

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000 (Restated)	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000 (Restated)
	Note			
Operating revenue	3,341,956	3,483,473	9,624,381	10,042,323
Operating expenses	(3,470,356)	(3,747,430)	(10,294,921)	(11,198,388)
Other operating income	132,362	72,168	265,699	180,921
Profit/(Loss) from operations	3,962	(191,788)	(404,841)	(975,143)
Fair value change of derivatives	7,269	(34,724)	(31,785)	32,968
Unrealised foreign exchange gain/(loss)	93,848	(195,075)	120,496	(150,845)
Finance costs	(49,880)	(41,663)	(157,254)	(115,487)
Share of results from associated companies	(2,190)	7,565	9,328	11,117
Share of results from jointly controlled entity	(13,906)	(5,855)	(13,906)	(11,812)
Profit/(Loss) before taxation	39,103	(461,540)	(477,962)	(1,209,202)
Taxation	(1,597)	(15,472)	(4,585)	(35,258)
Profit/(Loss) for the period	37,506	(477,012)	(482,547)	(1,244,460)
Profit/(Loss) attributable to:				
Equity holders of the Company	37,084	(477,585)	(483,957)	(1,246,604)
Non-controlling interest	422	573	1,410	2,144
Profit/(Loss) for the period	37,506	(477,012)	(482,547)	(1,244,460)
Earnings/(Loss) per share attributable to equity holders of the Company				
Basic (sen)	1.11	(14.29)	(14.48)	(37.30)
Diluted (sen)	1.11	(14.29)	(14.48)	(37.30)

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(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000 (Restated)	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000 (Restated)
Profit/(Loss) for the period	37,506	(477,012)	(482,547)	(1,244,460)
Other comprehensive income: Part B,4				
Gain from cash flow hedges	89,030	6,524	62,993	29,210
Total comprehensive income/(loss) for the period	126,536	(470,488)	(419,554)	(1,215,250)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	126,114	(471,061)	(420,964)	(1,217,394)
Non-controlling interest	422	573	1,410	2,144
Total comprehensive income/(loss) for the period	126,536	(470,488)	(419,554)	(1,215,250)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30/09/2012 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		12,092,526	9,073,907	7,663,357
Investment in associates		121,073	120,043	101,804
Investment in a jointly controlled entity		5,358	-	2,360
Other investments		54,586	54,599	54,604
Intangible assets		152,714	151,757	137,732
Other receivables		267,065	343,582	442,575
Deferred tax assets		1,022	765	3,495
		12,694,344	9,744,653	8,405,927
<u>Current assets</u>				
Inventories		372,597	362,267	430,849
Trade and other receivables		1,261,867	1,268,154	1,372,186
Tax recoverable		10,298	8,865	19,436
Derivative financial instruments	Part B,11	63,356	-	-
Negotiable instruments of deposit		-	101,073	139,206
Cash and bank balances		1,455,047	1,014,464	2,085,451
		3,163,165	2,754,823	4,047,128
<u>Current liabilities</u>				
Trade and other payables		2,424,996	2,643,899	2,240,044
Provision		1,196,808	1,188,165	934,967
Borrowings	Part B,10	3,089,230	1,379,411	293,867
Taxation		467	1,437	3,614
Derivative financial instruments	Part B,11	20,198	9,820	108,080
Sales in advance of carriage		1,703,298	1,705,943	1,677,346
Deferred revenue		249,776	205,307	232,823
		8,684,773	7,133,982	5,490,741
Net current liabilities		(5,521,608)	(4,379,159)	(1,443,613)
		7,172,736	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		1,498,190	-	-
Reserves		(2,720,612)	(2,299,648)	182,010
		2,119,734	1,042,508	3,524,166
Non-controlling interest		15,049	13,639	13,078
Total equity		2,134,783	1,056,147	3,537,244
<u>Non current liabilities</u>				
Borrowings	Part B,10	5,000,489	4,290,583	3,414,913
Derivative financial instruments	Part B,11	37,245	18,566	10,155
Deferred tax liabilities		219	198	2
		5,037,953	4,309,347	3,425,070
		7,172,736	5,365,494	6,962,314
Net assets per share (RM)		0.64	0.32	1.06

