

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Period		Cumulative Period	
		Current Year Quarter Ended	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
		RM'000	RM'000	RM'000	RM'000
Revenue		46,661	55,686	151,213	292,883
Operating Expenses		(263,633)	(81,377)	(410,875)	(464,826)
Other Operating Income		8,939	22,503	12,565	102,839
Loss from Operations		<u>(208,033)</u>	<u>(3,188)</u>	<u>(247,097)</u>	<u>(69,104)</u>
Finance Costs		(6,991)	(22,772)	(29,413)	(48,524)
Share of Associates' Results		2,028	(236)	5,898	(3,532)
Net Loss Before Tax		<u>(212,996)</u>	<u>(26,196)</u>	<u>(270,612)</u>	<u>(121,160)</u>
Tax (expense)/credit		(209)	188	(1,882)	160
Net Loss for the Period		<u><u>(213,205)</u></u>	<u><u>(26,008)</u></u>	<u><u>(272,494)</u></u>	<u><u>(121,000)</u></u>
Attributable to:-					
Equity Holders of the Company		(213,205)	(26,008)	(272,494)	(121,000)
Minority Interests		-	-	-	-
Net Loss for the Period		<u><u>(213,205)</u></u>	<u><u>(26,008)</u></u>	<u><u>(272,494)</u></u>	<u><u>(121,000)</u></u>
Basic loss per ordinary share(sen)	24	(78.93)	(9.63)	(100.88)	(44.80)

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 FOURTH QUARTER
 ENDED 31 DECEMBER 2009**

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31/12/2009 (Unaudited) RM'000	As at 31/12/2008 (Audited) RM'000
Non-Current Assets		
Aircraft, Property, Plant and Equipment	132,856	717,323
Investment In Associated Companies	11,759	1,226
Long Term Investments	45	45
Deferred Expenditure	18,781	47,195
	<u>163,441</u>	<u>765,789</u>
Current Assets		
Assets Classified As Held For Sale	385,895	-
Trade Receivables	11,395	58,546
Other Receivables	16,263	14,360
Cash & Bank Balances	86,431	119,820
	<u>499,984</u>	<u>192,726</u>
Total Assets	<u>663,425</u>	<u>958,515</u>
Share Capital		
Reserves	270,118	270,118
	<u>(247,859)</u>	<u>24,574</u>
	22,259	294,692
Minority Interests		
	-	-
Total Equity	<u>22,259</u>	<u>294,692</u>
Non-Current Liabilities		
Long Term Borrowings	126	188
	<u>126</u>	<u>188</u>
Current Liabilities		
Trade Payables	15,691	17,890
Other Payables	63,068	77,256
Overdraft & Short Term Borrowings	562,281	568,489
	<u>641,040</u>	<u>663,635</u>
Total Equity and Liabilities	<u>663,425</u>	<u>958,515</u>
Net Assets per share (RM)	0.08	1.09

The Condensed Consolidated Balance Sheets 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 FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

	For 12 Months Period Ended 31/12/2009 RM'000	For 12 Months Period Ended 31/12/2008 RM'000
Loss before tax	(270,612)	(121,160)
Adjustment for non-cash and non-operating items:-		
Non-cash items	228,892	99,104
Non-operating items	21,612	32,515
Operating profit before changes in working capital	<u>(20,108)</u>	<u>10,459</u>
Changes in working capital:-		
Net change in current assets	40,973	64,142
Net change in current liabilities	(12,475)	(63,400)
Cash generated from operations	<u>8,390</u>	<u>11,201</u>
Income tax paid	(1,384)	(6,613)
Cash flows from operating activities	<u>7,006</u>	<u>4,588</u>
Cash flows used in investing activities		
Interest received	687	3,859
Increase in deferred expenditures	(1,585)	(46,834)
Acquisition of subsidiary company, net of cash acquired	-	37,926
Additions to property, plant and equipment	(6,520)	(13,212)
Additional investment in an associate	(4,574)	-
Proceeds from disposal of property, plant and equipment	1,184	6,721
	<u>(10,808)</u>	<u>(11,540)</u>
Cash flows used in financing activities		
Interest paid	(28,650)	(28,996)
Repayment of borrowings	(66)	(63,311)
	<u>(28,716)</u>	<u>(92,307)</u>
Net decrease in cash and cash equivalents	(32,518)	(99,259)
Effect of changes in exchange rates	(871)	7,004
Cash and cash equivalents at beginning of period	119,820	212,075
Cash and cash equivalents at end of period	<u><u>86,431</u></u>	<u><u>119,820</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balances	56,431	119,820
Deposit with solicitor for loan repayment	30,000	-
	<u><u>86,431</u></u>	<u><u>119,820</u></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)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 December 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	-	-	61	-	61	-	61
	-	-	61	-	61	-	61
Net loss for the period	-	-	-	(272,494)	(272,494)	-	(272,494)
	-	-	61	(272,494)	(272,433)	-	(272,433)
At 31 December 2009	270,118	939,353	(706)	(1,186,506)	22,259	-	22,259

