

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30
SEPTEMBER 2008

| | Note | Individual Period | | Cumulative Period | |
|------------------------------------|------|---|---|---|---|
| | | Current Year Quarter Ended 30/9/2008 RM'000 | Preceding Year Corresponding Quarter 30/9/2007 (Restated) RM'000 | Current Year To Date 30/9/2008 RM'000 | Preceding Year To Date 30/9/2007 (Restated) (Note 1B) RM'000 |
| Revenue | 14 | 68,069 | 104,750 | 237,197 | 408,691 |
| Operating Expenses | 14 | (90,933) | (191,414) | (313,709) | (540,935) |
| Other Operating Income | | 6,137 | 9,927 | 10,595 | 16,694 |
| Loss from Operations | | <u>(16,727)</u> | <u>(76,737)</u> | <u>(65,917)</u> | <u>(115,550)</u> |
| Finance Costs | | (8,604) | (10,240) | (25,751) | (33,963) |
| Share of Associates' Results | | (1,012) | 1,221 | (3,296) | (819) |
| Net Loss Before Tax | | <u>(26,343)</u> | <u>(85,756)</u> | <u>(94,964)</u> | <u>(150,332)</u> |
| Tax credit/(expense) | | - | 909 | (28) | 1,017 |
| Net Loss for the Period | | <u><u>(26,343)</u></u> | <u><u>(84,847)</u></u> | <u><u>(94,992)</u></u> | <u><u>(149,315)</u></u> |
| Attributable to:- | | | | | |
| Equity Holders of the Company | | (29,024) | (84,847) | (97,673) | (149,315) |
| Minority Interests | | 2,681 | - | 2,681 | - |
| Net Loss for the Period | | <u><u>(26,343)</u></u> | <u><u>(84,847)</u></u> | <u><u>(94,992)</u></u> | <u><u>(149,315)</u></u> |
| Basic loss per ordinary share(sen) | 24 | (10.74) | (31.41) | (36.16) | (55.41) |

The Condensed Consolidated Income Statements should be read in conjunction with the latest audited Annual Financial Statements.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEETS

| | As at 30/9/2008 (Unaudited) RM'000 | As at 31/12/2007 (Audited) RM'000 |
|---|---|--|
| Non-Current Assets | | |
| Aircraft, Property, Plant and Equipment | 743,983 | 799,702 |
| Investment In Associated Companies | 1,249 | 4,468 |
| Long Term Investments | 45 | 56 |
| | <u>745,277</u> | <u>804,226</u> |
| Current Assets | | |
| Inventories | - | - |
| Trade Receivables | 44,792 | 125,309 |
| Other Receivables | 38,052 | 45,198 |
| Cash & Bank Balances | 146,871 | 212,620 |
| | <u>229,715</u> | <u>383,127</u> |
| Total Assets | <u>974,992</u> | <u>1,187,353</u> |
| Share Capital | | |
| Share Capital | 270,118 | 270,118 |
| Reserves | 47,752 | 154,542 |
| | <u>317,870</u> | <u>424,660</u> |
| Minority Interests | 2,681 | - |
| Total Equity | <u>320,551</u> | <u>424,660</u> |
| Non-Current Liabilities | | |
| Long Term Borrowings | 68 | 75,258 |
| Deferred Taxation | 189 | 132 |
| | <u>257</u> | <u>75,390</u> |
| Current Liabilities | | |
| Trade Payables | 19,924 | 79,047 |
| Other Payables | 64,489 | 65,591 |
| Overdraft & Short Term Borrowings | 554,048 | 520,575 |
| Equity Conversion Option | 15,682 | 15,682 |
| Provision for Taxation | 41 | 6408 |
| | <u>654,184</u> | <u>687,303</u> |
| Total Equity and Liabilities | <u>974,992</u> | <u>1,187,353</u> |
| Net Assets per share (RM) | 1.19 | 1.57 |

