effects of Adoption of IC Interpretation 13: Customer Loyalty Programmes ('IC 13')

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period when the award credits are redeemed. The Group maintains a loyalty points programme, Enrich which awards members based on accumulated mileage travelled. The Group has historically accrued for the liability under the programme and recognised in the income statement the amount equal to the point earned multiplied by the applicable rates. Upon redemption by members or expiration of the mileage awards, the accrual is reduced accordingly. This interpretation has no specific provisions on transition. Therefore, the Group has followed FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors, applying the changes retrospectively. The prior period financial information has thus been restated.

Under the new policy, consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to the fair value. Fair value of the points is determined by applying statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the point are redeemed.

Effect on income statements for the period ended 31/3/2009

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Operating revenue	2,701,031	(16,644)	2,684,387
Operating expenses	(2,877,507)	13,496	(2,864,011)
Loss before taxation	(706,393)	(3,148)	(709,541)
Profit attributable to equity holders of the Company	(695,398)	(3,148)	(698,546)

Effect on statement of financial position as at 31/12/2009

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Trade and other payables	(2,246,541)	164,903	(2,081,638)
Sales in advance of carriage	(1,451,401)	(225,135)	(1,676,536)
Accumulated losses	5,590,387	60,232	5,650,619

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

i) Effects of Adoption of IC Interpretation 13: Customer Loyalty Programmes ('IC 13') (Continued)

Effect on income statements for the period ended 31/3/2010

	Increase/(decrease)
	RM'000
Operating revenue	(19,422)
Operating expenses	15,981
Profit before taxation	(3,441)
Profit attributable to equity holders of the Company	(3,441)

Effect on statement of financial position as at 31/3/2010

Trade and other payables	(174,326)
Sales in advance of carriage	237,999
Accumulated losses	63,673

ii) Effects of Adoption of FRS 8: Operating Segments

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assess the performance of the reportable segments. Additional disclosures about each of these segments are shown in Note 10, including revised comparative information.

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

iii) Effects of Adoption of FRS 101 (Revised): Presentation of Financial Statements

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: its presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present in two linked statements.

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

iv) Effects of Adoption of FRS 7: Financial Instruments : Disclosures

FRS 7 requires extensive disclosure of qualitative and quantitative information about exposure to risks from financial instruments. Such disclosures will be made on the audited annual financial statements of the Group.

Changes in Accounting Policies and Effects of Adoption of New and Revised FRSs

At the date of authorisation of this quarterly condensed financial report, the MASB had issued several FRSs and Interpretations but not yet effective and have not been applied by the Group.

		Effective for financial periods beginning on or after
FRS 1 (Revised):	First time adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised):	Business Combination	1 July 2010
FRS 127 (Revised):	Consolidated and Separate Financial Instruments (amended)	1 July 2010
IC Interpretation 12:	Service Concession Arrangements	1 July 2010
IC Interpretation 15:	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16:	Hedges of Net Investments in a Foreign Operation	1 July 2010
IC Interpretation 17:	Distributions of Non-cash Assets to Owners	1 July 2010
The amendments to the FRS:		
FRS 2:	Share-based Payment	1 July 2010
FRS 5:	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 138:	Intangible Assets	1 July 2010
IC Interpretation 9:	Reassessment of Embedded Derivatives	1 July 2010

The FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

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

3. QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification of the Group's Audited Annual Financial Statements for the financial year ended 31 December 2009.

4. 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.

5. UNUSUAL ITEMS

There were no unusual items for the financial period 31 March 2010, except for the financial impact due to the adoption of IC Interpretation 13: Customer Loyalty Programmes as disclosed in Note 2.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no material changes in estimates of amount reported for the financial period ended 31 March 2010.

7. SIGNIFICANT EVENTS

On 31 March 2010, in relation to the Memorandum of Understanding (MoU) that was signed between the Company and Airbus S.A.S (Airbus) on 22 December 2009, the Company has ordered up to 25 A330-300 widebody aircraft covering the firm order of fifteen (15) with options for another ten (10). The Company has also ordered two (2) A330-200F and acquired purchase options for another two (2). The aircraft will be delivered from 2011 to 2016 and will serve the growing markets of South Asia, China, North Asia, Australia and Middle East.