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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						
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	-	-	-	-	-	-	-	(483,957)	(483,957)	(483,957)	1,410	(482,547)		
Other comprehensive income	-	-	-	-	-	62,993	-	-	62,993	62,993	-	62,993		
Issue of Perpetual sukuk	-	1,498,190	-	-	-	-	-	-	-	1,498,190	-	1,498,190		
Expiry of ESOS	-	-	-	-	(88,938)	-	-	88,938	-	-	-	-		
At 30 September 2012	3,342,156	1,498,190	58,076	4,995,970	-	34,771	501,530	(8,310,959)	(2,720,612)	2,119,734	15,049	2,134,783		

**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	
	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	-	-	-	-	-	-	(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 CASH FLOWS

	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000
Cash Flows From Operating Activities		
Loss before taxation	(477,962)	(1,209,202)
Adjustments for:		
Provision for/(Writeback of):		
- aircraft maintenance and overhaul costs	408,445	415,928
- doubtful debts, net	5,941	39,303
- short term accumulating compensated absences, net	12,634	12,331
- inventories obsolescence, net	15,118	24,057
- unavailed credits on sales in advance of carriage	(160,983)	(141,615)
Aircraft, property, plant and equipment:		
- depreciation	399,801	303,280
- written off	2,362	8,949
- (writeback)/provision of impairment losses, net	(2,462)	923
- loss on disposal, net	5,050	62,203
Amortisation of intangible assets	24,193	24,688
Share of results of:		
- jointly-controlled entity	13,906	11,812
- associated companies	(9,328)	(11,117)
Interest expenses	157,254	115,487
Fair value change of derivatives	31,785	(32,969)
ESOS expense	-	550
Unrealised foreign exchange gain	(120,496)	150,845
Interest income	(18,609)	(24,311)
Dividend income	(22,753)	(15,569)
Operating profit/(loss) before working capital changes	263,896	(264,427)
Increase in inventories	(25,449)	(55,380)
Decrease in trade and other receivables	47,644	69,341
Decrease in amount owing by immediate holding company	-	346
(Decrease)/Increase in trade and other payables	(246,361)	151,284
Decrease in provision	(399,803)	(470,566)
Increase in sales in advance of carriage	158,338	272,078
Increase in deferred revenue	44,468	48,303
Cash used in operating activities	(157,267)	(249,021)
Net cash settlement on derivatives	6,109	(101,424)
Premium paid on derivatives	-	(23,297)
Interest paid	(144,595)	(132,591)
Taxes paid	(7,224)	(10,075)
Net cash used in operating activities	(302,977)	(516,408)
Cash Flows From Investing Activities		
Purchase of:		
- aircraft, property, plant and equipment	(3,517,946)	(2,608,988)
- intangible assets	(25,150)	(20,097)
- investment in a jointly controlled entity	(19,264)	(12,244)
Withdrawal of:		
- negotiable instruments of deposit	101,073	35,000
- deposits pledged with banks	14,645	106,086
Proceeds from:		
- disposal of aircraft, property, plant and equipment	455,315	1,197,568
- other investment	-	6
Interest received	18,610	21,707
Dividend received	31,050	22,484
Net cash used in investing activities	(2,941,667)	(1,258,478)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000 (Restated)
Cash Flows From Financing Activities		
Proceeds from:		
- aircraft refinancing	685,141	637,252
- borrowings	2,758,520	563,192
- issuance of Perpetual Sukuk	1,498,190	-
Repayment of:		
- borrowings	(1,052,851)	(210,731)
- finance lease	(189,127)	(157,471)
Dividend paid on RCPS	-	(12,454)
Dividend paid to minority shareholders in subsidiaries	-	(176)
Net cash generated from financing activities	3,699,873	819,612
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	455,229	(955,274)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	958,814	1,923,777
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	1,414,043	968,503
Cash and cash equivalents comprise:		
Cash on hand and at banks	742,815	558,775
Short term deposits	712,232	465,316
Cash and bank balances	1,455,047	1,024,091
Less: Deposits pledged with banks	(41,004)	(55,588)
Cash and cash equivalents as at 30 September	1,414,043	968,503

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 September 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 September 2012.

7. SIGNIFICANT EVENTS

- (i) On 28 September 2012, the Company announced a notice to holders of Redeemable Convertible Preference Shares (RCPS) of RM0.10 each in relation to the conversion and maturity of the RCPS on 30 October 2012.
- (ii) 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 September 2012.

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

On 18 September 2012, the Company has issued the second tranche of the Perpetual Sukuk at par value amounting to RM0.5 billion .

