

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 third quarter ended 30 September 2011. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000
Operating revenue		3,492,873	3,319,185	10,063,445	9,388,437
Operating expenses		(3,721,370)	(3,364,600)	(11,124,843)	(9,853,505)
Other operating income		72,168	80,384	180,921	526,035
(Loss)/Profit from operations		(156,329)	34,969	(880,477)	60,967
Derivative (loss)/gain	Part B,2	(70,183)	155,714	(61,698)	(4,790)
Unrealised foreign exchange (loss)/gain		(195,075)	87,687	(150,845)	65,575
Finance costs		(41,663)	(45,029)	(115,487)	(105,963)
Share of results from associated companies		7,565	13,013	11,117	20,024
Share of results from jointly controlled entity		(5,855)	(10,280)	(11,812)	(12,078)
(Loss)/Profit before taxation		(461,540)	236,074	(1,209,202)	23,735
Taxation		(15,472)	(2,176)	(35,258)	(12,835)
(Loss)/Profit for the period		(477,012)	233,898	(1,244,460)	10,900
(Loss)/Profit attributable to:					
Equity holders of the Company		(477,585)	233,233	(1,246,604)	8,552
Non-controlling interest		573	665	2,144	2,348
(Loss)/Profit for the period		(477,012)	233,898	(1,244,460)	10,900
(Loss)/Earning per share attributable to equity holders of the Company					
Basic (sen)		(14.29)	6.98	(37.30)	0.27
Diluted (sen)		(14.29)	6.88	(37.30)	0.27

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000
Note				
(Loss)/Profit for the period	(477,012)	233,898	(1,244,460)	10,900
Other comprehensive income: Part B,3				
Gain/(Loss) from cash flow hedges	6,524	(99,282)	29,210	(93,062)
Total comprehensive (loss)/income for the period	(470,488)	134,616	(1,215,250)	(82,162)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(471,061)	133,951	(1,217,394)	(84,510)
Non-controlling interest	573	665	2,144	2,348
Total comprehensive (loss)/income for the period	(470,488)	134,616	(1,215,250)	(82,162)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>Note</u>	As at 30/9/2011 RM '000	As at 31/12/2010 RM '000 (Restated)
<u>Non current assets</u>			
Aircraft, property, plant and equipment		8,699,413	7,663,357
Investment in associates		106,006	101,804
Investment in a jointly controlled entity		2,791	2,360
Other investments		54,599	54,604
Intangible assets		133,140	137,732
Other receivables		415,321	442,575
Deferred tax assets		1,219	3,495
		9,412,489	8,405,927
<u>Current assets</u>			
Inventories		462,173	430,849
Trade and other receivables		1,318,091	1,389,815
Tax recoverable		10,962	19,436
Negotiable instruments of deposit		105,272	139,206
Cash and bank balances		1,024,091	2,085,451
		2,920,589	4,064,757
<u>Current liabilities</u>			
Trade and other payables		2,169,291	2,257,673
Provision		880,329	934,967
Borrowings	Part B,11	557,631	293,867
Taxation		1,578	3,614
Derivative financial instruments	Part B,12	34,474	108,080
Sales in advance of carriage		1,807,806	1,677,346
Deferred revenue		281,128	232,823
		5,732,237	5,508,370
Net current liabilities		(2,811,648)	(1,443,613)
		6,600,841	6,962,314
Financed by:			
Equity attributable to equity holders of the Company:			
Share capital		3,342,156	3,342,156
Reserves		(1,034,834)	182,010
		2,307,322	3,524,166
Non-controlling interest		15,046	13,078
Total equity		2,322,368	3,537,244
<u>Non current liabilities</u>			
Borrowings	Part B,11	4,221,859	3,414,913
Derivative financial instruments	Part B,12	27,427	10,155
Deferred tax liabilities		29,187	2
		4,278,473	3,425,070
		6,600,841	6,962,314
Net assets per share (RM)		0.69	1.06

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Attributable to equity holders of the Company								Non-controlling interest RM '000	Total Equity RM '000	
	Non-Distributable				Distributable						
Share capital RM '000	Equity component of RCPS RM '000	Share premium RM '000	Employee share option reserves RM '000	Cash Flow Hedge reserves RM '000	General reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000			
At 1 January 2011	3,342,156	58,076	4,995,970	88,388	(70,002)	501,530	(5,391,952)	182,010	3,524,166	13,078	3,537,244
Loss for the period	-	-	-	-	-	-	(1,246,604)	(1,246,604)	(1,246,604)	2,144	(1,244,460)
Other comprehensive income	-	-	-	-	29,210	-	-	29,210	29,210	-	29,210
Grant of ESOS	-	-	-	550	-	-	-	550	550	-	550
Dividend declared	-	-	-	-	-	-	-	-	-	(176)	(176)
At 30 September 2011	3,342,156	58,076	4,995,970	88,938	(40,792)	501,530	(6,638,556)	(1,034,834)	2,307,322	15,046	2,322,368