There was no other significant event for the financial period ended 31 March 2010.

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

On 12 March 2010, the Company issued 1,671,078,120 new ordinary shares of RM1.00 each at an issue price of RM1.60 per rights share on the basis of one (1) rights share for every one (1) existing ordinary share of RM1.00 each held in the Company. Please refer Part B, Note 10 for further details.

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial period ended 31 March 2010.

9. DIVIDEND PAID

There was no dividend paid during the financial period ended 31 March 2010.

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

10. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has three reportable segments as follows:

- (i) Airlines operations segment engages in the business of air transportation and the provision of related services.
- (ii) Cargo services segment engages on the business of air cargo operations, charter freighter and all warehousing activities relating to air cargo operations.
- (iii) Others segment engages on the provision of computerised reservations services, retailing of goods, catering and cleaning related services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The following tables present revenue and profit information regarding the Group's operating segments for the three months ended 31 March 2010 and 2009, respectively.

	Airlines Operations RM'000	Cargo Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
For the period ended 31 March 2010					
Revenue					
External revenue	2,358,625	536,105	14,687	-	2,909,417
Inter-segment revenue *	240,746	-	10,635	(251,381)	-
Total revenue	2,599,371	536,105	25,322	(251,381)	2,909,417
Results					
Segment profit before tax	292,983	25,314	4,963	(3,009)	320,251
For the period ended 31 March 2009					
Revenue					
External revenue	2,318,278	359,235	6,874	-	2,684,387
Inter-segment revenue *	178,488	-	16,538	(195,026)	-
Total revenue	2,496,766	359,235	23,412	(195,026)	2,684,387
Results					
Segment (loss)/profit before tax	(620,156)	(84,958)	1,526	(5,953)	(709,541)
Segment assets **					
At 31 March 2010	12,219,617	179,847	919,418	(1,407,898)	11,910,984
At 31 December 2009	8,791,952	149,745	958,552	(1,453,348)	8,446,901

* Inter-segment revenues are eliminated on consolidation.

** Segment assets do not include investment in associates (Mar '10: RM82.8 million, Dec '09: RM79.0 million) and investment in jointly-controlled entity (Mar '10: nil, Dec '09: RM1.8 million) as these assets are managed on a group basis.

11. VALUATION OF ASSETS

There was no valuation of aircraft, property, plant and equipment for the financial period ended 31 March 2010.

12. SUBSEQUENT EVENT

There was no material subsequent event for the financial period ended 31 March 2010.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the financial period ended 31 March 2010.

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 borrower of 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.

		11/5/2010 RM '000
1.	Secured / Unsecured	
	Loans	
	- Unsecured	55,338
2.	Tenure	
	Loans due within one year	12,886
	Loans due later than one year and not later than five years	36,071
	Loans due later than five years	6,381
		55,338
3.	Loans by currencies in Ringgit Malaysia	
	Euro	55,338
(b)	Others	
	Bank guarantees given to third parties	428,710
	Bank guarantees given to PMB on aircraft lease	20,727
	Performance bonds given to third parties	1,896
		451,333

(ii) Contingent assets

The Company has the right to receive from PMB 80% of the profit arising from the eventual realisation of aircraft unbundled to PMB under the widespread asset bundling agreement ("WAU Agreement"). The profit will be computed based on the excess of the value realised over the decayed net book value of the aircraft. The decayed net book value for each aircraft at future dates is stipulated in the WAU Agreement. Based on the published airline industry price data, MAS' share of the profit on disposal if the respective aircraft were to be disposed as at 11 May 2010 is RM291.48 million.

