

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE SECOND QUARTER ENDED 30 JUNE 2012

ANNOUNCEMENT

The Board of Directors of Malaysian Airline System Berhad ("MAS" or "the Company") would like to announce the following unaudited consolidated results for the second quarter ended 30 June 2012. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000 (Restated)	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000 (Restated)
Operating revenue		3,216,666	3,420,623	6,282,426	6,558,850
Operating expenses		(3,402,992)	(3,920,016)	(6,824,566)	(7,450,958)
Other operating income		84,408	56,552	133,337	108,753
Loss from operations		(101,918)	(442,841)	(408,803)	(783,355)
Fair value change of derivatives	Part B,3	(15,277)	(24,934)	(39,054)	67,692
Unrealised foreign exchange (loss)/gain		(172,974)	(823)	26,648	44,230
Finance costs		(62,772)	(35,452)	(107,374)	(73,824)
Share of results from associated companies		5,206	(2,221)	11,518	3,552
Share of results from jointly controlled entity		-	(3,140)	-	(5,957)
Loss before taxation		(347,735)	(509,411)	(517,065)	(747,662)
Taxation		(943)	(16,347)	(2,989)	(19,786)
Loss for the period		(348,678)	(525,758)	(520,054)	(767,448)
Loss attributable to:					
Equity holders of the Company		(349,248)	(526,680)	(521,042)	(769,019)
Non-controlling interest		570	922	988	1,571
Loss for the period		(348,678)	(525,758)	(520,054)	(767,448)
Loss per share attributable to equity holders of the Company					
Basic (sen)		(10.45)	(15.76)	(15.59)	(23.01)
Diluted (sen)		(10.45)	(15.76)	(15.59)	(23.01)

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE SECOND QUARTER ENDED 30 JUNE 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000 (Restated)	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000 (Restated)
Loss for the period	(348,678)	(525,758)	(520,054)	(767,448)
Other comprehensive income: Part B,4 (Loss)/Gain from cash flow hedges	(77,638)	(4,048)	(26,036)	22,686
Total comprehensive loss for the period	(426,316)	(529,806)	(546,090)	(744,762)
Total comprehensive loss attributable to:				
Equity holders of the Company	(426,886)	(530,728)	(547,078)	(746,333)
Non-controlling interest	570	922	988	1,571
Total comprehensive loss for the period	(426,316)	(529,806)	(546,090)	(744,762)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30/06/2012 RM '000	As at 31/12/2011 RM '000	As at 31/12/2010 RM '000 (Restated)
<u>Non current assets</u>				
Aircraft, property, plant and equipment		10,990,858	9,073,907	7,663,357
Investment in associates		123,264	120,043	101,804
Investment in a jointly controlled entity		-	-	2,360
Other investments		54,599	54,599	54,604
Intangible assets		168,679	151,757	137,732
Other receivables		286,318	343,582	442,575
Deferred tax assets		850	765	3,495
		11,624,568	9,744,653	8,405,927
<u>Current assets</u>				
Inventories		358,332	362,267	430,849
Trade and other receivables		1,360,295	1,268,154	1,372,186
Tax recoverable		8,955	8,865	19,436
Derivative financial instruments	Part B,11	1,311	-	-
Negotiable instruments of deposit		-	101,073	139,206
Cash and bank balances		1,979,797	1,014,464	2,085,451
		3,708,690	2,754,823	4,047,128
<u>Current liabilities</u>				
Trade and other payables		2,562,159	2,643,899	2,240,044
Provision		1,147,206	1,188,165	934,967
Borrowings	Part B,10	3,767,899	1,379,411	293,867
Taxation		897	1,437	3,614
Derivative financial instruments	Part B,11	62,680	9,820	108,080
Sales in advance of carriage		1,752,261	1,705,943	1,677,346
Deferred revenue		234,226	205,307	232,823
		9,527,328	7,133,982	5,490,741
Net current liabilities		(5,818,638)	(4,379,159)	(1,443,613)
		5,805,930	5,365,494	6,962,314
<u>Financed by:</u>				
Equity attributable to equity holders of the Company:				
Share capital		3,342,156	3,342,156	3,342,156
Perpetual Sukuk		998,190	-	-
Reserves		(2,846,726)	(2,299,648)	182,010
		1,493,620	1,042,508	3,524,166
Non-controlling interest		14,627	13,639	13,078
Total equity		1,508,247	1,056,147	3,537,244
<u>Non current liabilities</u>				
Borrowings	Part B,10	4,268,690	4,290,583	3,414,913
Derivative financial instruments	Part B,11	28,821	18,566	10,155
Deferred tax liabilities		172	198	2
		4,297,683	4,309,347	3,425,070
		5,805,930	5,365,494	6,962,314
Net assets per share (RM)		0.45	0.32	1.06

