

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2009**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31
MARCH 2009**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Period		Cumulative Period	
		Current Year Quarter Ended 31/3/2009 RM'000	Preceding Year Corresponding Quarter 31/3/2008 RM'000	Current Year To Date 31/3/2009 RM'000	Preceding Year To Date 31/3/2008 RM'000
Revenue	1B	35,510	119,375	35,510	119,375
Operating Expenses	1B	(70,924)	(159,566)	(70,924)	(159,566)
Other Operating Income		993	3,603	993	3,603
Loss from Operations	1B	<u>(34,421)</u>	<u>(36,588)</u>	<u>(34,421)</u>	<u>(36,588)</u>
Finance Costs		(8,087)	(9,320)	(8,087)	(9,320)
Share of Associates' Results		-	(1,692)	-	(1,692)
Net Loss Before Tax	1B	<u>(42,508)</u>	<u>(47,600)</u>	<u>(42,508)</u>	<u>(47,600)</u>
Tax credit/(expense)	1B	(1,314)	(152)	(1,314)	(152)
Net Loss for the Period	1B	<u><u>(43,822)</u></u>	<u><u>(47,752)</u></u>	<u><u>(43,822)</u></u>	<u><u>(47,752)</u></u>
Attributable to:-					
Equity Holders of the Company		(43,822)	(47,752)	(43,822)	(47,752)
Minority Interests		-	-	-	-
Net Loss for the Period		<u><u>(43,822)</u></u>	<u><u>(47,752)</u></u>	<u><u>(43,822)</u></u>	<u><u>(47,752)</u></u>
Basic loss per ordinary share(sen)	24	(16.22)	(17.68)	(16.22)	(17.68)

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31/3/2009 (Unaudited) RM'000	As at 31/12/2008 (Audited) RM'000
Non-Current Assets		
Property, Plant and Equipment	700,645	717,323
Investment In Associated Companies	1,226	1,226
Long Term Investments	45	45
Deferred Expenditure	46,086	47,195
	<u>748,002</u>	<u>765,789</u>
Current Assets		
Trade Receivables	55,007	58,546
Other Receivables	16,855	14,360
Cash & Bank Balances	114,856	119,820
	<u>186,718</u>	<u>192,726</u>
Total Assets	<u>934,720</u>	<u>958,515</u>
Share Capital	270,118	270,118
Reserves	(19,244)	24,574
	<u>250,874</u>	<u>294,692</u>
Minority Interests	-	-
Total Equity	<u>250,874</u>	<u>294,692</u>
Non-Current Liabilities		
Long Term Borrowings	183	188
	<u>183</u>	<u>188</u>
Current Liabilities		
Trade Payables	19,288	17,890
Other Payables	71,482	77,256
Overdraft & Short Term Borrowings	592,893	568,489
	<u>683,663</u>	<u>663,635</u>
Total Equity and Liabilities	<u>934,720</u>	<u>958,515</u>
Net Assets per share (RM)	0.93	1.09

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	For 3 Months Period Ended 31/3/2009 RM'000	For 3 Months Period Ended 31/3/2008 RM'000
Loss before tax	(42,508)	(47,600)
Adjustment for non-cash and non-operating items:-		
Non-cash items	37,842	20,396
Non-operating items	7,880	9,516
Operating profit before changes in working capital	<u>3,214</u>	<u>(17,688)</u>
Changes in working capital:-		
Net change in current assets	5,133	(60,309)
Net change in current liabilities	(7,673)	8,793
Cash generated/(used in) from operations	<u>674</u>	<u>(69,204)</u>
Income tax paid	181	(152)
Cash flows from/(used in) operating activities	<u>855</u>	<u>(69,356)</u>
Cash flows (used in)/from investing activities		
Interest received	207	1,496
Increase in deferred expenditures	(2,534)	-
Additions to property, plant and equipment	(1,066)	(317)
Proceeds from disposal of property, plant and equipment	122	2,934
	<u>(3,271)</u>	<u>4,113</u>
Cash flows (used in)/from financing activities		
Interest paid	(5,473)	(5,899)
(Repayment)/Net proceed of borrowings	(6)	6,671
	<u>(5,479)</u>	<u>772</u>
Net decrease in cash and cash equivalents	(7,895)	(64,471)
Effect of changes in exchange rates	2,931	5,043
Cash and cash equivalents at beginning of period	119,820	212,075
Cash and cash equivalents at end of period	<u><u>114,856</u></u>	<u><u>152,647</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balances	114,856	155,100
Bank overdraft	-	(2,453)
	<u><u>114,856</u></u>	<u><u>152,647</u></u>