15. CAPITAL COMMITMENT

	As at 31/3/2010 RM '000	As at 31/12/2009 RM '000 (Audited)
Approved and contracted for	13,461,651	4,893,626
Approved but not contracted for	49,155	4,668,470
	13,510,806	9,562,096

The outstanding capital commitments relate to purchase of aircraft, enterprise resourcing planning system, passenger services system and other expenditure projects.

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

16. SIGNIFICANT RELATED PARTY DISCLOSURES

	Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000
LSG Sky Chefs-Brahim's Sdn. Bhd., an associate:				
- Catering and other services paid/ payable	54,684	43,414	54,684	43,414
- Rental income and others	(4,898)	(3,297)	(4,898)	(3,297)
GE Engine Services (M) Sdn. Bhd., an associate:				
- Engine maintenance services rendered and purchase of aircraft, property and equipment	137,556	72,978	137,556	72,978
- Rental income and others	(4,493)	(3,599)	(4,493)	(3,599)
- Shared services billed	(28)	(864)	(28)	(864)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Line maintenance and aircraft interior cleaning services paid/ payable	1,169	1,310	1,169	1,310
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft component repair services paid/ payable	2,136	2,447	2,136	2,447
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft power plant unit overhaul services paid/ payable	1,178	1,916	1,178	1,916
Taj Madras Flight Kitchen Limited, an associate:				
- Catering services paid/ payable	406	285	406	285
Abacus International Holding Ltd., a company in which the Company has equity interest:				
- Computer reservation system access fee paid/ payable	12,189	7,184	12,189	7,184
Evergreen Sky Catering Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	1,153	1,040	1,153	1,040
Miascor Catering Services Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	369	150	369	150
Penerbangan Malaysia Bhd, holding company:				
- Hire of aircraft paid/ payable	61,031	139,959	61,031	139,959
Aircraft Business Malaysia Sdn. Bhd., a fellow subsidiary:				
- Aircraft lease rental paid/ payable	58,692	63,536	58,692	63,536

17. SIGNIFICANT RELATED PARTY BALANCES

	As at 31/3/2010 RM '000	As at 31/12/2009 RM '000 (Audited)
Amount owing by/(to) holding company	48,327	(96,294)
Amount owing by a related party	3,003	3,133
Amount owing by a fellow subsidiary		
- due within one year	41,409	41,147
- due after one year	111,079	162,740
Amount owing by associated companies	3,512	3,106
Amount owing to associated companies	(62,716)	(52,669)

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

1. REVIEW OF PERFORMANCE

The Group recorded an operating profit of RM289.5 million for the first quarter ended 31 March 2010 (Quarter ended 31 March 2009: RM141.1 million loss) mainly due to the increase in other operating income as a result of A380 compensation as well as improvement in passenger and cargo traffic demand.

The Group recorded a profit after tax of RM310.6 million (Quarter ended 31 March 2009: RM698.0 million loss after tax) after including derivative gain of RM56.7 million (Quarter ended 31 March 2009: RM557.0 million derivative loss).

2. DERIVATIVE GAIN/(LOSS)

Derivative gain/(loss) consists of realised gain/(loss) on settlement of hedging contracts during the quarter and fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 31 March 2010 as compared to 1 January 2010 which comprised the following:

	Quarter ended 31/3/2010 RM 'Mil	Quarter ended 31/3/2009 RM 'Mil
(i) Gain/(Loss) from fuel hedging contracts	72.7	(640.2)
(ii) Gain from foreign currency hedging contracts	1.0	80.5
(iii) (Loss)/Gain from interest rate hedging contracts	(17.0)	2.7
	56.7	(557.0)

3. OTHER COMPREHENSIVE INCOME

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 March 2010 as compared to 1 January 2010 which comprised the following:

	Quarter ended 31/3/2010 RM 'Mil	Quarter ended 31/3/2009 RM 'Mil
(i) Loss from foreign currency hedging contracts	(0.8)	-
(ii) Gain from interest rate hedging contracts	4.4	-
	3.6	-

4. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded operating profit for the quarter of RM289.5 million compared to profit of RM3.8 million in previous quarter mainly due to the increase in other operating income as a result of A380 compensation. The Group also recorded a profit after tax for the quarter of RM310.6 million as compared to profit after tax of RM610.6 million in previous quarter after including derivative gain of RM56.7 million.