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012**

	Attributable to equity holders of the Company										Non-controlling interest RM '000	Total Equity RM '000	
	Share capital RM '000	Perpetual Sukuk RM '000	Non-Distributable				Distributable			Total reserves RM '000			Total 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	Note Part B,12				
At 1 January 2012	3,342,156	-	58,076	4,995,970	88,938	(28,222)	501,530	(7,915,940)	(2,299,648)	1,042,508	13,639	1,056,147	
Loss for the period	-	-	-	-	-	-	-	(521,042)	(521,042)	(521,042)	988	(520,054)	
Other comprehensive income	-	-	-	-	-	(26,036)	-	-	(26,036)	(26,036)	-	(26,036)	
Issue of Perpetual sukuk	-	998,190	-	-	-	-	-	-	-	998,190	-	998,190	
Rights issue	-	-	-	-	-	-	-	-	-	-	-	-	
Expiry of ESOS	-	-	-	-	(88,938)	-	-	88,938	-	-	-	-	
At 30 June 2012	3,342,156	998,190	58,076	4,995,970	-	(54,258)	501,530	(8,348,044)	(2,846,726)	1,493,620	14,627	1,508,247	

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

	Attributable to equity holders of the Company										Non-controlling interest RM '000	Total Equity RM '000
	Share capital RM '000	Non-Distributable				Distributable			Total reserves RM '000	Total 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					
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	-	-	-	-	-	-	(769,019)	(769,019)	(769,019)	1,571	(767,448)	
Other comprehensive income	-	-	-	-	22,686	-	-	22,686	22,686	-	22,686	
Grant of ESOS	-	-	-	550	-	-	-	550	550	-	550	
Dividend declared	-	-	-	-	-	-	-	-	-	(176)	(176)	
At 30 June 2011	3,342,156	58,076	4,995,970	88,938	(47,316)	501,530	(6,160,971)	(563,772)	2,778,384	14,473	2,792,857	