The Condensed Consolidated Balance Sheets should be read in conjunction with the latest audited Annual Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | For 9 Months Period Ended 30/9/2008 | For 9 Months Period Ended 30/9/2007 (Restated) |
|---|--|---|
| | RM'000 | RM'000 |
| Loss before tax | (94,964) | (150,331) |
| Adjustment for non-cash and non-operating items:- | | |
| Non-cash items | 77,356 | 111,157 |
| Non-operating items | 25,849 | 25,856 |
| Operating profit before changes in working capital | <u>8,241</u> | <u>(13,318)</u> |
| Changes in working capital:- | | |
| Net change in current assets | 61,516 | 37,033 |
| Net change in current liabilities | (79,422) | 8,612 |
| Cash (used in)/generated from operations | <u>(9,665)</u> | <u>32,327</u> |
| Income tax paid | (6,197) | (162) |
| Cash flows (used in)/from operating activities | <u>(15,862)</u> | <u>32,165</u> |
| Cash flows from/(used in) investing activities | | |
| Interest received | 3,198 | 7,288 |
| Purchase of other investment | - | (45) |
| Acquisition of subsidiary company, net of cash acquired | 39,791 | - |
| Additions to property, plant and equipment | (29,757) | (71,568) |
| Additional investment in an associate | - | (6,589) |
| Proceeds from disposal of property, plant and equipment | 9,059 | 7,756 |
| | <u>22,291</u> | <u>(63,158)</u> |
| Cash flows from/(used in) financing activities | | |
| Interest paid | (15,110) | (23,045) |
| Expenses on shares issued | - | (10) |
| (Repayment)/Net proceed of borrowings | (63,274) | (134,826) |
| | <u>(78,384)</u> | <u>(157,881)</u> |
| Net decrease in cash and cash equivalents | (71,955) | (188,874) |
| Effect of changes in exchange rates | 6,751 | - |
| Cash and cash equivalents at beginning of period | 212,075 | 411,085 |
| Cash and cash equivalents at end of period | <u>146,871</u> | <u>222,211</u> |
| Cash and cash equivalents comprise:- | | |
| Cash and bank balances | 146,871 | 224,072 |
| Bank overdraft | - | (1,861) |
| | <u>146,871</u> | <u>222,211</u> |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the latest audited Annual Financial Statements.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

| | < -----Attributable to Equity Holders of the Parent----- > | | | | | | |
|---|--|----------------------------|---|---------------------------------|-----------------|--------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Foreign Currency Translation Reserve RM'000 | Accumulated Losses RM'000 | Total RM'000 | Minority Interest RM'000 | Total Equity RM'000 |
| Current year-to date ended 30 September 2008 | | | | | | | |
| At 1 January 2008 | 270,118 | 939,353 | (41,643) | (743,168) | 424,660 | - | 424,660 |
| Expense recognised directly in equity: | | | | | | | |
| Change in functional currency | | | 49,844 | (49,844) | - | - | - |
| Translation differences arising during the period | - | - | (9,117) | - | (9,117) | - | (9,117) |
| | - | - | 40,727 | (49,844) | (9,117) | - | (9,117) |
| Net loss for the period | - | - | - | (97,673) | (97,673) | 2,681 | (94,992) |
| | - | - | 40,727 | (147,517) | (106,790) | 2,681 | (104,109) |
| At 30 September 2008 | 270,118 | 939,353 | (916) | (890,685) | 317,870 | 2,681 | 320,551 |

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2008 (Cont'd)

| | < ----- Attributable to Equity Holders of the Parent ----- > | | | | | | |
|---|--|----------------------------|---|---------------------------------|-----------------|--------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Foreign Currency Translation Reserve RM'000 | Accumulated losses RM'000 | Total RM'000 | Minority Interest RM'000 | Total Equity RM'000 |
| Preceding year coresponding period ended 30 September 2007 | | | | | | | |
| At 1 January 2007 | 264,107 | 873,209 | (8,336) | (457,255) | 671,725 | - | 671,725 |
| Expense recognised directly in equity: | | | | | | | |
| Issue of shares - Convertible Bonds | 6,011 | 66,154 | - | - | 72,165 | - | 72,165 |
| Expenses on shares issued | - | (10) | - | - | (10) | - | (10) |
| Translation differences arising during the period | - | - | 5,556 | - | 5,556 | - | 5,556 |
| | 6,011 | 66,144 | 5,556 | - | 77,711 | - | 77,711 |
| Net loss for the period | - | - | - | (149,315) | (149,315) | - | (149,315) |
| | 6,011 | 66,144 | 5,556 | (149,315) | (71,604) | - | (71,604) |
| At 30 September 2007 | 270,118 | 939,353 | (2,780) | (606,570) | 600,121 | - | 600,121 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the latest audited Annual Financial Statements.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