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	Attributable to equity holders of the Company								Non-controlling interest RM '000	Total Equity RM '000	
	Non-Distributable				Distributable						
Share capital RM '000	Equity component of RCPS RM '000	Share premium RM '000	Employee share option reserves RM '000	Cash Flow Hedge reserves RM '000	General 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	87,752	-	501,530	(5,590,387)	(935,351)	735,727	11,869	747,596
Prior year adjustment on effect of adopting:											
- IC 13	-	-	-	-	-	-	(60,232)	(60,232)	(60,232)	-	(60,232)
- FRS 123	-	-	-	-	-	-	24,198	24,198	24,198	-	24,198
At 1 January 2010 (as restated)	1,671,078	58,076	4,007,678	87,752	-	501,530	(5,626,421)	(971,385)	699,693	11,869	711,562
Profit for the period	-	-	-	-	-	-	8,552	8,552	8,552	2,348	10,900
Other comprehensive income	-	-	-	-	(93,062)	-	-	(93,062)	(93,062)	-	(93,062)
Rights issue	1,671,078	-	1,002,647	-	-	-	-	1,002,647	2,673,725	-	2,673,725
Rights shares's expenses	-	-	(14,353)	-	-	-	-	(14,353)	(14,353)	-	(14,353)
Grant of ESOS	-	-	-	636	-	-	-	636	636	-	636
Dividend declared	-	-	-	-	-	-	-	-	-	(300)	(300)
At 30 September 2010	3,342,156	58,076	4,995,972	88,388	(93,062)	501,530	(5,617,869)	(66,965)	3,275,191	13,917	3,289,108

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000 (Restated)
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(1,209,202)	23,735
Adjustments for :-		
Provision for/(Writeback of):		
- aircraft maintenance and overhaul costs	415,928	636,660
- doubtful debts, net	39,303	8,837
- short term accumulating compensated absences, net	12,331	5,212
- inventories obsolescence, net	24,057	15,684
- unavailed credits on sales in advance of carriage	(141,615)	(169,935)
Aircraft, property, plant and equipment:		
- depreciation	303,280	252,548
- writte off, net	8,949	7,416
- write off/(writeback) of impairment losses, net	923	(8,212)
- loss on disposal, net	62,203	395
Amortisation of:		
- intangible assets	24,688	24,525
Share of results of:		
- jointly-controlled entity	11,812	12,078
- associated companies	(11,117)	(20,024)
Interest expenses	115,487	105,963
Derivative loss	61,698	4,790
ESOS expense	550	636
Unrealised foreign exchange loss/(gain)	150,845	(65,575)
Interest income	(24,311)	(42,708)
Dividend income	(15,569)	(18,694)
Operating (loss)/profit before working capital changes	(169,760)	773,331
Increase in inventories	(55,380)	(37,261)
Decrease in trade and other receivables	69,341	22,411
Decrease/(Increase) in amount owing by holding company	346	(115,553)
Increase/(decrease) in trade and other payables	56,617	(193,038)
Decrease in provision	(470,566)	(489,571)
Increase in sales in advance of carriage	272,078	440,019
Increase in deferred revenue	48,303	96,280
Cash (used in)/generated from operating activities	(249,021)	496,618
Net cash settlement on derivatives	(101,424)	(441,751)
Premium paid on derivatives	(23,297)	(35,118)
Interest paid	(132,591)	(109,492)
Taxes paid	(10,075)	(6,797)
Net cash used in operating activities	(516,408)	(96,540)
Cash Flows From Investing Activities		
Purchase of:		
- aircraft, property, plant and equipment	(2,608,988)	(3,157,644)
- intangible assets	(20,097)	(30,095)
- investment in a jointly controlled entity	(12,244)	(10,709)
Withdrawal of:		
- negotiable instruments of deposit	35,000	150,000
- deposits pledged with banks	106,086	19,777
Proceeds from disposal of:		
- aircraft, property, plant and equipment	1,197,568	141
- other investment	6	-
Interest received	21,707	35,390
Dividend received	22,484	22,957
Net cash used in investing activities	(1,258,478)	(2,970,183)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000 (Restated)
<u>Cash Flows From Financing Activities</u>		
Proceeds from:		
- issuance of shares	-	2,673,725
- aircraft refinancing	637,252	259,623
- borrowings	563,192	-
Repayment of:		
- borrowings	(210,731)	(210,000)
- finance lease	(157,471)	(153,444)
Expenses incurred on issuance of Rights share exercise	-	(14,353)
Settlement of RCPS	-	(696)
Dividend paid on RCPS	(12,454)	(12,454)
Dividend paid to minority shareholders in subsidiaries	(176)	-
Net cash generated from financing activities	819,612	2,542,401
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(955,274)	(524,322)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	1,923,777	2,449,362
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	968,503	1,925,040
Cash and cash equivalents comprise:		
Cash on hand and at banks	558,775	731,912
Short term deposits	465,316	1,388,848
Cash and cash equivalents	1,024,091	2,120,760
Less: Deposits pledged with banks	(55,588)	(195,720)
Cash and cash equivalents as at 30 September	968,503	1,925,040