5. CURRENT YEAR PROSPECTS

In January 2010, International Air Transport Association ('IATA') forecast that the industry will collectively lose approximately US\$5.6 billion for the full year 2010. In February 2010, IATA halved its earlier forecast to about US\$2.8 billion following encouraging signs of recovery in both passenger and cargo traffic. While these positive developments indicate that the worst may be over for airlines, particularly in Asia Pacific, the outlook for the second quarter 2010 remains challenging. Oil prices continue to be volatile given the uncertainty in demand and supply and volatility of the US dollar.

Europe continues to struggle with economic turmoil amid speculation that Greece may default on its debts, and the outlook for the global economy remains fragile. This may lead to slower growth in demand for air travel and will inevitably mean a slower pick-up in yields. Despite these uncertainties, airlines are expected to aggressively add capacity, potentially even above and beyond the pre-crisis capacity levels. This additional capacity will further affect yields.

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

5. CURRENT YEAR PROSPECTS (CONTINUED)

MAS' focus for the year 2010 is to strengthen its balance sheet and yields and enhance brand loyalty. As part of its extensive fleet renewal programme, MAS will also take delivery of its first Boeing 737-800 aircraft in the fourth quarter this year.

For 2010, the Operating Profit target of the Group is RM100 million - RM325 million, while the On Time Performance target for the Company is 84.7% to 87.0%.

6. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in respect of the financial period ended 31 March 2010.

7. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000
Current period				
- Malaysian taxation	7,500	853	7,500	853
- Foreign taxation	960	1,325	960	1,325
	8,460	2,178	8,460	2,178
Under provision in prior period	50	6,391	50	6,391
Deferred taxation	1,179	(20,156)	1,179	(20,156)
Total	9,689	(11,587)	9,689	(11,587)

The Group provided foreign taxation for the Company's overseas operations and 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.

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

There were no disposals of unquoted investments and properties during the financial period ended 31 March 2010.

9. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

As at 31 March 2010, the Group has no quoted securities and there were no disposal of quoted securities during the financial period ended 31 March 2010.

10. CORPORATE PROPOSALS

On 22 December 2009, the Company announced the proposed renounceable rights issue of up to 1,905,962,762 new ordinary shares of RM1.00 each on the basis of one (1) Rights Shares for every one (1) existing shares held (Proposed Rights Issue) at an issue price of RM1.60 per Rights Shares.

The proceeds arising from the Proposed Rights Issue will be used for (i) partial financing for the acquisition of up to 25 wide-body aircraft to replace older aircraft of similar type in MAS' fleet (ii) general working capital, (iii) repayment of bank borrowings and (iv) expenses relating to Proposed Rights Issue.

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

10. CORPORATE PROPOSALS (CONTINUED)

On 8 January 2010, Bursa Securities Berhad ('Bursa Securities') approved the listing of up to 1,905,962,767 Rights Shares to be issued pursuant to the Proposed Rights Issue subject to the following conditions:

- (i) MAS must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
- (ii) MAS to inform Bursa Securities upon the completion of the Proposed Rights Issue;
- (iii) MAS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed.

On 25 January 2010, at the Company's Extraordinary General Meeting, the shareholders approved the Proposed Rights Issue.

On 26 January 2010, the Company entered into an underwriting agreement with Maybank Investment Bank Berhad (Maybank IB), CIMB Investment Bank Berhad (CIMB) and RHB Investment Bank Berhad (RHB) to underwrite all of the Rights Shares to be issued pursuant to the Rights Issue, other than the Rights Shares representing (a) the entitlements of Khazanah Nasional Berhad (Khazanah) and PMB under the Rights Issue as at 10 February 2010 and (b) the additional take-up of 32,718,040 Rights Shares by Khazanah, for which Khazanah and PMB have provided irrevocable undertakings to subscribe or procure subscription in full respectively.