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000 (Restated)
<u>Cash Flows From Operating Activities</u>		
Loss before taxation	(517,065)	(747,662)
Adjustments for:		
Provision for/(Writeback of):		
- aircraft maintenance and overhaul costs	273,803	242,536
- doubtful debts, net	5,406	34,183
- short term accumulating compensated absences, net	12,634	10,107
- inventories obsolescence, net	17,708	15,056
- unavailed credits on sales in advance of carriage	(124,123)	(92,359)
Aircraft, property, plant and equipment:		
- depreciation	259,565	196,795
- written off	-	5,144
- provision/(writeback) of impairment losses, net	2,632	(620)
- (gain)/loss on disposal, net	(9,156)	62,120
Amortisation of intangible assets	14,790	15,082
Share of results of:		
- jointly-controlled entity	-	5,957
- associated companies	(11,518)	(3,552)
Interest expenses	107,374	73,824
Fair value change of derivatives	39,054	(67,692)
ESOS expense	-	550
Unrealised foreign exchange gain	(26,648)	(44,230)
Interest income	(12,057)	(17,287)
Operating profit/(loss) before working capital changes	32,399	(312,048)
Increase in inventories	(13,773)	(27,647)
Increase in trade and other receivables	(21,231)	(148,315)
Decrease in amount owing by immediate holding company	-	19,719
(Decrease)/Increase in trade and other payables	(131,816)	58,468
Decrease in provision	(314,762)	(303,268)
Increase in sales in advance of carriage	170,441	593,624
Increase in deferred revenue	28,919	21,269
Cash used in operating activities	(249,823)	(98,198)
Net cash settlement on derivatives	5,483	(73,507)
Premium paid on derivatives	-	(19,879)
Interest paid	(116,199)	(82,375)
Taxes paid	(3,728)	(5,905)
Net cash used in operating activities	(364,267)	(279,864)
<u>Cash Flows From Investing Activities</u>		
Purchase of:		
- aircraft, property, plant and equipment	(2,276,110)	(1,850,007)
- intangible assets	(31,713)	(5,114)
- investment in a jointly controlled entity	-	(12,244)
Withdrawal/(Placement) of:		
- negotiable instruments of deposit	101,073	35,000
- deposits pledged with banks	(34,654)	106,125
Proceeds from disposal of aircraft, property, plant and equipment	455,315	1,197,645
Interest received	12,057	13,718
Net cash used in investing activities	(1,774,032)	(514,877)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000 (Restated)
Cash Flows From Financing Activities		
Proceeds from:		
- aircraft refinancing	-	245,110
- borrowings	2,260,020	323,988
- issuance of Perpetual Sukuk	998,190	-
Repayment of:		
- borrowings	(52,851)	(58,548)
- finance lease	(136,381)	(99,006)
Dividend paid on RCPS	-	(12,454)
Dividend paid to minority shareholders in subsidiaries	-	(176)
Net cash generated from financing activities	3,068,978	398,914
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	930,679	(395,827)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	958,814	1,923,777
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	1,889,493	1,527,950
Cash and cash equivalents comprise:		
Cash on hand and at banks	495,434	929,663
Short term deposits	1,484,363	653,837
Cash and bank balances	1,979,797	1,583,500
Less: Deposits pledged with banks	(90,304)	(55,550)
Cash and cash equivalents as at 30 June	1,889,493	1,527,950

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 Malaysian Financial Reporting Standards ("MFRS") 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 2011 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 2011.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing the condensed quarterly financial report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for period ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments. Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment, where there is no change to net assets.

The transition from FRS to MFRS has no significant impact on the Group's statement of financial position, financial performance and cash flows.

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 2011.

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.

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

5. UNUSUAL ITEMS

There were no unusual items for the financial period ended 30 June 2012.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no material changes in estimates of amount reported for the financial period ended 30 June 2012.

7. SIGNIFICANT EVENTS

On 2 May 2012, the Company announced that it has entered into a Supplementary Agreement to vary the terms and scope of the Collaboration Agreement between the Company, AirAsia Berhad ("AirAsia") and AirAsia X Sdn Bhd ("AAX").

There was no other significant event for the financial period ended 30 June 2012.

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

On 12 June 2012, the Company has issued the first tranche of the Perpetual Sukuk at par value amounting to RM1 billion as part of the Junior Sukuk Programme which was approved by the Securities Commission on 24 May 2012. The salient features of the Perpetual Sukuk are as follows:

- (i) The Junior Sukuk is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any;
- (ii) The periodic distribution up to year 10 is 6.9% p.a. If MAS does not exercise its option to redeem at the end of the 10th year, the periodic distribution increases by 2.5%;
- (iii) Deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding);
- (iv) Perpetual in tenure, where MAS has a call option to redeem the Junior Sukuk at the end of the tenth year and on each periodic distribution date thereafter;
- (v) MAS also has the option to redeem the Junior Sukuk if there is a change in accounting standards resulting in the Junior Sukuk no longer being recognised as equity capital;
- (vi) Payment obligations on the Junior Sukuk will at all times, rank ahead of other share capital instruments for the time being outstanding, but junior to the claims of present and future creditor of MAS (other than obligations ranking pari passu with the Junior Sukuk); and
- (vii) The Perpetual Sukuk is not rated.

There was no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial period ended 30 June 2012.

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

9. DIVIDEND PAID

There was no dividend paid during the financial period ended 30 June 2012.