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 financial statements for the financial year ended 31 December 2010 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 financial year ended 31 December 2010.

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 2010 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 2010 except for the adoption of FRS 3 (Revised): Business Combination, FRS 127 (Amended): Consolidated and Separate Financial Statements and IC Interpretation 4: Determining Whether an Arrangement Contains a Lease.

The principal changes in accounting policies and effects resulting from the adoption of FRS 3, FRS 127 and IC Interpretation 4 are discussed below.

i) Effects of Adoption of FRS 3 (Revised): Business Combination

FRS 3 (Revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

ii) Effects of Adoption of FRS 127 (Amended): Consolidated and Separate Financial Statements

FRS 127 (Amended) requires that a change in ownership interest of a subsidiary (without loss of control) is accounted for as transaction with owners in their capacity as owners to be recognised in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of subsidiary.

iii) Effects of Adoption of IC Interpretation 4: Determining Whether an Arrangement Contains a Lease

IC Interpretation 4 clarifies that an arrangement should be accounted for as a lease under FRS 117: Leases when the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if the arrangement does not take the legal form of a lease.

The adoption of FRS 3 (Revised), FRS 127 (Amended) and IC Interpretation 4 does not have any financial impact to the Group and Company.

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

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 124 (Revised):	Related Party Disclosures	1 Jan 2012
IC Interpretation 14:	Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
IC Interpretation 15:	Agreements for the Construction of Real Estate	1 Jan 2012
IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

The FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 124 (Revised).

3. QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification of the Group's Audited Financial Statements for the financial year ended 31 December 2010.

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 30 September 2011.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no material changes in estimates of amount reported for the financial period ended 30 September 2011.

7. SIGNIFICANT EVENTS

- (i) On 9 August 2011, MAS entered into a Comprehensive Collaboration Framework ("CCF") with Air Asia Berhad ("AirAsia") and Air Asia X Sdn. Bhd. which includes a Collaboration Agreement to explore opportunities to co-operate on a broad range of areas. Under the CCF, all parties will strive to complement each other's businesses so as to leverage on their respective core competencies and optimise efficiency for the benefit of consumers.
- (ii) On 21 June 2011, the Company announced that it has exercised its option to purchase ten (10) additional Next-Generation 737-800 aircraft. The order is valued at more than USD800 million at current list prices.
- (iii) On 6 June 2011, the Company was elected as a designate member of Oneworld at a meeting on the sidelines of IATA's 2011 World Air Transport Summit. The formalisation of the alliance membership agreement is currently in progress.

There was no other significant event for the financial period ended 30 September 2011.

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

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

There was no issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial period ended 30 September 2011.

9. DIVIDEND PAID

There was no dividend paid during the financial period ended 30 September 2011.

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 in the business of air cargo operations, charter freighter and all warehousing activities relating to air cargo operations.
- (iii) Others segment engages in 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 financial period ended 30 September 2011 and 2010, respectively.