1A. Accounting Policies

The quarterly financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The accounting policies and methods of computation adopted in the quarterly financial statements are consistent with those adopted in the audited Annual Financial Statements for the year ended 31 December 2007, except for the adoption of the following new and revised Financial Reporting Standards ("FRS") issued by the MASB that are effective for financial periods beginning on or after 1 January 2007, which applicable to the Group:-

| <u>Standard/Interpretation</u> | <u>Effective date</u> |
|--|-----------------------|
| FRS 107 Cash Flow Statement | 1 July 2007 |
| FRS 112 Income Taxes | 1 July 2007 |
| FRS 118 Revenue | 1 July 2007 |
| Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation | 1 July 2007 |
| FRS 134 Interim Financial Reporting | 1 July 2007 |
| FRS 137 Provisions, Contingent Liabilities and Contingent Assets | 1 July 2007 |

The adoption of the above FRSs does not have any significant financial impact on the Group.

The quarterly financial statements are to be read in conjunction with the latest audited annual financial statements.

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1B. Restatement of Comparative Figures

During the year ended 31 December 2007, in accordance with FRS 116, Property, Plant and Equipment, the Group re-assessed the useful lives of the assets. As a result, the expected useful lives of the aircrafts were reduced from 25-38 years to 16-22 years.

Arising from the change in estimates described above, figures for the financial period ended 30 September 2007 included herein for comparative purposes have been restated as follows:

| | As Previously Reported RM'000 | Adjustments RM'000 | Restated RM'000 |
|----------------------------------|--|-------------------------------|----------------------------|
| <u>Income Statement</u> | | | |
| Operating Expenses | (527,153) | (13,782) | (540,935) |
| Loss from Operations | (66,449) | (49,101) | (115,550) |
| Loss Before Tax | (101,231) | (49,101) | (150,332) |
| Net Loss for the Period | (100,214) | (49,101) | (149,315) |
| <u>Cashflow Statement</u> | | | |
| Loss before tax | (101,231) | (49,101) | (150,332) |
| Adjustment for:- | | | |
| Non-cash items | 97,375 | 13,782 | 111,157 |
| Changes in working capital:- | | | |
| Net change in current assets | 1,714 | 35,319 | 37,033 |

1C. Change in Functional Currency

As a consequence of the cessation of the routes flown by the MD11's, the existing functional currency of the major subsidiary company, Transmile Air Services Sdn Bhd ("TAS") in United States Dollar is no longer applicable. As the sales and purchases of TAS are now denominated primarily in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia, the Directors are of the opinion that Ringgit Malaysia will reflect the economic substance of the underlying events and circumstances relevant to TAS. Accordingly, the functional currency of TAS has been changed to Ringgit Malaysia and the effect of this change in functional currency is accounted for prospectively from 1 July 2008.

2. Qualification of Preceding Annual Financial Statements

The audit report for the preceding annual financial statements was not qualified.

3. Seasonal or Cyclical Factors

With the Group's focus on regional routes, there will be less seasonal fluctuations in its business operations.

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4. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flow
There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review except for those mentioned in Note 13 and 14 below.

5. Change Of Estimates Used
There was no material change in estimates for the financial quarter under review.

6. Issuance, Cancellation, Repurchases, Resale And Repayments Of Debts And Equity Securities
Saved as disclosed below, there was no issuance or repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

7. Dividend
There was no dividend paid during the financial period under review.

The Directors do not recommend the payment of any interim dividend in respect of the current financial period under review.

8. Segmental Reporting
No segmental reporting was presented as the Group is principally engaged in the aviation services industry and operates principally from Malaysia.