On 9 February 2010, the Abridged Prospectus was registered with the Securities Commission and lodged with the Registrar of Companies. The trading of rights entitlements was from 11 February 2010 to 22 February 2010.

On 11 February 2010, notice was given to holders of redeemable convertible preference shares ('RCPS') that the adjusted conversion price of RM3.09 per MAS share had taken effect on the same date. Based on the adjusted conversion price of RM3.09 per MAS share, the total outstanding RCPS of RM415,127,155 would be convertible into 134,345,357 new MAS shares.

On 12 March 2010, the Rights Issue was completed following the listing and quotation for 1,671,078,120 Rights Shares. There were no other corporate proposals made during and subsequent to the financial period ended 31 March 2010.

11. GROUP BORROWINGS, DEBT AND EQUITY SECURITIES

		As at 31/3/2010 RM '000	As at 31/12/2009 RM '000 (Audited)
(i) Short term borrowings			
Unsecured - Revolving Credit	(a)	50,000	160,000
Unsecured - Term Loan	(b)	101,005	100,252
Secured - Term Loan	(d)	67,114	24,148
Secured - Finance Lease	(e)	31,643	31,118
		<u>249,762</u>	<u>315,518</u>
(ii) Long term borrowings:			
Unsecured - Term Loan	(b) and (c)	905,927	911,882
Secured - Term Loan	(d)	193,121	240,509
Redeemable Cumulative Preference Shares ("RCPS")	(f)	401,369	396,040
Secured - Finance Lease	(e)	1,512,810	455,631
		<u>3,013,227</u>	<u>2,004,062</u>

(a) The revolving credit is unsecured with an effective interest rate at 3.20% per annum.

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

11. GROUP BORROWINGS, DEBT AND EQUITY SECURITIES (CONTINUED)

- (b) On 30 September 2009, the Company and RHB Bank Berhad ("RHB Bank") entered into an agreement whereby RHB Bank agreed to convert RM500 million of the existing revolving credit facility of up to a maximum amount of RM1 billion granted to the Company pursuant to a Letter of Offer dated 23 August 2006, into a 5-year term loan facility ("RHB Term Loan"). The RHB Term Loan is unsecured and repayable in ten (10) equal semi-annual principal repayment of RM50 million each starting on the 6th month immediately after the first drawdown. The RHB Term Loan interest is fixed at RHB Bank's Cost of Funds plus spread and is payable every three (3)-month period.
- (c) 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 the Company a 3-year term loan facility of up to a maximum principal amount of RM500 million ("CIMB Term Loan"), and a Subscription Agreement in relation to the issuance by the Company 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, the Company had on 31 January 2007 drawdown the CIMB Term Loan of RM500 million with CIMB Bank and issued 500 RPS to CIMB Bank. The issuance of RPS to CIMB Bank provides the Company with an option to service the CIMB Term Loan through payment of non-cumulative tax-exempt dividend on the RPS or through payment of interest subject to prevailing laws and regulations.

On 30 September 2009, the Company and CIMB Bank signed a Supplemental Letter Agreement, whereby CIMB Bank agreed to extend the CIMB Term Loan facility for a period of 5 years from 31 January 2010 to expire on 31 January 2015. The CIMB Term Loan is now repayable on staggered basis with first semi-annual principal repayment due in July 2013. The CIMB Term Loan interest is now fixed at CIMB Bank's Cost of Funds plus spread and payable for every six (6)-month period.