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 September 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 September 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 September 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 September 2012					
Revenue					
External revenue	8,183,151	1,372,288	68,942	-	9,624,381
Inter-segment revenue *	987,094	-	36,558	(1,023,652)	-
Total revenue	9,170,245	1,372,288	105,500	(1,023,652)	9,624,381

Results					
Segment (loss)/profit before tax	(372,495)	(75,389)	(25,500)	(4,578)	(477,962)

For the period ended 30 September 2011

Revenue					
External revenue	8,466,979	1,529,846	45,498	-	10,042,323
Inter-segment revenue *	848,963	-	33,037	(882,000)	-
Total revenue	9,315,942	1,529,846	78,535	(882,000)	10,042,323

Results					
Segment profit before tax	(1,297,575)	79,283	9,785	(695)	(1,209,202)

Segment assets **					
At 30 September 2012	17,173,735	874,494	852,832	(3,169,983)	15,731,078
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 (Sep '12: RM121.1 million, Dec'11: RM120.0 million) and investment in jointly-controlled entity (Sep'12: RM5.4million, Dec'11: RM nil) 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 September 2012.

12. SUBSEQUENT EVENT

- (i) On 27 November 2012, the Company announced that it proposes to undertake the following:
 - (a) Proposed Capital Restructuring comprising:
 - 1. Proposed reduction of RM0.90 of the par value of each existing ordinary share of RM1.00 each in MAS pursuant to Section 64 of the Companies Act 1965 ("Act")("Proposed Par Value Reduction"); and
 - 2. Proposed reduction of the share premium account of MAS pursuant to Sections 64 and 60 of the Act;
 - (b) Proposed Renounceable Rights Issue of new ordinary shares of RM0.10 each in MAS to raise gross proceeds of up to RM3,100 million after the Proposed Capital Restructuring; and
 - (c) Proposed amendment to the Memorandum and Articles of Association of MAS ("M&A") to facilitate the implementation of the Proposed Par Value Reduction.
- (ii) On 19 November 2012, the Directors of the Company executed a Master Facility Agreement with Turus Pesawat Sdn Bhd ("Turus Pesawat") in respect of a Bai' Bithaman Ajil Islamic financing arrangement of up to RM5.311 billion ("Financing Facilities").

Turus Pesawat is incorporated in Malaysia as a special purpose company, wholly-owned by the Ministry of Finance, Inc, in order to provide the Financing Facilities.

The Financing Facilities are to be utilised to finance the purchase of eight (8) aircraft comprising six (6) Airbus A380-800, one (1) Airbus A330-200F and one (1) Airbus A330-300 ("Aircraft") and other expenses in relation to the purchase thereof.

The tenure of the Financing Facilities shall be for a period of up to twenty (20) years from the date of each disbursement under the Financing Facilities.

The Financing Facilities are secured against the Aircraft.

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

13. CHANGES IN THE COMPOSITION OF THE GROUP

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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 September 2012.

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.

	21/11/2012
	RM '000
1. Loans	
- Unsecured	21,685
2. Tenure	
Loans due within one year	12,086
Loans due later than one year and not later than five years	9,599
	<u>21,685</u>
3. Loans by currency denomination	
Euro	<u>21,685</u>
(b) Others	
Bank guarantees given to third parties	321,888
Performance bonds given to third parties	1,811
	<u>323,699</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	As at
	30/09/2012	31/12/2011
	RM '000	RM '000
		(Audited)
Approved and contracted for	7,882,593	10,764,213
Approved but not contracted for	269,212	13,994
	<u>8,151,805</u>	<u>10,778,207</u>