9. Aircraft, Property, Plant And Equipment
The aircraft, property, plant and equipment were carried at cost less depreciation and any impairment losses. There was no revaluation of property, plant and equipment for the period ended 30 September 2008.

10. Material Subsequent Event
There was no material event subsequent to the end of the financial period under review that has not been reflected in the financial statements.

11. Changes In The Composition Of The Group
There were no material changes in the composition of the Group during the financial period under review other than as mentioned below:-

On 9 July 2008, the Company acquired additional 2,000,000 ordinary shares of RM1.00 each in the capital of CEN Sdn. Bhd., an associate company of the Company, for a total cash consideration of RM1.5 million. This represents 20% of the total equity interests of CEN Sdn. Bhd. Following this acquisition, CEN Sdn. Bhd. is now a 57.5% subsidiary of Transmile Group Berhad.

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12. Contingent Liabilities/Assets

As at the date of this report, the Group does not have any material contingent assets/liabilities.

13. Review Of Performance Of The Group And Its Principal Subsidiaries

For the quarter under review, the Group recorded revenue of RM68.1 million as compared with a revenue of RM104.8 million recorded in the preceding year's corresponding quarter.

The lower revenue as compared with the preceding year's corresponding quarter was mainly due to the lower flight hours as a consequence of the cessation of the unprofitable routes flown by the MD11's since end March 08.

Group loss before tax for the quarter under review of RM26.3 million is lower than the preceding year's corresponding quarter's loss of RM85.8 million. The lower loss was mainly due to the effect of cessation of the unprofitable routes flown by MD11 since Mar'08.

Following the change in functional currency of one of the subsidiaries as stated in Note 1C, the Group recognized an unrealized forex loss of RM24.6 million on its USD loans, arising from the change in exchange rate from RM3.26:USD1 at 30 June 2008 to RM3.44:USD1 at 30 September 2008. If there was no change in the functional currency of the subsidiary, the Group loss before tax for the quarter would have been RM1.7 million.

14. Explanatory Comments On Any Material Change In The Profit Before Taxation (Current Quarter Compared With The Preceding Quarter)

The Group revenue of RM68.1 million for the current quarter ended 30 September 2008 is higher as compared to RM49.8 million of the preceding quarter ended 30 June 2008. The higher revenue is mainly due to some revenue attributing to the wide body aircraft that was only recognised in current quarter. The increase was also due to higher charter revenue and general freight sales recorded in the quarter under review.

The charter revenue recorded for the wide body aircraft was due to the finalization of certain outstanding items with a customer. Also, upon the finalization of an associate's audit in July 2008, it was only discovered that there was a revenue amount of RM12.5million that was not billed by Transmile to the associate company then. Thus, this amount was only billed in Q3 2008.

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The following is an analysis of the Group Gross Profit:

| RM'000 | Q3-08 | | | | Q2-08 | | | |
|---------------------------|----------------|---------------|--------------|-----------------|-----------------|---------------|--------------|-----------------|
| | WB * | NB * | Others | Total | WB * | NB * | Others | Total |
| Revenue | | | | | | | | |
| Charter Revenue | 10,231 | 28,083 | - | 38,314 | - | 27,092 | - | 27,092 |
| General Freight Sales | 12,510 | 4,696 | - | 17,206 | - | 2,221 | - | 2,221 |
| Lease Rental | - | 11,943 | - | 11,943 | - | 12,393 | - | 12,393 |
| Others | - | - | 606 | 606 | - | - | 8,047 | 8,047 |
| | 22,741 | 44,722 | 606 | 68,069 | - | 41,706 | 8,047 | 49,753 |
| Cost of Services | | | | | | | | |
| - Aircraft Cost | (16,978) | (3,046) | 474 | (19,550) | (10,069) | (6,483) | 573 | (15,979) |
| - Engineering Labour Cost | (1,349) | (3,148) | - | (4,497) | (1,527) | (3,563) | - | (5,089) |
| - Other Direct Cost | (9,207) | (31,979) | - | (41,186) | (6,303) | (22,787) | 927 | (28,163) |
| Gross Profit | (4,793) | 6,549 | 1,080 | 2,836 | (17,899) | 8,873 | 9,547 | 521 |
| GP Margin % | 0% | 15% | 178% | 4% | 0% | 21% | 119% | 1% |