	Airlines Operations RM'000	Cargo Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
For the period ended 30 September 2011					
Revenue					
External revenue	8,488,101	1,529,846	45,498	-	10,063,445
Inter-segment revenue *	848,963	-	33,037	(882,000)	-
Total revenue	9,337,064	1,529,846	78,535	(882,000)	10,063,445
Results					
Segment (loss)/profit before tax	(1,289,954)	79,283	9,785	(8,316)	(1,209,202)

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

10. SEGMENTAL INFORMATION (CONTINUED)

	Airlines Operations RM'000	Cargo Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
For the period ended 30 September 2010					
Revenue					
External revenue	7,602,247	1,740,478	45,712	-	9,388,437
Inter-segment revenue *	822,080	-	33,537	(855,617)	-
Total revenue	8,424,327	1,740,478	79,249	(855,617)	9,388,437
Results					
Segment (loss)/profit before tax	(108,053)	114,750	15,368	1,670	23,735
Segment assets **					
At 30 September 2011	12,407,854	563,484	895,333	(1,642,390)	12,224,281
At 31 December 2010	12,599,985	278,944	869,375	(1,381,784)	12,366,520

* Inter-segment revenues are eliminated on consolidation.

** Segment assets do not include investment in associates (Sept '11: RM106.0 million, Dec '10: RM101.8 million) and investment in a jointly-controlled entity (Sept '11: RM2.8 million, Dec '10: RM2.4 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 30 September 2011.

12. SUBSEQUENT EVENT

On 27 October 2011, the Company has incorporated an off-shore company, Delima Insurance (Labuan) Ltd with a paid-up capital of USD1.00 (equivalent to RM3.00). With effect from that date, Delima Insurance (Labuan) Ltd became a wholly-owned subsidiary of the Company.

There was no other material subsequent event for the financial period ended 30 September 2011.

13. CHANGES IN THE COMPOSITION OF THE GROUP

- (i) On 11 July 2011, the Company subscribed for two (2) ordinary shares of RM1 each of MH Loyalty Programme Sdn. Bhd. for a consideration of RM2, by way of cash. With effect from that date, MH Loyalty Programme Sdn. Bhd. became a wholly-owned subsidiary of the Company.
- (ii) On 7 January 2011, a wholly owned subsidiary, Malaysian Aerospace Engineering Sdn. Bhd. ("MAE") subscribed for 100% equity of MAE Aero Services Pte. Ltd. with a total of 1 ordinary shares for a purchase consideration of SGD1.00 (equivalent to RM2.38).

There was no other changes in the composition of the Group for the financial period ended 30 September 2011.

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.

		16/11/2011
		RM '000
1.	Loans	
	- Unsecured	36,877
		36,877
2.	Tenure	
	Loans due within one year	13,198
	Loans due later than one year and not later than five years	23,679
		36,877
3.	Loans by currencies in Ringgit Malaysia	
	Euro	36,877
		36,877
 (b) Others		
	Bank guarantees given to third parties	331,443
	Bank guarantees given to PMB on aircraft lease	19,348
	Performance bonds given to third parties	1,494
		352,285

(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 unbundling 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 and maintenance costs required in accordance with the contractual redelivery terms. The decayed net book value for each aircraft at future dates is stipulated in the WAU Agreement.

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

15. CAPITAL COMMITMENT

	As at 30/9/2011 RM '000	As at 31/12/2010 RM '000 (Restated)
Approved and contracted for	11,631,288	11,961,748
Approved but not contracted for	25,683	168,998
	<u>11,656,971</u>	<u>12,130,746</u>

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

16. SIGNIFICANT RELATED PARTY DISCLOSURES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000
LSG Sky Chefs-Brahim's Sdn. Bhd., an associate:				
- Catering and other services paid/payable	55,128	62,970	169,918	174,345
- Rental income and others	(4,898)	(4,898)	(14,694)	(14,694)
GE Engine Services (M) Sdn. Bhd., an associate:				
- Engine maintenance services rendered	83,051	61,011	300,819	237,264
- Rental income and others	(3,066)	(3,207)	(9,235)	(9,875)
- Shared services billed	(47)	(69)	(165)	(143)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Line maintenance and aircraft interior cleaning services paid/ payable	1,040	1,099	3,162	3,375
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft component repair services paid/payable	2,185	3,258	7,434	9,145
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft power plant unit overhaul services paid/payable	773	1,148	2,918	3,599
Taj Madras Flight Kitchen Limited, an associate:				
- Catering services paid/ payable	358	305	1,185	1,026
Abacus International Holding Ltd., a company in which the Company has equity interest:				
- Computer reservation system access fee paid/ payable	8,064	9,205	17,827	27,772

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

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM '000	RM '000	RM '000	RM '000
Evergreen Sky Catering Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	1,375	1,267	3,800	3,661
Miascor Catering Services Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	394	343	1,044	970
Penerbangan Malaysia Bhd, a corporate shareholder:				
- Hire of aircraft paid/ payable	58,365	60,659	214,396	179,418
Aircraft Business Malaysia Sdn. Bhd., a related company:				
- Aircraft lease rental paid/ payable	59,368	59,664	177,802	177,372