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

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
	30/09/2012 RM '000	30/09/2011 RM '000	30/09/2012 RM '000	30/09/2011 RM '000
LSG Sky Chefs-Brahim's Sdn. Bhd., an associate:				
- Catering and other services paid/payable	60,544	55,128	173,528	169,918
- Rental income and others	(4,888)	(4,898)	(14,664)	(14,694)
GE Engine Services (M) Sdn. Bhd., an associate:				
- Engine maintenance services rendered	54,202	83,051	269,738	300,819
- Rental income and others	-	(3,066)	(4,149)	(9,235)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Line maintenance and aircraft interior cleaning services paid/payable	1,068	1,040	3,574	3,162
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft component repair services paid/payable	828	2,185	3,097	7,434
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft power plant unit overhaul services paid/payable	-	773	1,572	2,918
Abacus International Holding Ltd., a company in which the Company has equity interest:				
- Computer reservation system access fee paid/payable	6,664	8,064	23,886	17,827
Evergreen Sky Catering Corporation, a company in which the Company has equity interest:				
- Catering services paid/ payable	691	1,375	2,681	3,800
PMB, a fellow subsidiary:				
- Hire of aircraft paid/payable	58,311	-	174,092	-
PMB, holding company:				
- Hire of aircraft paid/payable	-	58,365	-	214,396
Aircraft Business Malaysia Sdn. Bhd., a related party:				
- Aircraft lease rental paid/payable	60,651	-	181,468	-
Aircraft Business Malaysia Sdn. Bhd., a fellow subsidiary:				
- Aircraft lease rental paid/payable	-	59,368	-	177,802
QPR Holdings Limited, a Club substantially owned by certain Directors of the Company:				
- sponsorship deals	-	-	3,936	-
AirAsia X Sdn. Bhd., a related party:				
- passenger re-accomodation agreement	-	-	11,710	-

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

17. SIGNIFICANT RELATED PARTY BALANCES

	As at 30/09/2012 RM '000	As at 31/12/2011 RM '000 (Audited)
Amount owing to fellow subsidiary	(34,208)	-
Amount owing by related party		
- due within one year	51,636	30,936
- due after one year	47,380	80,366
Amount owing by associated companies	4,854	-
Amount owing to associated companies	<u>(37,766)</u>	<u>(68,773)</u>

18. CHANGES IN PREVIOUS YEAR'S PRESENTATION

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

Quarter ended 30 September 2011

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	3,492,873	(9,400)	3,483,473
Operating expenses	(3,721,370)	(26,060)	(3,747,430)
Fair value change of derivatives (previously Derivative loss)	(70,183)	35,459	(34,724)

Year ended 30 September 2011

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Operating revenue	10,063,445	(21,122)	10,042,323
Operating expenses	(11,124,843)	(73,545)	(11,198,388)
Fair value change of derivatives (previously Derivative gain)	(61,698)	94,666	32,968

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

1. REVIEW OF PERFORMANCE

The Group recorded an operating profit of RM4.0 million for the third quarter ended 30 September 2012 as compared to RM191.8 million loss for the quarter ended 30 September 2011.

The Group recorded a profit after tax of RM37.1 million for the third quarter ended 30 September 2012, compared to RM477.6 million loss after tax in the same quarter last year. The profit after tax is inclusive of unrealised foreign exchange gain of RM93.8 million (Quarter ended 30 September 2011: RM195.1 million loss), finance costs of RM49.9 million (Quarter ended 30 September 2011: RM41.7 million) and fair value change of derivative of RM7.3 million gain (Quarter ended 30 September 2011: RM34.7 million loss).

Total operating revenue has decreased by 4% to RM3,342.0 million for the current quarter this year compared to the same quarter last year. The operating revenue for Airline Operations has decreased by 4% or RM143.7 million and Cargo Services by 3% or RM14.8 million. The decrease in Airline Operations revenue was mainly due to reduction in traffic by 9% and capacity by 7% from route rationalisation initiatives through cutting out of unprofitable route. However, yield increased by 3%. The decrease in operating revenue for Cargo Services to RM474.8 million was due to 2% decrease in load tonnage and 3% decrease in capacity.

Total operating expenditure has reduced by 7% to RM3,470 million for the current quarter this year compared to the same quarter last year. Operating expenditure in Airline Operations decreased by 9% or RM855.4 million and operating expenditure in Cargo Services has decreased by 3% or RM48.1 million for the quarter. The decrease in operating expenditure in Airline Operations was due to lower non-fuel cost by 9% or RM519.3 million and a decrease in fuel cost by RM336 million or 9% over the same quarter last year in which average fuel cost has decreased from USD137 per barrel to USD131 per barrel. The decrease in fuel cost was also due to lower consumption as a result of route rationalisation. The decrease in operating expenditure in Cargo Services was mainly due to decrease in fuel cost by 24% or RM92.5 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 4% or RM44.4 million compared against the same quarter last year.