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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 December 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)	-	-	(8,968)
Translation differences arising during the period	-	-	(8,968)	-	(8,968)	-	(8,968)
Net loss for the period	-	-	40,876	(49,844)	(121,000)	-	(121,000)
	-	-	40,876	(170,844)	(129,968)	-	(129,968)
At 31 December 2008	270,118	939,353	(767)	(914,012)	294,692	-	294,692

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 FOURTH QUARTER
ENDED 31 DECEMBER 2009**

The figures have not been audited

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 9, 10, 14 and 15 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 dividend in respect of the current financial period under review.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2009**

The figures have not been audited

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

An impairment loss of RM8.2 million on the narrow body aircraft was recognized in operating expense in the current quarter to reflect the fair value based on published aircraft value as at 4 January 2010.

10. Assets Classified As Held For Sale

Following the decision of the Board to dispose the wide body aircraft, it has been decided to reclassify the aircraft and its related cost to assets classified as held for sale on 1 April 2009. At 31 December 2009, the aircraft related costs are as follows:

	Cost	Impairment Loss	Carrying Value
	RM'000	RM'000	RM'000
Property, Plant and Equipment	546,820	(160,925)	385,895
Deferred Expenditure	17,075	(17,075)	-
	<u>563,895</u>	<u>(178,000)</u>	<u>385,895</u>

As in note 9 above, an impairment loss of RM178 million on the wide body aircraft was recognized in operating expense in the current quarter to reflect the fair value less cost to sell.

11. 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.

12. Changes In The Composition Of The Group

There were no material changes in the composition of the Group during the financial period under review.

13. Contingent Liabilities/Assets

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

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

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

For the quarter under review, the Group recorded revenue of RM46.7 million as compared with a revenue of RM55.7 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 inclusion in the preceding year's corresponding quarter of RM10.3 million of revenue attributable to the wide body aircraft.

The following table shows the current quarter results. The Group is constantly looking for new business opportunities to improve its revenue stream and profitability. The Group is also looking at ways to reduce operating cost and improving productivity.

	Q4-09 RM'000	Q4-08 RM'000
Revenue From Narrow Body		
Charter Revenue	32,272	30,559
General Freight Sales	10,214	4,355
Lease Rental	2,684	7,844
Others	1,491	2,605
	<u>46,661</u>	<u>45,363</u>
Cost of Services		
- Aircraft Cost	(4,107)	(2,605)
- Engineering Labour Costs	(2,008)	(3,813)
- Other Direct Cost	(43,936)	(37,935)
	<u>(50,051)</u>	<u>(44,353)</u>
Gross (Loss)/Profit	(3,390)	1,010
GP Margin %	-7%	2%
Less : Net Cost Attributed to MD-11		
- Charter Revenue	-	10,323
- Aircraft Cost	-	(9,927)
- Engineering Labour Costs	(861)	(1,634)
	<u>(861)</u>	<u>(1,238)</u>
Gross Loss (after MD-11 Sunk Cost)	(4,251)	(228)
GP Margin %	-9%	-1%

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

For THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009
Comment on Changes in Loss Before Taxation (Current Quarter vs Preceding Year's Corresponding Quarter)

	Q4-09 RM'000	Q4-08 RM'000
Loss Before Tax as Reported	(212,996)	(26,196)
Less: Onetime Expenses/Timing Differences		
- Net cost attributed to MD11	861	1,238
- Unrealised forex (gain)/loss on USD loans	(2,047)	5,360
- Share of Associate's results	(2,028)	236
- Allowance for doubtful debts	17,331	13,304
- Impairment loss of aircraft & aircraft parts	185,977	-
	200,094	20,138
Loss Before Tax and Exceptional Items	(12,902)	(6,058)

The higher LBT was mainly due to the result of higher operating costs incurred in the current quarter.