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 June 2012 and 2011, 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 June 2012					
Revenue					
External revenue	5,340,206	897,452	44,768	-	6,282,426
Inter-segment revenue *	678,837	-	24,951	(703,788)	-
Total revenue	6,019,043	897,452	69,719	(703,788)	6,282,426
Results					
Segment (loss)/profit before tax	(435,903)	(64,567)	(28,113)	11,518	(517,065)
For the period ended 30 June 2011					
Revenue					
External revenue	5,500,296	1,040,223	18,331	-	6,558,850
Inter-segment revenue *	520,728	-	22,065	(542,793)	-
Total revenue	6,021,024	1,040,223	40,396	(542,793)	6,558,850
Results					
Segment profit before tax	(808,533)	54,971	8,305	(2,405)	(747,662)
Segment assets **					
At 30 June 2012	19,278,481	926,796	881,719	(5,877,002)	15,209,994
At 31 December 2011	12,533,610	757,281	950,869	(1,862,327)	12,379,433

* Inter-segment revenues are eliminated on consolidation.

** Segment assets do not include investment in associates (Jun '12: RM123.3 million, Dec'11: RM120.0 million) as these assets are managed on a group basis.

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

11. VALUATION OF ASSETS

There was no valuation of aircraft, property, plant and equipment for the financial period ended 30 June 2012.

12. SUBSEQUENT EVENT

On 2 July 2012, the Company has incorporated an off-shore company, Malaysia Airlines A330 Capital Labuan Limited with a paid-up capital of USD1.00 (equivalent to RM3.16). With effect from that date, Malaysia Airlines A330 Capital Labuan Limited became a wholly-owned subsidiary of the Company.

There was no other material subsequent event for the financial period ended 30 June 2012.

13. CHANGES IN THE COMPOSITION OF THE GROUP

- (i) On 19 January 2012, the Company subscribed for two (2) ordinary shares of RM1.00 each of MAS Airline System Sdn. Bhd., for a consideration of RM2, by way of cash. With effect from that date, MAS Airline System Sdn. Bhd. became a wholly-owned subsidiary of the Company.
- (ii) On 10 January 2012, the Company has incorporated an off-shore company, Malaysia Airlines Capital IV (L) Limited with a paid up capital of USD1.00 (equivalent to RM3.14). With effect from that date, Malaysia Airlines Capital IV (L) Limited became a wholly-owned subsidiary of the Company.
- (iii) On 3 January 2012, the Company subscribed for 250 ordinary shares of USD1.00 each of Malaysia Airlines Capital IV Cayman Limited, an off-shore company, for a consideration of USD250 (equivalent to RM788), by way of cash. With effect from that date, Malaysia Airlines Capital IV Cayman Limited became a wholly-owned subsidiary of the Company.

There were no changes in the composition of the Group for the financial period ended 30 June 2012.

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.

		08/08/2012
		RM '000
1.	Loans	
	- Unsecured	27,265
2.	Tenure	
	Loans due within one year	11,884
	Loans due later than one year and not later than five years	15,381
		27,265
3.	Loans by currency denomination	
	Euro	27,265

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

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

(i) Contingent liabilities (continued)

08/08/2012
RM '000

(b) Others

Bank guarantees given to third parties	378,870
Bank guarantees given to PMB on aircraft lease	725
Performance bonds given to third parties	1,811
	<u>381,406</u>

(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.

15. CAPITAL COMMITMENT

	As at 30/06/2012 RM '000	As at 31/12/2011 RM '000 (Audited)
Approved and contracted for	9,729,983	10,764,213
Approved but not contracted for	181,076	13,994
	<u>9,911,059</u>	<u>10,778,207</u>

The outstanding capital commitments relate to purchase of aircraft and other expenditure projects.

16. SIGNIFICANT RELATED PARTY DISCLOSURES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
LSG Sky Chefs-Brahim's Sdn. Bhd., an associate:				
- Catering and other services paid/payable	67,828	54,518	112,984	114,790
- Rental income and others	(4,888)	(4,898)	(9,696)	(9,796)
GE Engine Services (M) Sdn. Bhd., an associate:				
- Engine maintenance services rendered	116,307	114,737	215,536	217,768
- Rental income and others	(1,035)	(3,066)	(4,149)	(6,169)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Line maintenance and aircraft interior cleaning services paid/payable	1,405	1,066	2,506	2,122