17. SIGNIFICANT RELATED PARTY BALANCES

	As at 30/9/2011 RM '000	As at 31/12/2010 RM '000 (Audited)
Amount owing by a corporate shareholder	19,334	-
Amount owing by holding company	-	19,679
Amount owing by a related party	2,776	2,805
Amount owing by a related company:		
- due within one year	42,380	-
- due after one year	90,473	-
Amount owing by a fellow subsidiary		
- due within one year	-	40,931
- due after one year	-	122,379
Amount owing by associated companies	4,854	328
Amount owing to associated companies	(35,655)	(58,376)

18. CHANGES IN PREVIOUS YEAR PRESENTATION

The following disclosure for the year ended 31 December 2010 has been restated to conform with current period's presentation:

Statement of financial position as at 31 December 2010

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Trade and other receivables	1,351,207	38,608	1,389,815
Trade and other payables	(2,219,065)	(38,608)	(2,257,673)

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 loss of RM156 million for the third quarter ended 30 September 2011 as compared to RM35 million profit for the quarter ended 30 September 2010. The higher loss is attributable to higher fuel cost.

The Group recorded a loss after tax of RM477 million for the quarter ended 30 September 2011, compared to RM234 million profit in the same quarter last year. The after tax loss is inclusive of derivative loss of RM70 million (Quarter ended 30 September 2010: RM156 million gain) and unrealised foreign exchange loss of RM195 million (Quarter ended 30 September 2010: RM88 million gain).

Total operating revenue increased by 5% to RM3,493 million for the quarter, RM174 million higher than the revenue recorded in the quarter ended 30 September 2010. The revenue growth was attributable to 3% growth in passenger load (in terms of passenger revenue kilometers) at the back of 6% capacity growth, reduced seat factor by 2.7 percentage point to 76% and 6% improvement in passenger yield (average revenue per passenger kilometer).

Total expenditure, however increased by 10% or RM357 million to RM3,721 million mainly due to increase in fuel cost by RM396 million as the total fuel cost increased by 37.1% over the same period last year. Non-fuel cost was lower by 2% or RM39 million than the same quarter last year.

2. DERIVATIVE (LOSS)/GAIN

Derivative (loss)/gain consists of realised (loss)/gain 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 and ineffective portion of cash flow hedges at 30 September 2011 as compared to 1 January 2011 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011	Quarter ended 30/9/2010	Period ended 30/9/2011	Period ended 30/9/2010
	RM 'Mil	RM 'Mil	RM 'Mil	RM 'Mil
(i) (Loss)/gain from fuel hedging contracts	(28.1)	169.8	53.3	27.0
(ii) (Loss)/gain from foreign currency hedging contracts	(36.8)	(4.9)	(103.2)	3.0
(iii) Loss from interest rate hedging contracts	(5.3)	(9.2)	(11.8)	(34.8)
	(70.2)	155.7	(61.7)	(4.8)

3. OTHER COMPREHENSIVE INCOME

Gain/(loss) from cash flow hedges consists of realised gain/(loss) on settlement of hedging contracts and fair value changes due to movement in MTM position on effective hedging contracts at 30 September 2011 as compared to 1 January 2011 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011	Quarter ended 30/9/2010	Period ended 30/9/2011	Period ended 30/9/2010
	RM 'Mil	RM 'Mil	RM 'Mil	RM 'Mil
(i) (Loss)/gain from fuel hedging contracts	(31.7)	1.7	(25.7)	1.4
(ii) Gain/(loss) from foreign currency hedging contracts	47.9	(96.6)	66.8	(87.6)
(iii) Loss from interest rate hedging contracts	(9.7)	(4.4)	(11.9)	(6.9)
	6.5	(99.3)	29.2	(93.1)

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

4. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group operating loss of RM156 million is RM256 million favourable when compared to quarter ended June 2011. The Group loss after tax for the quarter of RM477 million is RM49 million favourable when compared to that of the preceding quarter. The preceding quarter result is inclusive of RM56 million derivative loss.

Total operating revenue increased by 2% or RM64 million when compared to the previous quarter mainly from higher seat factor by 0.4 percentage point even though yield reduced by 6%.