*1 WB = Wide body (MD11)

*2 NB = Narrow body (B727 & B737)

| | Q3-08 RM'000 | Q2-08 RM'000 |
|---|-----------------|-----------------|
| Loss Before Tax as Reported | (26,343) | (21,021) |
| Less: Onetime Expenses/Timing Differences | | |
| - Net cost attributed to MD11 | 4,793 | 17,899 |
| - Unrealised forex loss on USD loans (Note 13) | 24,589 | - |
| | 29,382 | 17,899 |
| Profit / (Loss) Before Tax and Exceptional Items | 3,039 | (3,122) |
| EBITDA before unrealised forex loss on USD loan | 26,404 | 3,898 |

The Group made a profit before tax and exceptional items for the current quarter of RM3.0 million compared to a loss for the preceding quarter, mainly due to the effect of cost reduction and higher revenue.

15. Prospects Of The Group

The Group is still in discussions with existing and potential customers to explore new business areas. Management is also in discussions with prospective strategic partners on the possibility of flying new regional routes.

Barring any unforeseen circumstances, the Directors are of the view that the business strategies that have been implemented will continue to work to improve the operational performance and financial position of the Group for the current financial year ending 31 December 2008.

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16. Variance From Profit Forecast

Not applicable.

17. Taxation

The tax credit consists of the following:

| | Current Quarter RM'000 | Current Year To Date RM'000 |
|------------------------------------|---------------------------------------|--|
| Current taxation | - | (573) |
| Overprovision in deferred taxation | - | (336) |
| | <u>-</u> | <u>(909)</u> |

18. Sale Of Unquoted Investments And/Or Properties

There were no sales of unquoted investments and/or properties for the financial period under review.

19. Purchase Or Disposal Of Quoted Securities

There were no purchases or disposals of quoted securities for the financial period under review.

20. Status Of Corporate Proposals

There was no corporate proposal for the financial period under review other than as mention below.

A. Utilization of Proceeds from Private Placement

On 22 February 2008, the Group informed the Securities Commission on the variation to the utilization of the balance of proceeds amounting to RM171.3 million, raised from the private placement. The Group intends to utilize the balance of the proceeds earmarked for the acquisition of aircraft, aircraft parts and equipment, and business development and marketing purposes, amounting to RM161.5 million, to repay some of the outstanding loans.

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The status of the revised proposed utilization of proceeds of RM277.6 million raised from the private placement completed on 1 December 2006 is as follow:-

| | Revised Proposed Utilisation RM'000 | Actual Utilisation RM'000 |
|--|--|--|
| (i) Acquisition of aircraft, aircraft parts and equipment | 48,493 | 48,493 |
| (ii) Repayment of convertible bonds, syndicated term loan and medium term note program | 161,507 | 63,175 |
| (iii) Enhancement of existing management information system | 10,000 | 1,394 |
| (iv) Working Capital | 57,488 | 57,488 |
| (v) Defraying of expenses incidental to the exercise | 120 | 120 |
| | <u>277,608</u> | <u>170,670</u> |

B. Proposed Issuance of Shares

Further to the announcements dated 22 May 2008 and 23 June 2008 in relation to the Proposed Issuance.

The Company announced on 22 September 2008, following the discussion with the Lenders (comprising the Syndicated Term Loan lenders, Medium Term Notes holders and the Convertible Bonds holders) on the settlement of the amounts owing, the Lenders have indicated their interests to have the amounts owing to them to be settled via cash instead of issuance of new ordinary shares in TGB. As such, the submission to the Securities Commission for the Proposed Issuance will not be made.

Presently, the negotiations with the Lenders on the indulgence sought are still on-going and TGB is working towards a mutually agreeable settlement with the Lenders.