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
	30/06/2012 RM '000	30/06/2011 RM '000	30/06/2012 RM '000	30/06/2011 RM '000
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft component repair services paid/payable	1,039	2,994	2,269	5,249
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft power plant unit overhaul services paid/payable	753	1,055	1,572	2,145
Abacus International Holding Ltd., a company in which the Company has equity interest:				
- Computer reservation system access fee paid/payable	9,580	(2,833)	17,222	9,763
Evergreen Sky Catering Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	797	1,294	1,990	2,425
Penerbangan Malaysia Bhd., fellow subsidiary:				
- Hire of aircraft paid/payable	57,594	-	115,781	-
Penerbangan Malaysia Bhd., holding company:				
- Hire of aircraft paid/payable	-	97,266	-	156,031
Aircraft Business Malaysia Sdn. Bhd., a related party:				
- Aircraft lease rental paid/payable	60,457	-	120,817	-
Aircraft Business Malaysia Sdn. Bhd., a fellow subsidiary:				
- Aircraft lease rental paid/payable	-	59,247	-	118,434
QPR Holdings Limited, a Club substantially owned by certain Directors of the Company:				
- sponsorship deals	1,779	-	3,935	-
AirAsia X Sdn. Bhd., a related party:				
- passenger re-accomodation agreement	9,667	-	11,710	-

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

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

As at 30 June 2012, Khazanah Nasional Berhad ("Khazanah"), directly owns 69.4% of MAS' outstanding shares. MAS' significant transactions with Khazanah and other entities controlled or significantly influenced by Khazanah are:

Quarter ended 30 June 2012: 0.2% of its operating expenses and 1.8% of its operating revenue.

Year ended 30 June 2012: 0.4% of its operating expenses and 3.4% of its operating revenue.

17. SIGNIFICANT RELATED PARTY BALANCES

	As at 30/06/2012 RM '000	As at 31/12/2011 RM '000 (Audited)
Amount owing to fellow subsidiary	(34,181)	-
Amount owing by related party		
- due within one year	44,038	30,936
- due after one year	58,858	80,366
Amount owing by associated companies	289	-
Amount owing to associated companies	(37,679)	(68,773)

18. CHANGES IN PREVIOUS YEAR'S PRESENTATION

The following disclosure for the period ended 30 June 2011 has been restated to conform with current year's presentation:

Quarter ended 30 June 2011

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	3,428,673	(8,050)	3,420,623
Operating expenses	(3,897,738)	(22,278)	(3,920,016)
Fair value change of derivatives (previously Derivative loss)	(56,085)	31,151	(24,934)
Unrealised foreign exchange loss	-	(823)	(823)

Year ended 30 June 2011

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	6,570,572	(11,722)	6,558,850
Operating expenses	(7,359,243)	(91,715)	(7,450,958)
Fair value change of derivatives (previously Derivative gain)	8,485	59,207	67,692
Unrealised foreign exchange gain	-	44,230	44,230

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 a lower operating loss of RM101.9 million for the second quarter ended 30 June 2012 as compared to RM442.8 million loss for the quarter ended 30 June 2011.

The Group recorded a lower loss after tax of RM349.2 million for the second quarter ended 30 June 2012, compared to RM526.7 million loss after tax in the same quarter last year. The after tax loss is inclusive of unrealised foreign exchange loss of RM173.0 million (Quarter ended 30 June 2011: RM0.8 million loss) and fair value change of derivative of RM15.3 million loss (Quarter ended 30 June 2011: RM24.9 million loss).

Total operating revenue has decreased by 6% to RM3,216.7 million for the current quarter this year compared to the same quarter last year. The operating revenue for Cargo Services which has decreased by 14% to RM897.5 million is the main contributor to the decrease in total operating revenue for the quarter. The decrease in operating revenue in Cargo Services was due to 15% decline of load tonnage and 16% decline of capacity.

Total operating expenditure has reduced by 13% to RM3,403.0 million for the current quarter this year compared to the same quarter last year. Operating expenditure in Airline Operations decreased by 8% or RM545.7 million and operating expenditure in Cargo Services has decreased by 8% or RM80.7 million for the quarter. The decrease in operating expenditure in Airline Operations was due to lower non-fuel cost by 9% or RM344.1 million and a decrease in fuel cost by RM201.7 million or 8% over the same quarter last year in which average fuel cost has decreased from USD140 per barrel to USD 132 per barrel. The decrease in fuel cost is also due to route rationalisation. The decrease in operating expenditure in Cargo Services was mainly due to decrease in fuel cost by 35% or RM95.9 million over the same quarter last year in line with the reduction in capacity despite a slight increase in non-fuel cost in Cargo Services by 2% or RM15.3 million compared against the same quarter last year.