Total expenditure decreased by 5% or RM176 million due to both fuel and non-fuel cost decrease. Fuel cost has decreased by RM86 million or 6% over the preceding quarter. Non-fuel cost decreased by 4% or RM90 million mainly due to one-off foreign exchange loss on sale and leaseback of aircraft in previous quarter, lower aircraft lease and maintenance cost and advertising cost.

5. CURRENT YEAR PROSPECTS

The operating environment for airlines in general remains challenging for the fourth quarter of 2011. Not only is jet fuel price staying high, the worsening economic situation in Europe is being translated into weak forward booking profiles for our long-haul routes.

Management is undertaking immediate counter-measures to address this situation via heightened dynamic revenue management activities, and other commercial initiatives to mitigate the situation. Notwithstanding management's efforts to mitigate the adverse situation, we expect the fourth quarter operational results to be weaker than the current quarter.

Management is reviewing all aspects of operations and inventories, and any consequential provisions required shall be recognized in the fourth quarter.

Management is embarking on a significant network rationalization exercise to withdraw structurally weak, loss-making routes, and to possibly embark on new higher yielding routes focusing on Asia. With the adoption of a leaner network, management shall also be accelerating the return of ageing aircraft, and in so doing improve the fuel efficiency of our fleet. We expect the full impact of these initiatives to begin bearing fruit in 2012, and thus these initiatives would have no material impact for the results of 2011. These strategic initiatives will be amongst several other strategic key initiatives that would be outlined in MAS's forthcoming Business Plan, which is to be announced sometime in December 2011.

With respect to the Comprehensive Collaboration Framework between MAS, Air Asia, Air Asia X, we anticipate several initiatives to be realized and announced soon in the areas of ;

1. Training
2. Ground handling
3. Maintenance, Repair and Overhaul ('MRO')
4. Joint procurement
5. Best practice sharing, e.g. on fuel efficiency

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

6. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in respect of the financial period ended 30 September 2011.

7. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000
Current period				
- Malaysian taxation	(14,836)	1,244	63	2,950
- Foreign taxation	1,360	1,050	3,526	3,060
	(13,476)	2,294	3,589	6,010
(Over)/Under provision in prior period	(41)	(42)	207	6,635
Deferred taxation	28,989	(76)	31,462	190
Total	15,472	2,176	35,258	12,835

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 30 September 2011.

9. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

As at 30 September 2011, the Group has no quoted securities and there were no disposal of quoted securities during the financial period ended 30 September 2011.

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

10. CORPORATE PROPOSALS

On 9 August 2011, on behalf of the Board of Directors of the Company ("Board"), CIMB Investment Bank Berhad announced that the Company is proposing to enter into a warrants exchange exercise with AirAsia ("Proposed Warrants Exchange").

The Proposed Warrants Exchange involves MAS issuing free warrants ("MAS Warrants") to AirAsia's ordinary shareholders and in exchange, AirAsia will be issuing free warrants ("AirAsia Warrants") to MAS's ordinary shareholders.

The Proposed Warrants Exchange will not raise any funds for MAS as MAS Warrants will be issued for free to the shareholders of AirAsia.

The Proposed Warrants Exchange is subject to and conditional upon approvals being obtained from the following:

- (a) Bursa Securities, for the following:
 - 1. the admission of the MAS Warrants and AirAsia Warrants to the Official List of Bursa Securities; and
 - 2. the listing of and quotation for the MAS Warrants and AirAsia Warrants as well as the new MAS and AirAsia Shares to be issued arising from the exercise of the MAS Warrants and AirAsia Warrants, on the Main Market of Bursa Securities;
- (b) Bank Negara Malaysia, for the issuance of the MAS Warrants and AirAsia Warrants to non-resident shareholders;
- (c) the approval of the Securities Commission;
- (d) MAS's shareholders for the Proposed Warrants Exchange at an extraordinary general meeting ("EGM") to be convened;
- (e) AirAsia's shareholders for the Proposed Warrants Exchange at an EGM to be convened;
- (f) all relevant parties for AirAsia to undertake the Proposed Warrants Exchange; and
- (g) any other relevant authorities and/or parties, if required.

Barring any unforeseen circumstances, the Board expects the Proposed Warrants Exchange to be completed by the first quarter of 2012 and application(s) to the relevant authorities for the Proposed Warrants Exchange have been submitted on 21 October 2011.

There were no other corporate proposals for the financial period ended 30 September 2011.