- (d) On 21 October 2009, Kelip-Kelip Cayman, a wholly-owned subsidiary of the Company entered into an Export Credit Loan Agreement ('ECA Loan') with BNP Paribas ('BNP Paribas') whereby BNP Paribas agreed to make available to Kelip-Kelip Cayman a 10-year loan facility amounting to USD79million (equivalent to RM265 million). The ECA Loan is secured and repayable in twenty (20) equal semi-annual payments. The ECA Loan interest is fixed at 3.02% per annum.
- (e) As at 31 March 2010, the Group has entered into eight (8) finance lease contracts for its ATR aircraft. The finance lease liability as at 31 March 2010 is RM462.2 million.
- On 22 December 2009, the Company and Penerbangan Malaysia Berhad ('PMB') entered into four Supplemental Agreements relating to Aircraft Lease Agreement and four Aircraft Conditional Sale and Purchase Agreements in respect of two Boeing 747-400F and two Boeing 777-200ER. The finance lease liability as at 31 March 2010 is RM1,082.3 million.
- (f) On 5 November 2007, the Company issued 417,747,955 RCPS of RM0.10 each at an issue of RM1.00 per share in conjunction with the issuance of Rights shares. The total proceeds received from the issuance of the RCPS is split between liability component and equity component. At the date of issue the fair value of the liability component is estimated by discounting the future contractual cash flows at the prevailing market interest rate available to the Group. The difference between the total issue price of the RCPS and the fair value assigned to the liability component, representing the conversion option is accounted in shareholder equity.

Except for the above, there were no other issuance, cancellation, repurchases, resales and repayment of debt and equity securities during the financial period ended 31 March 2010.

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

12. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value	Fair Value
	as at 31/3/2010	as at 31/3/2010
	Barrels 'Mil	Assets/(Liabilities) RM 'Mil
(i) Fuel Hedging Contracts		
- Less than 1 year	7.6	(320.6)
- 1 year to 3 years	5.2	(186.7)
	<u>12.8</u>	<u>(507.3)</u>
(ii) Interest Rate Hedging Contracts	RM 'Mil	RM 'Mil
- Less than 1 year	458.0	(0.5)
- 1 year to 3 years	288.0	(16.1)
- More than 3 years	1,129.0	(2.2)
	<u>1,417.0</u>	<u>(18.8)</u>
(iii) Foreign Currency Hedging Contracts	RM 'Mil	RM 'Mil
- Less than 1 year	574.0	(2.5)
Total	<u>2,003.8</u>	<u>(528.6)</u>
Represented by:		
- Current liabilities		(323.6)
- Non current liabilities		(205.0)
		<u>(528.6)</u>

There is no change to the related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks since the last financial year.

13. MATERIAL LITIGATIONS

(a) 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 against the Company 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 the Company, in breach of a purported contract consisting of various documents involving services rendered by the Plaintiffs to the Company and MASkargo.

MAS and MASkargo had on 27 April 2010 entered into a Settlement Agreement with the Plaintiffs for the full and final settlement of the disputes. By this Settlement Agreement, the Civil Suit was discontinued and withdrawn on 6 May 2010.

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

13. MATERIAL LITIGATION (CONTINUED)

(b) MAS and MASkargo 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, the Company and MASkargo 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 the Company. The First, Second and Fourth Defendants have filed applications to strike out the suit, whilst the third Defendant has applied to set aside the Service of the Amended Writ of Notice to be Served Out of Jurisdiction on him.

(c) 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 (collectively the "Defendants")

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 the Plaintiffs, the Company'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.

**(d) MAS vs Air Maldives Limited
Arbitration Proceedings by Air Maldives Limited ("AML") vs MAS**

On 11 February 2004, the Company filed a suit at the High Court of Malaya against AML to claim for the sum of USD35.5 million being unpaid fees and charges payable by AML to the Company for airline related services rendered by MAS pursuant to numerous agreements. The writ of summons was served by the Company on AML on 25 July 2007. AML has entered appearance on 22 October 2007. AML had on 19 March 2008 served their defence together with a counterclaim of USD43.6 million on the Company.

On 15 May 2007, the Company 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 the Company's duties under a Management Agreement between the Company and AML dated 16 January 1996 ("Arbitration").

MAS has entered into a Settlement Agreement dated 14 February 2010 with the Government of the Republic of Maldives (on its own behalf, and as agent for and on behalf of AML) to discontinue and terminate all legal proceedings in respect of Kuala Lumpur High Court Civil Suit No. D7-22-13-2004 ("the Malaysian Suit") and International Chambers of Commerce Arbitration No. 14966/JEM ("the Singapore Arbitration").