2. LOSS FROM OPERATIONS

On 22 September 2011, Bursa Malaysia Securities Berhad ("Bursa Malaysia") has amended the Main Market Listing Requirements ("Main LR") in various key areas. In accordance to the amendments of the Main LR, the following amounts have been (credited)/debited in arriving at loss from operations:

	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
Provision for:				
- doubtful debts, net	3,562	13,077	5,406	34,183
- inventories obsolescence, net	4,437	6,363	17,708	15,056
Aircraft, property, plant and equipment:				
- depreciation	124,369	102,327	259,565	196,795
- loss/(gain) on disposal, net	617	62,079	(9,156)	62,120
Amortisation of intangible assets	8,070	8,182	14,790	15,082
Interest expense	62,772	35,452	107,374	73,824
Interest income	(5,712)	(8,902)	(12,057)	(17,287)

Other than the items highlighted above, there were no disposal of unquoted investment and properties during the quarter and financial period ended 30 June 2012.

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

3. FAIR VALUE CHANGE OF DERIVATIVES

Fair value change of derivatives consists of fair value change due to movement in mark-to-market (MTM) position on non-designated hedging contracts and ineffective portion of cash flow hedges as at 30 June 2012 as compared to 1 January 2012 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
(i) (Loss)/Gain from fuel hedging contracts	(16,271)	(16,862)	(24,998)	76,013
(ii) Gain/(Loss) from foreign currency hedging contracts	4,405	(1,750)	4,073	(1,777)
(iii) Loss from interest rate hedging contracts	(3,411)	(6,322)	(18,129)	(6,544)
	(15,277)	(24,934)	(39,054)	67,692

4. OTHER COMPREHENSIVE INCOME

(Loss)/Gain from cash flow hedges consists of fair value change due to movement in MTM position on effective hedging contracts at 30 June 2012 as compared to 1 January 2012 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
(i) (Loss)/Gain from fuel hedging contracts	(49,716)	(15,154)	(17,905)	5,970
(ii) (Loss)/Gain from foreign currency hedging contracts	(3,108)	16,156	227	18,834
(iii) Loss from interest rate hedging contracts	(24,814)	(5,049)	(8,358)	(2,118)
	(77,638)	(4,048)	(26,036)	22,686

5. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's operating loss of RM101.9 million is RM205.0 million favourable when compared to the preceding quarter. The Group's loss after tax for the quarter of RM349.2 million is RM177.5 million unfavourable when compared to the preceding quarter.

Total operating revenue increased by 5% or RM157.9 million when compared to the previous quarter mainly from passenger revenue and fuel surcharge.

Total operating expenditure decreased by 1% or RM18.6 million due to fuel cost. Fuel cost has reduced by 3% or RM40.6 million over the preceding quarter.

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

6. CURRENT YEAR PROSPECTS

In a report of mid-July 2012, the International Air Transport Association (IATA) noted that airline business confidence had generally improved since April, and that expectations of profitability over the next 12 months had risen. The improvement in future expectations was driven mainly by the fall in fuel prices between April and end of June this year.

Since then, the price of jet fuel has crept up. Coupled with continued uncertainty in the global economic environment and intense aviation competition, Malaysia Airlines maintains the expectation of a challenging remainder of 2012. These factors will put greater pressure on the Group's focus to increase revenue generation and strong cost management to accelerate its financial recovery within such an environment.

Increasing revenue generation will be through aggressive marketing, promotions and branding initiatives, as well as increasing fleet utilization and the generation of additional frequencies to popular regional destinations which yield higher revenue and enable better cost management.

The fleet renewal exercise to have a younger and more fuel efficient fleet continues as a significant initiative. This will also enable Malaysia Airlines to offer customers an improved product for their air travel needs, of which the A380 will lead this change.