2. PROFIT/(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 profit/(loss) from operations:

	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000
Provision for/(Writeback of):				
- doubtful debts, net	535	5,120	5,941	39,303
- inventories obsolescence, net	(2,590)	9,001	15,118	24,057
Aircraft, property, plant and equipment:				
- depreciation	140,236	106,485	399,801	303,280
- loss on disposal, net	14,206	83	5,050	62,203
Amortisation of intangible assets	9,403	9,606	24,193	24,688
Interest expense	49,880	41,663	157,254	115,487
Interest income	(6,552)	(7,024)	(18,609)	(24,311)

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

This represents the movement of mark-to-market (MTM) of the ineffective portion of cash flow hedges for the remaining hedging contracts as at 30 September 2012 as compared to 1 January 2012 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000
(i) Gain/(Loss) from fuel hedging contracts	15,250	(29,780)	(9,748)	46,233
(ii) Gain/(Loss) from foreign currency hedging contracts	2,963	5,099	7,036	(1,445)
(iii) Loss from interest rate hedging contracts	(10,944)	(10,043)	(29,073)	(11,820)
	7,269	(34,724)	(31,785)	32,968

4. OTHER COMPREHENSIVE INCOME

This represents the movement of mark-to-market (MTM) of the effective portion of cash flow hedges for the remaining hedging contracts as at 30 September 2012 as compared to 1 January 2012 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000
(i) Gain/(Loss) from fuel hedging contracts	85,194	(31,743)	67,288	(25,773)
(ii) (Loss)/Gain from foreign currency hedging contracts	(1,338)	48,030	(1,111)	66,864
(iii) Gain/(Loss) from interest rate hedging contracts	5,174	(9,763)	(3,184)	(11,881)
	89,030	6,524	62,993	29,210

5. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's operating profit of RM4.0 million is RM105.9 million favourable when compared to the preceding quarter loss of RM101.9 million. The Group's profit after tax for the quarter of RM37.1 million is RM385.8 million favourable when compared to the preceding quarter loss of RM348.7 million.

Total operating revenue increased by 4% or RM125.3 million when compared to the previous quarter mainly from increase in passenger yield and capacity.

Total operating expenditure increased by 2% or RM67.4 million due to fuel cost. Fuel cost has increased by 5% or RM60.8 million over the preceding quarter mainly due to consumption in line with the increase in capacity.

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

6. CURRENT YEAR PROSPECTS

Malaysia Airlines expects the remainder of 2012 to remain challenging. Fuel prices continue to remain high, competition as a result of excess fleet capacity remains, and there is still economic uncertainty in the Eurozone, US and China markets.

Despite this, the International Air Transport Association (IATA) and Association of Asia Pacific Airlines (AAPA) have seen growth in passenger traffic in the first 9 months of 2012. This has led to IATA revising its 2012 industry profit outlook slightly upwards in recognition that people still travel despite the fragile external environment. On the other hand, cargo is weaker than expected due to the impact of economic uncertainty in Europe, US and China.

Within this environment, Malaysia Airlines continues to accelerate implementation of its Business Plan to increase revenue and yields and reduce costs. Aggressive marketing and promotions, better capacity management, improved cost management, and driving productivity for better efficiencies system-wide remain the focus areas.

Deliveries of more new fuel efficient aircraft as part of the fleet renewal programme, including the entry of Malaysia Airlines' third and fourth A380 aircraft into commercial service at the end of November 2012 and Malaysia Airlines' expected entry to the oneworld airline alliance in February 2013 will have a positive effect towards offering improved products and services to our passengers.

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 September 2012.

8. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM '000	RM '000	RM '000	RM '000
Current period				
- Malaysian taxation	328	(14,836)	2,281	63
- Foreign taxation	1,150	1,360	3,281	3,526
	1,478	(13,476)	5,562	3,589
Under/(Over) provision in prior period	204	(41)	(703)	207
Deferred taxation	(85)	28,989	(274)	31,462
Total	1,597	15,472	4,585	35,258