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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

	< -----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 31 March 2009							
At 1 January 2009	270,118	939,353	(767)	(914,012)	294,692	-	294,692
Expense recognised directly in equity:							
Translation differences arising during the period	-	-	4	-	4	-	4
	-	-	4	-	4	-	4
Net loss for the period	-	-	-	(43,822)	(43,822)	-	(43,822)
	-	-	4	(43,822)	(43,818)	-	(43,818)
At 31 March 2009	270,118	939,353	(763)	(957,834)	250,874	-	250,874

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009 (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 corresponding period ended 31 March 2008							
At 1 January 2008	270,118	939,353	(41,643)	(743,168)	424,660	-	424,660
Expense recognised directly in equity:							
Translation differences arising during the period	-	-	(14,530)	-	(14,530)	-	(14,530)
	-	-	(14,530)	-	(14,530)	-	(14,530)
Net loss for the period	-	-	-	(47,752)	(47,752)	-	(47,752)
	-	-	(14,530)	(47,752)	(62,282)	-	(62,282)
At 31 March 2008	270,118	939,353	(56,173)	(790,920)	362,378	-	362,378

The Condensed Consolidated Statement of Changes in Equity 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 FIRST QUARTER
ENDED 31 MARCH 2009**

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

1. 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 2008.

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

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.

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

Save 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 dividend in respect of the current financial period under review.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2009**

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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 31 December 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.

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 RM35.5 million as compared with a revenue of RM119.4 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 aircraft since end of March 2008.

Group loss before tax for the quarter under review of RM42.5 million is lower than the preceding year's corresponding quarter's loss of RM47.6 million. The lower loss was mainly due to the effect of cessation of the unprofitable routes flown by MD11 aircraft since end of March 2008.

Included in the loss for the quarter under review is an unrealized foreign exchange loss of RM20.4 million on USD Dollar loans which were recognized following the changes in the functional currency for accounting purposes. If the unrealized foreign exchange loss were excluded, the Group's loss before tax should be RM22.1 million.

The following table shows the current quarter results for the wide body and narrow body aircraft operations. Depreciation and other costs relating to the wide body aircraft amounted to RM14.2 million for the quarter under review.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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The narrow body operations and other ancillary services provided are profitable and the Group is constantly looking for new business opportunities to enhance its revenue stream and improve profitability. The Group is also looking at ways to reduce operating cost and improving productivity.

	Q1-09				Q1-08			
	WB *	NB*2	Others	Total	WB * ¹	NB *2	Others	Total
RM'000								
Revenue								
Charter Revenue	-	19,477	-	19,477	65,860	5,517	-	71,377
General Freight Sales	-	4,708	-	4,708	26,329	4,250	-	30,579
Lease Rental	-	9,994	-	9,994	-	14,311	-	14,311
Others	-	-	1,331	1,331	-	-	3,107	3,107
	-	34,179	1,331	35,510	92,189	24,078	3,107	119,374
Cost of Services								
- Aircraft Cost	(11,922)	(3,310)	-	(15,232)	(11,817)	(6,283)	538	(17,562)
- Engineering Labour Costs	(1,220)	(2,845)	-	(4,065)	(1,269)	(2,961)	-	(4,230)
- Other Direct Cost	(1,078)	(25,041)	-	(26,119)	(96,641)	(25,037)	861	(120,817)
	(14,220)	(31,196)	-	(45,416)	(109,727)	(34,281)	1,399	(142,609)
Gross (Loss)/Profit	(14,220)	2,983	1,331	(9,906)	(17,538)	(10,203)	4,506	(23,235)
GP Margin %	0%	9%	100%	-28%	0%	-42%	145%	-19%
EBITDA before unrealised forex loss on USD loans				3,287				(21,218)

*¹ WB = Wide body (MD11)

*² NB = Narrow body (B727 & B737)

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

The Group revenue of RM35.5 million for the current quarter ended 31 March 2009 is lower compared to RM55.7 million for the preceding quarter ended 31 December 2008. The lower revenue is mainly due to the reduction in charter revenue in the current quarter and the recognition in Q4 2008 of revenue relating to wide body aircraft operations in earlier quarters.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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The following is an analysis of the Group Gross (Loss)/Profit:

	Q1-09				Q4-08			
	WB *	NB*2	Others	Total	WB *	NB *2	Others	Total
RM'000								
Revenue								
Charter Revenue	-	19,477	-	19,477	10,323	30,560	-	40,883
General Freight Sales	-	4,708	-	4,708	-	4,355	-	4,355
Lease Rental	-	9,994	-	9,994	-	7,844	-	7,844
Others	-	-	1,331	1,331	-	-	2,605	2,605
	-	34,179	1,331	35,510	10,323	42,759	2,605	55,687
Cost of Services								
- Aircraft Cost	(11,922)	(3,310)	-	(15,232)	(13,668)	(2,605)	-	(16,273)
- Engineering Labour Costs	(1,220)	(2,845)	-	(4,065)	(1,634)	(3,813)	-	(5,447)
- Other Direct Cost	(1,078)	(25,041)	-	(26,119)	-	(37,937)	-	(37,937)
	(14,220)	(31,196)	-	(45,416)	(15,302)	(44,355)	-	(59,657)
Gross (Loss)/Profit	(14,220)	2,983	1,331	(9,906)	(4,979)	(1,596)	2,605	(3,970)
GP Margin %	0%	9%	100%	-28%	0%	-4%	100%	-7%

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

Comments on Changes in Profit Before Taxation (Current Qtr vs Last Qtr)

	Q1-09 RM'000	Q4-08 RM'000
Loss Before Tax as Reported	(42,508)	(26,196)
Less: Onetime Expenses/Timing Differences		
- Net cost attributed to MD11	14,220	4,979
- Unrealised forex loss on USD loans	20,385	5,360
- Provision for doubtful debts	-	13,304
	34,605	23,643
(Loss)/Profit Before Tax and Exceptional Items	(7,903)	(2,553)
EBITDA before unrealised forex loss on USD loan	3,287	13,383

The Group incurred a loss before tax and exceptional items of RM7.9 million for the current quarter due to lower hours flown for the quarter as operations were affected by the global economic slowdown.

15. Prospects Of The Group

The Group is still in discussions with the 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 to improve the operational performance and financial position of the Group.

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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	1,314	1,314
Overprovision in deferred taxation	-	-
	<u>1,314</u>	<u>1,314</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.

Utilization of Proceeds from Private Placement

On 22 February 2008, the Group informed the Securities Commission on the variation to the utilization 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	2,189
(iv) Working Capital	57,488	57,488
(v) Defraying of expenses incidental to the exercise	120	120
	<u>277,608</u>	<u>171,465</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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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)	243,235
- Convertible bonds - current portion (USD 63.7 million)	244,567
- Hire-purchase creditors – current portion	91
- Commercial papers / medium term notes (“MTN”) - current	105,000
	<u>592,893</u>
(b) Long-term Borrowings – Unsecured	
- Hire-purchase creditors – non current	183
	<u>183</u>
(c) Borrowings by currencies	
- denominated in RM	105,274
- denominated in US Dollar	487,802
	<u>593,076</u>

B. Announcements on Group Borrowings And Debt Securities

The Company had on 31 October 2008 announced that TAS has received a letter from the trustee of MTN stating that an event of default under the Trust Deed has occurred and all outstanding notes amounting to RM105 million will be due together with all other amounts payable by TAS under the MTN programme.

Further to the above, the Company had on 30 January 2009 announced that the Company had received a letter from the trustee of MTN stating that the MTN holders have granted the Company final indulgence until 28 February 2009 to arrive at a mutually agreeable restructuring terms with the MTN holders.

On 31 March 2009, the Company had announced that it was still engaging all Lenders towards a mutually agreeable solution.

The Company will continue to engage each group of Lenders and will work towards arriving at a mutually agreeable restructuring terms with each group of Lenders.

22. Off Balance Sheet Financial Instrument

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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23. Changes In Material Litigation

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

24. Earnings Per Share

	Current Quarter Ended 31/3/2009 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2008 RM'000	Current Year To Date 31/3/2009 RM'000	Preceding Year To Date 31/3/2008 RM'000
a) Basic Loss Per Share (LPS)				
Net loss attributable to ordinary shareholders	(43,822)	(47,752)	(43,822)	(47,752)
Weighted average number of ordinary shares ('000)	270,118	270,118	270,118	270,118
Basic LPS (sen)	(16.22)	(17.68)	(16.22)	(17.68)

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.