(e) Statement of Objections from the European Commission

On 27 December 2007, the Company and MASkargo were served with "Statement of Objections" from the European Commission in relation to its air freight investigation under Article 81 of the European Community Treaty, the general prohibition against anti-competitive behaviour. The Statement of Objections is a routine stage in the European Commission's investigations under the said Article 81 and is not a final determination of an infringement, nor does the Statement of Objections indicate any quantum of fines that might be ultimately imposed.

The Group has sought legal advice and replied to the Statement of Objections from the European Commission. The oral hearing was concluded on 30 June 2008 to 3 July 2008 but the European Commission has not fixed the date for decision.

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

13. MATERIAL LITIGATION (CONTINUED)

- (f) (i) **Meor Adlin vs MAS**
- (ii) **Stephen Gaffigan vs MAS**
- (iii) **Micah Abrams vs MAS**
- (iv) **Donald Wortman vs MAS**
- (v) **Bruce Hut vs MAS**
- (vi) **Dickson Leung vs MAS**

Between 18 January and 26 March 2008, the Company had been served with various complaints filed in the United States District Court for the Northern District of California (San Francisco) and the United States District Court for the Central District of California (Los Angeles) filed on behalf of various Plaintiffs against the Company and a number of other airlines. The cases involved allegations of price fixing for transpacific fares and related surcharges.

At this juncture, no infringement has been established. The recently served complaint does not make any mention of the quantum of damages sought against the Company. The Company is currently seeking legal advice in relation to the complaint.

MAS has entered into a joint defence agreement with the other defendants.

(g) Statement of Claim from Commerce Commission of New Zealand

On 15 December 2008, the Company was served with a "Statement of Claim" from the Commerce Commission of New Zealand in relation to its air freight investigation under Section 27 of the Commerce Act. The Statement of Claim does not indicate any quantum of fines that might be ultimately imposed.

The Company and its lawyers are reviewing the Statement of Claim.

The Company has filed its defence on 11 December 2009 and currently awaiting for the Commission's response on various applications.

(h) Benchmark Export Services and Six Other Plaintiffs vs MAS

On 16 February 2010, the Company at its offices in the United States, was served with a complaint filed in the United States District Court for the Eastern District of New York on behalf of Benchmark Export Services and six other plaintiffs against the Company and eleven other defendants. The case involves allegations of price fixing on airfreight shipping services and related surcharges.

At this juncture, no infringement has been established. The recently served complaint does not mention the quantum of damages sought against the Company. The Company is currently taking legal advice in relation to the complaint.

(i) Application and Statement of Claim from Australian Competition and Consumer Commission

On 9 April 2010, the Company was served with an "Application and Statement of Claim" from the Australian Competition and Consumer Commission ('ACCC') in relation to its air freight investigation on fuel and security surcharges under the Trade Practices Act 1974. The Statement of Claim does not indicate any quantum of fines that might be ultimately imposed.

The Company is taking legal advice in relation to the Statement of Claim.

14. DIVIDENDS

The directors do not recommend any dividend for the financial period ended 31 March 2010.

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

15. EARNINGS PER SHARE

	Quarter ended 31/3/2010	Quarter ended 31/3/2009 (Restated)	Period ended 31/3/2010	Period ended 31/3/2009 (Restated)
(a) Basic earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the Company (RM'000)	310,047	(698,546)	310,047	(698,546)
Weighted average number of ordinary shares in issue ('000)	2,912,642	2,053,570	2,912,642	2,053,570
Earnings/(Loss) per share (sen)	<u>10.64</u>	<u>(34.02)</u>	<u>10.64</u>	<u>(34.02)</u>

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of ordinary shares in issue during the financial period ended 31 March 2010. For the comparative quarter and period ended 31 March 2009, the basic earnings per share is restated in accordance with FRS 133 - Earnings Per Share.