In managing costs, a key initiative is the emphasis to improve operational efficiency by increasing the fleet utilisation and reducing turnaround times. This will be a foundation for Malaysia Airlines to implement a new productivity model for improved efficiencies across all operating areas to become the Preferred Premium Carrier.

7. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in respect of the financial year ended 30 June 2012.

8. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
Current period				
- Malaysian taxation	892	13,533	1,954	14,899
- Foreign taxation	1,147	1,116	2,131	2,166
	2,039	14,649	4,085	17,065
Over provision in prior period	(907)	442	(907)	445
Deferred taxation	(189)	1,256	(189)	2,276
Total	943	16,347	2,989	19,786

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.

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

9. 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").

On 2 May 2012, the Board has agreed to mutually terminate the above.

There were no other corporate proposals for the financial period ended 30 June 2012.

10. GROUP BORROWINGS

	As at 30/06/2012 RM '000	As at 31/12/2011 RM '000 (Audited)
(i) Short term borrowings		
Unsecured		
- Revolving Credit	631,112	581,360
- Term Loan	2,094,985	121,490
- Redeemable Cumulative Preference Shares ("RCPS")	432,436	419,628
Secured		
- Term Loan	89,774	73,633
- Finance Lease	519,592	183,300
	<u>3,767,899</u>	<u>1,379,411</u>
(ii) Long term borrowings		
Unsecured		
- Term Loan	646,347	701,663
Secured		
- Term Loan	801,477	625,796
- Finance Lease	2,820,866	2,963,124
	<u>4,268,690</u>	<u>4,290,583</u>
Total	<u>8,036,589</u>	<u>5,669,994</u>
(iii) Currency denominations		
Ringgit Malaysia	4,140,870	2,182,589
US Dollars	3,041,970	2,624,380
Japanese Yen	853,749	863,025
	<u>8,036,589</u>	<u>5,669,994</u>

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 30/6/2012	Fair Value as at 30/6/2012
(i) Fuel Hedging Contracts	Barrels 'Mil	Assets/ (Liabilities) RM 'Mil
Less than 1 year	3.3	(37.9)
(ii) Interest Rate Hedging Contracts	RM 'Mil	
Less than 1 year	353.8	(16.7)
1 year to 3 years	703.7	(13.6)
More than 3 years	1,086.6	(23.3)
	2,144.1	(53.6)
(iii) Foreign Currency Hedging Contracts	RM 'Mil	
Less than 1 year	24.9	1.3
Total		(90.2)

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.

12. 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 Subsidiaries RM'000	Associated Companies RM'000	Jointly Controlled Entity RM'000	Consolidation Adjustments RM'000	Group Accumulated Losses RM'000
As at 30 June 2012					
Realised (losses)/profit	(8,301,934)	7,200	(26,371)	34,561	(8,286,544)
Unrealised losses	(61,066)	(313)	(121)	-	(61,500)
	<u>(8,363,000)</u>	<u>6,887</u>	<u>(26,492)</u>	<u>34,561</u>	<u>(8,348,044)</u>
As at 31 December 2011					
Realised losses	(7,935,462)	(3,955)	(26,317)	67,537	(7,898,197)
Unrealised losses	(16,646)	(922)	(175)	-	(17,743)
	<u>(7,952,108)</u>	<u>(4,877)</u>	<u>(26,492)</u>	<u>67,537</u>	<u>(7,915,940)</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.

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

13. 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.

On 22 June 2012, this legal suit was settled out of court.

The salient terms of the settlement are essentially:

- i) The parties in KLHC Suit No: S3-22-634-2006 will complete the Sale and Purchase Agreement dated 16 June 1997 (“SPA”) in which the Company purchased certain lands in Langkawi. The Company had sought to enforce the SPA by way of specific performance. This will result in the remaining land purchased (a 21 acre portion of the land held under HS(D) 623, Mukim Ayer Hangat, Daerah Langkawi) to be effectively transferred to the Company upon payment of the agreed balance purchase price of RM4.0 million that is still outstanding under the SPA;
- ii) All Counter-claims in KLHC Suit No: S3-22-634-2006, SAHC Civil Suit No: MT3-22-365-2006 and this legal suit are to be withdrawn against the Company and parties related; and
- iii) The Company and parties related will withdraw its claims in the above legal suits.