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

	As at 30/9/2011 RM '000	As at 31/12/2010 RM '000 (Audited)
(i) Short term borrowings		
Unsecured		
- Revolving Credit	223,988	50,000
- Term Loan	118,518	118,614
Secured		
- Term Loan	45,494	22,355
- Finance Lease	169,631	102,898
	<u>557,631</u>	<u>293,867</u>
(ii) Long term borrowings		
Unsecured		
- Term Loan	752,086	802,598
- Redeemable Cumulative Preference Shares ("RCPS")	413,289	407,116
Secured		
- Term Loan	421,717	193,720
- Finance Lease	2,634,767	2,011,479
	<u>4,221,859</u>	<u>3,414,913</u>
Total	<u>4,779,490</u>	<u>3,708,780</u>
(iii) Currency denominations		
Ringgit Malaysia	1,626,398	1,558,385
US Dollars	2,585,552	1,991,208
Japanese Yen	567,540	159,187
	<u>4,779,490</u>	<u>3,708,780</u>

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 as at 30/9/2011	Fair Value as at 30/9/2011 Assets/ (Liabilities) RM 'Mil
(i) Fuel Hedging Contracts	Barrels 'Mil	
Less than 1 year	1.8	(13.2)
1 year to 3 years	0.3	(4.3)
	<u>2.1</u>	<u>(17.5)</u>
(ii) Interest Rate Hedging Contracts	RM 'Mil	
Less than 1 year	201.2	(42.0)
1 year to 3 years	966.6	19.2
More than 3 years	548.5	(18.6)
	<u>1,716.3</u>	<u>(41.4)</u>
(iii) Foreign Currency Hedging Contracts	RM 'Mil	
Less than 1 year	561.5	(3.0)
Total		<u>(61.9)</u>
Represented by:		
- Current liabilities		(34.5)
- Non current liabilities		(27.4)
		<u>(61.9)</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 previous financial year.

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

13. DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of unappropriated profits/(accumulated losses) of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Company and and Subsidiaries RM'000	Associated Companies RM'000	Jointly Controlled Entity RM'000	Consolidation Adjustments RM'000	Group Accumulated Losses RM'000
As at 30 September 2011					
Realised losses	(6,623,033)	(17,007)	(23,556)	109,226	(6,554,370)
Unrealised losses	(82,136)	(1,906)	(144)	-	(84,186)
	<u>(6,705,169)</u>	<u>(18,913)</u>	<u>(23,700)</u>	<u>109,226</u>	<u>(6,638,556)</u>
As at 31 December 2010 (Restated)					
Realised losses	(5,603,005)	(21,092)	(11,524)	135,438	(5,500,183)
Unrealised profits/(losses)	110,618	(2,023)	(364)	-	108,231
	<u>(5,492,387)</u>	<u>(23,115)</u>	<u>(11,888)</u>	<u>135,438</u>	<u>(5,391,952)</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

14. MATERIAL LITIGATION

(a) 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.

On 23 August 2010, the Court dismissed the First and Fourth Defendant's interlocutory applications to strike out the Plaintiff's claim. On 3 September 2010, the First Defendant served a Counterclaim seeking among others, damages of RM500 million for alleged defamation. On 24 November 2010, the Court dismissed the Second Defendant's interlocutory application to strike out the Plaintiff's claim.

To date, MAS has yet to receive any proposal for settlement and has not engaged in any negotiation with Tan Sri Tajudin bin Ramli with regard to an out of court settlement.

PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B (CONTINUED)**14. MATERIAL LITIGATION (CONTINUED)**

- (b) **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.

The First, Second, Third and Fourth Defendant's application to strike out the Original Suit has been dismissed by the High Court and they have filed an appeal to the Court of Appeal.

To date, MAS has yet to receive any proposal for settlement and has not engaged in any negotiation with Tan Sri Tajudin bin Ramli with regard to an out of court settlement.

- (c) (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 complaint does not make any mention of the quantum of damages sought against the Company. The Company has obtained legal advice in relation to the complaint and has entered into a joint defence agreement with the other defendants. The court allowed the Company's motion to strike out the part of the claims relating to the alleged price-fixing conspiracy prior to 6 November 2003 on the basis that those claims were time-barred. The court also dismissed portions of the claims relating to flights originating in Asia on the basis of lack of jurisdiction. These two rulings have, according to the Company's US lawyers, significantly reduced the potential amount of claims. The case is proceeding.

- (d) **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 filed its defence on 11 December 2009. The trial of the case has started on 11 May 2011 and is ongoing.

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

14. MATERIAL LITIGATION (CONTINUED)

(e) 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.