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

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

10. GROUP BORROWINGS

	As at 30/09/2012 RM '000	As at 31/12/2011 RM '000 (Audited)
(i) Short term borrowings		
Unsecured		
- Revolving Credit	634,707	581,360
- Term Loan	1,526,592	121,490
- Redeemable Cumulative Preference Shares ("RCPS")	426,150	419,628
Secured		
- Term Loan	88,154	73,633
- Finance Lease	413,627	183,300
	<u>3,089,230</u>	<u>1,379,411</u>
(ii) Long term borrowings		
Unsecured		
- Term Loan	713,406	701,663
Secured		
- Term Loan	759,990	625,796
- Finance Lease	3,527,093	2,963,124
	<u>5,000,489</u>	<u>4,290,583</u>
Total	<u>8,089,719</u>	<u>5,669,994</u>
(iii) Currency denominations		
Ringgit Malaysia	3,628,274	2,182,589
US Dollars	3,659,368	2,624,380
Japanese Yen	802,077	863,025
	<u>8,089,719</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 30/9/2012	Fair Value as at 30/9/2012
(i) Fuel Hedging Contracts	Barrels 'Mil	Assets/ (Liabilities) RM 'Mil
Less than 1 year	2.9	63.3
(ii) Interest Rate Hedging Contracts	RM 'Mil	
Less than 1 year	357.3	(19.8)
1 year to 3 years	625.8	(11.8)
More than 3 years	1,045.5	(25.8)
	2,028.6	(57.4)
(iii) Foreign Currency Hedging Contracts	RM 'Mil	
Less than 1 year	82.6	*
Total		5.9

* denotes amount less than RM0.1 million

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 September 2012					
Realised (losses)/profit	(8,470,527)	7,411	(27,528)	53,027	(8,437,617)
Unrealised profit/(losses)	126,919	(524)	263	-	126,658
	<u>(8,343,608)</u>	<u>6,887</u>	<u>(27,265)</u>	<u>53,027</u>	<u>(8,310,959)</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 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 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 September 1997 ("SPA") in which 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.

(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 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.

On 22 June 2012, this legal suit was settled out of court as part of the global settlement as mentioned in (a) above.

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

13. MATERIAL LITIGATION (CONTINUED)

- (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.

(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.

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

13. MATERIAL LITIGATION (CONTINUED)

(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.

On 5 September 2012, the Court granted the Company's motion to dismiss, and dismissed the Plaintiff's claims against the Company.

14. DIVIDENDS

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

15. EARNINGS/(LOSS) PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2012	30/09/2011	30/09/2012	30/09/2011

(a) Basic earnings/(loss) per share

Profit/(Loss) attributable to equity holders of the Company (RM'000)	37,084	(477,585)	(483,957)	(1,246,604)
Number of ordinary shares in issue ('000)	3,342,156	3,342,156	3,342,156	3,342,156
Earnings/(Loss) per share (sen)	<u>1.11</u>	<u>(14.29)</u>	<u>(14.48)</u>	<u>(37.30)</u>

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the number of ordinary shares in issue during the financial period ended 30 September 2012.

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

15. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
Diluted profit/(loss) attributable to equity holders of the Company (RM'000)	37,084	(477,585)	(483,957)	(1,246,604)
Number of ordinary shares in issue and issuable ('000)	3,342,156	3,342,156	3,342,156	3,342,156
Diluted earnings/(loss) per share (sen)	<u>1.11</u>	<u>(14.29)</u>	<u>(14.48)</u>	<u>(37.30)</u>

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the number of ordinary shares in issue during the financial period ended 30 September 2012.

RCPS has not been included in the calculation of diluted earnings/(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 27 November 2012.

By Order of the Board

Rizani bin Hassan (LS 0009520)
 Company Secretary
 Selangor Darul Ehsan
 27 November 2012

PART C - ADDITIONAL INFORMATION

1. SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000 (Restated)	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000 (Restated)
(a) Revenue	3,474,318	3,555,641	9,890,080	10,223,244
(b) Profit/(Loss) from operations	3,962	(191,788)	(404,841)	(975,143)
(c) Profit/(Loss) before tax	39,103	(461,540)	(477,962)	(1,209,202)
(d) Profit/(Loss) for the period	37,506	(477,012)	(482,547)	(1,244,460)
(e) Profit/(Loss) for the period attributable to ordinary equity holders of the Company	37,084	(477,585)	(483,957)	(1,246,604)
(f) Basic earnings/loss per share (sen)	1.11	(14.29)	(14.48)	(37.30)
Diluted earnings/loss per share (sen)	1.11	(14.29)	(14.48)	(37.30)

	AS AT 30/09/2012	AS AT 31/12/2011 (Audited)
(a) Net assets per share attributable to ordinary equity holders of the Company (RM)	0.64	0.32

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000	Period ended 30/09/2012 RM '000	Period ended 30/09/2011 RM '000
(a) Gross interest income	6,552	7,024	18,609	24,311
(b) Gross interest expense	(49,880)	(41,663)	(157,254)	(115,487)