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, 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.

On 22 June 2012, this legal suit was settled out of court.

The salient terms of the settlement are essentially:

- (i) The parties in KLHC Suit No: S3-22-634-2006 will complete the Sale and Purchase Agreement dated 16 June 1997 ("SPA") in which the Company purchased certain lands in Langkawi. The Company had sought to enforce the SPA by way of specific performance. This will result in the remaining land purchased (a 21 acre portion of the land held under HS(D) 623, Mukim Ayer Hangat, Daerah Langkawi) to be effectively transferred to the Company upon payment of the agreed balance purchase price of RM4.0 million that is still outstanding under the SPA;
 - (ii) All Counter-claims in KLHC Suit No: S3-22-634-2006, KLHC Civil Suit No: S7-22-487-2006 and this legal suit are to be withdrawn against the Company and parties related; and
 - (iii) The Company and parties related will withdraw its claims in the above legal suits.
- (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.

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

13. MATERIAL LITIGATION (CONTINUED)

(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.

(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.

The Court finally approved the Settlement Agreement on 2 August 2012.

(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 case has been settled with ACCC on 14 February 2012. Under the settlement, MASkargo will pay a penalty of AUD6.0 million plus contribution towards ACCC's costs of AUD0.5 million over a period of 24 months.

(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 Plaintiff claimed total damages in the amount of USD97.3 million plus unspecified interest.

On 7 October 2011, the Company filed a motion to dismiss the Complaint. On 27 October 2011, the Plaintiff filed a motion for discovery relating to the issues raised in the Company's motion to dismiss and the motion was dismissed by the court on 11 May 2012. The Company's motion is currently pending.

14. DIVIDENDS

The directors do not recommend any dividend for the financial period ended 30 June 2012.

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

15. LOSS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
(a) Basic loss per share				
Loss attributable to equity holders of the Company (RM'000)	(349,248)	(526,680)	(521,042)	(769,019)
Number of ordinary shares in issue ('000)	3,342,156	3,342,156	3,342,156	3,342,156
Loss per share (sen)	<u>(10.45)</u>	<u>(15.76)</u>	<u>(15.59)</u>	<u>(23.01)</u>

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the financial period ended 30 June 2012.

(b) **Diluted loss per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Diluted loss attributable to equity holders of the Company (RM'000)	(349,248)	(526,680)	(521,042)	(769,019)
Number of ordinary shares in issue and issuable ('000)	3,342,156	3,342,156	3,342,156	3,342,156
Diluted loss per share (sen)	<u>(10.45)</u>	<u>(15.76)</u>	<u>(15.59)</u>	<u>(23.01)</u>

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the financial period ended 30 June 2012.

RCPS has not been included in the calculation of diluted loss 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 14 August 2012.

By Order of the Board

Shahjanaz binti Kamaruddin (LS 0009441)
 Company Secretary
 Selangor Darul Ehsan
 14 August 2012

PART C - ADDITIONAL INFORMATION

1. SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000 (Restated)	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000 (Restated)
(a) Revenue	3,301,074	3,477,175	6,415,763	6,667,603
(b) Loss from operations	(101,918)	(442,841)	(408,803)	(783,355)
(c) Loss before tax	(347,735)	(509,411)	(517,065)	(747,662)
(d) Loss for the period	(348,678)	(525,758)	(520,054)	(767,448)
(e) Loss for the period attributable to ordinary equity holders of the Company	(349,248)	(526,680)	(521,042)	(769,019)
(f) Basic loss per share (sen)	(10.45)	(15.76)	(15.59)	(23.01)
Diluted loss per share (sen)	(10.45)	(15.76)	(15.59)	(23.01)

	AS AT 30/06/2012	AS AT 31/12/2011 (Audited)
(a) Net assets per share attributable to ordinary equity holders of the Company (RM)	0.45	0.32

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000	Period ended 30/06/2012 RM '000	Period ended 30/06/2011 RM '000
(a) Gross interest income	5,712	8,902	12,057	17,287
(b) Gross interest expense	(62,772)	(35,452)	(107,374)	(73,824)