(b) Diluted earnings/(loss) per share

	Quarter ended 31/3/2010	Quarter ended 31/3/2009	Period ended 31/3/2010	Period ended 31/3/2009
Weighted average number of ordinary shares in issue ('000)	2,912,642	2,053,570	2,912,642	2,053,570
Effects of dilution resulting from RCPS ('000)	134,345	103,148	134,345	103,148
Effects of dilution resulting from ESOS ('000)	6,484	-	6,484	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>3,053,471</u>	<u>2,156,718</u>	<u>3,053,471</u>	<u>2,156,718</u>
Diluted earnings/(loss) per share (sen)	<u>10.35</u>	<u>(32.12)</u>	<u>10.35</u>	<u>(32.12)</u>

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of ordinary shares in issue during the financial period ended 31 March 2010, adjusted to assume the conversion of dilutive potential ordinary shares. For the comparative quarter and period ended 31 March 2009, the share options granted under ESOS have not been included in the calculation of diluted earnings per shares because they were anti-dilutive.

16. 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 17 May 2010.

By Order of the Board

Shahjanaz binti Kamaruddin (LS 0009441)
Company Secretary
Selangor Darul Ehsan
17 May 2010

PART C - ADDITIONAL INFORMATION

1. ECONOMIC PROFIT

- (a) As prescribed by the GLC Transformation Programme, the reporting of economic profit ("EP") is made every quarter. EP is an indicative measure of value creation by the business in a specific period. It is a reflection of how much return a business has generated after operating expenses and capital costs.
- (b) The Economic Profit of the Group for the quarter and period ended 31 March 2010 is RM252 million (2009: RM775 million loss). The Group recorded Economic Profit for the quarter and period ended 31 March 2010 after excluding derivative (loss)/gain and certain non-operational items such as interest income and foreign exchange differences.

Although the EP may have some usefulness in terms of providing an indication of the return after deducting the cost of the resources it employs, it should not be used in isolation as an indicator of a company's performance nor is it a predictor of future performance. The EP results purely on their own may often give misleading results or trends.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/3/2010 RM 'Mil	Quarter ended 31/3/2009 RM 'Mil Restated	Period ended 31/3/2010 RM 'Mil	Period ended 31/3/2009 RM 'Mil Restated
Profit/(Loss) Before Interest and Tax	314	(766)	314	(766)
Adjusted Tax	(10)	(9)	(10)	(9)
NOPLAT	304	(775)	304	(775)
Economic Charge				
Average Invested Capital	2,931	(3)	2,931	(3)
WACC (%)	7.15%	6.35%	7.15%	6.35%
Economic Charge	52	(0)	52	(0)
Economic Profit/(Loss)	252	(775)	252	(775)

Average Invested Capital for every quarter is calculated by using the Invested Capital t=0 as the base capital

Note:

WACC - Weighted Average Cost of Capital

NOPLAT - Net Operating Profit/(Loss) after Tax

PART C - ADDITIONAL INFORMATION (CONTD)

2. SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000 (Restated)	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000 (Restated)
(a) Revenue	3,301,967	2,722,946	3,301,967	2,722,946
(b) Profit/(Loss) before tax	320,251	(709,541)	320,251	(709,541)
(c) Profit/(Loss) for the period	310,562	(697,954)	310,562	(697,954)
(d) Profit/(Loss) for the period attributable to ordinary equity holders of the Company	310,047	(698,546)	310,047	(698,546)
(e) Basic earnings/(loss) per share (sen)	10.64	(34.02)	10.64	(34.02)
Diluted earnings/(loss) per share (sen)	10.35	(32.12)	10.35	(32.12)

	AS AT 31/3/2010	AS AT 31/12/2009 (Audited)
(a) Net assets per share attributable to ordinary equity holders of the Company (RM)	1.09	0.40

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/3/2010 RM '000	Quarter ended 31/3/2009 RM '000	Period ended 31/3/2010 RM '000	Period ended 31/3/2009 RM '000
(a) Gross interest income	18,213	2,869	18,213	2,869
(b) Gross interest expense	(27,874)	(17,421)	(27,874)	(17,421)