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

The Group revenue of RM46.7 million for the current quarter ended 31 December 2009 is higher compared to RM30.5 million for the preceding quarter ended 30 September 2009. The higher revenue is mainly due to additional charter revenue billed during the quarter.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
 ENDED 31 DECEMBER 2009**

The figures have not been audited

The following is an analysis of the Group Gross Loss:

	Q4-09 RM'000	Q3-09 RM'000
Revenue		
Charter Revenue	32,272	10,844
General Freight Sales	10,214	8,333
Lease Rental	2,684	9,673
Others	1,491	1,657
	<u>46,661</u>	<u>30,507</u>
Cost of Services		
- Aircraft Cost	(4,107)	(3,249)
- Engineering Labour Costs	(2,008)	(2,204)
- Other Direct Cost	(43,936)	(28,904)
	<u>(50,051)</u>	<u>(34,357)</u>
Gross Loss	(3,390)	(3,850)
GP Margin %	-7%	-13%
Less : Net Cost Attributed to MD-11		
- Engineering Labour Costs	(861)	(944)
	<u>(861)</u>	<u>(944)</u>
Gross Loss (after MD-11 Sunk Cost)	(4,251)	(4,794)
GP Margin %	-9%	-16%

	Q4-09 RM'000	Q3-09 RM'000
Loss Before Tax as Reported	(212,996)	(14,831)
Less: Onetime Expenses/Timing Differences		
- Net cost attributed to MD11	861	944
- Unrealised forex (gain)/loss on USD loans	(2,047)	(3,430)
- Share of Associate's results	(2,028)	-
- Provision for doubtful debts	17,331	-
- Impairment loss of aircraft & aircraft parts	185,977	-
	<u>200,094</u>	<u>(2,486)</u>
Loss Before Tax and Exceptional Items	(12,902)	(17,317)

The lower LBT is a result of higher revenue in current quarter and lower professional cost in current quarter.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2009**

The figures have not been audited

16. Prospects Of The Group

The air cargo market remains soft with no major improvement anticipated in the short term. The Group continues to focus on the provision of customized air freight services, in particular to postal, air express, and courier companies, and is working to secure new business and additional traffic rights to improve aircraft utilization and the financial performance of the Group.

17. Variance From Profit Forecast

Not applicable.

18. Taxation

The tax credit consists of the following:

	Current Quarter RM'000	Current Year To Date RM'000
Current taxation	209	1,882
	<u>209</u>	<u>1,882</u>

19. Sale Of Unquoted Investments And/Or Properties

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

20. Purchase Or Disposal Of Quoted Securities

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

21. Status Of Corporate Proposals

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

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
 ENDED 31 DECEMBER 2009**

The figures have not been audited

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	3,072
(iv) Working Capital	57,488	57,488
(v) Defraying of expenses incidental to the exercise	120	120
	<u>277,608</u>	<u>172,348</u>

22. 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)	229,847
- Convertible bonds - current portion (USD 63.7 million)	227,348
- Commercial papers / medium term notes ("MTN")	105,000
- Hire-purchase creditors – current portion	86
	<u>562,281</u>
(b) Long-term Borrowings – Unsecured	
- Hire-purchase creditors – non current	126
	<u>126</u>
(c) Borrowings by currencies	
- denominated in RM	105,212
- denominated in US Dollar	457,195
	<u>457,195</u>

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2009**

The figures have not been audited

B. Announcements on Group Borrowings And Debt Securities

The Company had previously announced the defaults in payment in respect of the unsecured Syndicated Term Loan, the 1% Convertible Bonds and the Medium Term Notes on 2 May 2008, 20 May 2008 and 5 September 2008 respectively.

Further to the update on the status of such defaults in the report for the previous quarter, on 30 November 2009, 30 December 2009 and 28 January 2010, the Company had announced that it was still working on the definitive agreements for the debt restructuring.

23. Off Balance Sheet Financial Instrument

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

24. Changes In Material Litigation

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

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
 ENDED 31 DECEMBER 2009**

The figures have not been audited

25. Earnings Per Share

	Current Quarter Ended 31/12/2009 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2008 RM'000	Current Year To Date 31/12/2009 RM'000	Preceding Year To Date 31/12/2008 RM'000
a) Basic Loss Per Share (LPS)				
Net loss attributable to ordinary shareholders	(213,205)	(26,008)	(272,494)	(121,000)
Weighted average number of ordinary shares ('000)	270,118	270,118	270,118	270,118
Basic LPS (sen)	(78.93)	(9.63)	(100.88)	(44.80)

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.