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21. Group Borrowings And Debt Securities

The Group's borrowings classified according to short and long-term categories are as follows:-

A. Group Borrowings And Debt Securities

| | RM'000 |
|---|----------------|
| (a) Short-term Borrowings – Unsecured | |
| - Syndicated Term Loan – current portion (USD 66.9 million) | 230,315 |
| - Convertible bonds - current portion (USD 65.6 million) | 218,482 |
| - Hire-purchase creditors – current portion | 251 |
| - Commercial papers / medium term notes ("MTN") - current | 105,000 |
| | <u>554,048</u> |
| (b) Long-term Borrowings – Unsecured | |
| - Hire-purchase creditors – non current | 68 |
| | <u>68</u> |
| (c) Borrowings by currencies | |
| - denominated in RM | 105,319 |
| - denominated in US Dollar | 448,797 |
| | <u>554,116</u> |

B. Announcements on Group Borrowings And Debt Securities

Pursuant to Practice Note 1/2001 of Listing Requirements of Bursa Malaysia Securities Berhad, on 2 May 2008 the Group announced that Transmile Air (SPV) Limited ("TASL"), a wholly-owned subsidiary of Transmile Group Berhad ("TGB"), had defaulted in principal payment for its syndicated unsecured term loan ("STL") amounting to USD9.6 million.

Similarly on 20 May 2008, the Group announced that TGB (SPV) Ltd ("TSL"), a wholly-owned subsidiary of TGB, had defaulted in the payment for its 1% Guaranteed Convertible Bonds due 2010 issued by TSL ("CB") amounting to USD65.6 million arising from the exercise of the put option on the CB by the holders.

Further to the above, on 5 September 2008, the Group announced that Transmile Air Services Sdn Bhd ("TAS"), a wholly-owned subsidiary of TGB, had defaulted in the principal payment of its Medium Term Notes ("MTN") amounting to RM30 million.

The reason for the default was that the current cash flow generated from the operation of TGB group is not sufficient to repay the principal repayment in view of the under utilization of the MD-11 aircraft.

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TGB is the guarantor for the STL, CB and MTN. TGB is currently negotiating with the lenders (comprising the STL lenders and the holders of CB and MTN) to defer the outstanding repayment by 18 months from their respective due dates. Indulgence has also been sought from the lenders to waive the cross default event under the respective agreements. At the same time, TGB is pursuing the disposal of its 4 MD-11 aircraft to raise cash for the repayment of its outstanding borrowings which were raised to purchase the said aircrafts.

The decision from the lenders in relation to the indulgence sought is still pending as at the date of this announcement.

Based on the foregoing and subject to the successful restructuring of the outstanding debts with the aforementioned lenders, the Board of Directors of TGB ("Board") is of the opinion that the Company will be able to pay all the debts that are becoming due and payable in the next 12 months from the date of the respective announcements on the default in payment. Based on the above, the Board has declared that TGB is still solvent in accordance to Practice Note 1/2001 of Listing Requirements of Bursa Malaysia Securities Berhad.

22. Off Balance Sheet Financial Instrument

There were no material financial instruments with off balance sheet risk during the financial period under review.

23. Changes In Material Litigation

There was no material litigation pending as at the date of this report.

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The figures have not been audited

24. Earnings Per Share

| | Current Quarter Ended 30/9/2008 RM'000 | Preceding Year Corresponding Quarter Ended 30/9/2007 (Restated) RM'000 | Current Year To Date 30/9/2008 RM'000 | Preceding Year To Date 30/9/2007 (Restated) RM'000 |
|---|--|--|---|--|
| a) Basic Loss Per Share (LPS) | | | | |
| Net loss attributable to ordinary shareholders | (29,024) | (84,847) | (97,673) | (149,315) |
| Weighted average number of ordinary shares ('000) | 270,118 | 270,012 | 270,118 | 269,483 |
| Basic LPS (sen) | (10.74) | (31.41) | (36.16) | (55.41) |

b) Fully diluted

The Group has no dilution in its loss per ordinary share in the current quarter / year-to-date as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its loss per share.

The Group has no dilution in its loss per ordinary share in the preceding year corresponding quarter / period as the full conversion of the Convertible Bonds will result in an anti-diluted loss per share.