The Company on 11 July 2011 entered into a Settlement Agreement with the plaintiffs by which the Company is to pay a total sum of USD3.35 million as settlement to the plaintiffs. The settlement sum is apparently the lowest to date among the related actions. No admission of any infringement is made under the settlement and the settlement was entered into for the purpose of avoiding more legal costs that would otherwise have been incurred and treble damages that might be awarded by the court under the US antitrust laws had the plaintiffs won.

(f) 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 and has replied accordingly to ACCC. The Company has filed its defence. The full hearing is expected to begin sometime in late 2012.

(g) Giro-Warranty House International, Inc vs MAS

On 22 August 2011, the Company was served with a Complaint filed by the Plaintiff in Oklahoma, United States of America alleging that the Company breached the terms of a contract the Company entered into with the Plaintiff in 2008 by not paying to Plaintiff a percentage of the warranty claims received as agreed. The total damages claimed may amount to up to USD80 million. The Plaintiff claims interest but does not specify any interest rate in its Complaint.

The Company is reviewing the Complaint with the assistance of external counsel.

15. DIVIDENDS

The directors do not recommend any dividend for the financial period ended 30 September 2011.

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

16. LOSS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
(a) Basic loss per share				
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(477,585)	233,233	(1,246,604)	8,552
Ordinary shares /Weighted average number of ordinary shares in issue ('000)	3,342,156	3,342,156	3,342,156	3,198,985
(Loss)/Earning per share (sen)	<u>(14.29)</u>	<u>6.98</u>	<u>(37.30)</u>	<u>0.27</u>

Basic (loss)/earning per share is calculated by dividing the loss attributable to equity holders of the Company by the ordinary shares/weighted average number of ordinary shares in issue during the financial period ended 30 September 2011.

(b) Diluted loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(477,585)	233,233	(1,246,604)	8,552
Effect of interest saving from RCPS	-	6,086	-	-
Diluted (loss)/profit attributable to equity holders of the Company (RM'000)	<u>(477,585)</u>	<u>239,319</u>	<u>(1,246,604)</u>	<u>8,552</u>
Ordinary shares/Weighted average number of ordinary shares in issue ('000)	3,342,156	3,342,156	3,342,156	3,198,985
Effects of dilution resulting from RCPS	-	134,345	-	-
Effects of dilution resulting from ESOS	-	-	-	-
Adjusted ordinary shares/weighted average number of ordinary shares in issue and issuable	<u>3,342,156</u>	<u>3,476,501</u>	<u>3,342,156</u>	<u>3,198,985</u>
Diluted (loss)/earning per share (sen)	<u>(14.29)</u>	<u>6.88</u>	<u>(37.30)</u>	<u>0.27</u>

Diluted (loss)/earning per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period ended 30 September 2011, adjusted to assume the conversion of dilutive potential ordinary shares.

For the current quarter and period ended 30 September 2011 and comparative period ended 30 September 2010, RCPS and ESOS have not been included in the calculation of diluted loss per shares because they were anti-dilutive.

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

17. 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 21 November 2011.

By Order of the Board

Shahjanaz binti Kamaruddin (LS 0009441)
Company Secretary
Selangor Darul Ehsan
21 November 2011

PART C - ADDITIONAL INFORMATION

1. SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000 (Restated)	Year ended 30/9/2011 RM '000	Year ended 30/9/2010 RM '000 (Restated)
(a) Revenue	3,565,041	3,399,569	10,244,366	9,914,472
(b) (Loss)/Profit from operations	(156,329)	34,969	(880,477)	60,967
(c) (Loss)/Profit before tax	(461,540)	236,074	(1,209,202)	23,735
(d) (Loss)/Profit for the period	(477,012)	233,898	(1,244,460)	10,900
(e) (Loss)/Profit for the period attributable to ordinary equity holders of the Company	(477,585)	233,233	(1,246,604)	8,552
(f) Basic (loss)/earnings per share (sen)	(14.29)	6.98	(37.30)	0.27
Diluted (loss)/earnings per share (sen)	(14.29)	6.88	(37.30)	0.27

	AS AT 30/09/2011	AS AT 31/12/2010 (Audited)
(a) Net assets per share attributable to ordinary equity holders of the Company (RM)	0.69	1.06

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/9/2011 RM '000	Quarter ended 30/9/2010 RM '000	Period ended 30/9/2011 RM '000	Period ended 30/9/2010 RM '000
(a) Gross interest income	7,024	11,328	24,311	42,708
(b) Gross interest expense	(41,663)	(45,029)	(115,487)	(105,963)