

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
QUARTER ENDED 31 MARCH 2010**

Note	Individual Period		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	Quarter	Corresponding	To Date	Year To Date
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	52,578	35,510	52,578	35,510
Cost of sales	(48,467)	(45,392)	(48,467)	(45,392)
<b>Gross profit/(loss)</b>	4,111	(9,882)	4,111	(9,882)
Other income	19,646	786	19,646	786
Administrative expenses	(7,857)	(8,774)	(7,857)	(8,774)
Other expenses	(20)	(16,758)	(20)	(16,758)
<b>Results from operating activities</b>	15,880	(34,628)	15,880	(34,628)
Finance income	585	207	585	207
Finance costs	(6,532)	(8,087)	(6,532)	(8,087)
<b>Net finance costs</b>	(5,947)	(7,880)	(5,947)	(7,880)
Share of profit of associates, net of tax	-	-	-	-
<b>Profit/(Loss) before tax</b>	9,933	(42,508)	9,933	(42,508)
Income tax expense	(162)	(1,314)	(162)	(1,314)
<b>Net profit/(loss) for the period</b>	9,771	(43,822)	9,771	(43,822)
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	3	4	3	4
<b>Total comprehensive income/(loss) for the period</b>	9,774	(43,818)	9,774	(43,818)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
QUARTER ENDED 31 MARCH 2010 (Cont'd)**

	Note	Individual Period		Cumulative Period	
		Current Year	Preceding Year	Current Year	Preceding
		Quarter Ended 31/03/2010 RM'000	Corresponding Quarter 31/03/2009 RM'000	To Date 31/03/2010 RM'000	Year To Date 31/03/2009 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owner of the Company		9,771	(43,822)	9,771	(43,822)
Minority interests		-	-	-	-
<b>Net profit/(loss) for the period</b>		<u>9,771</u>	<u>(43,822)</u>	<u>9,771</u>	<u>(43,822)</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owner of the Company		9,774	(43,818)	9,774	(43,818)
Minority interests		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<u>9,774</u>	<u>(43,818)</u>	<u>9,774</u>	<u>(43,818)</u>
Basic earning/(loss) per ordinary share(sen)	25	3.62	(16.22)	3.62	(16.22)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2009.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010**

	<b>As at 31/03/2010 (Unaudited) RM'000</b>	<b>As at 31/12/2009 (Audited) RM'000</b>
<b>Assets</b>		
Aircraft, property, plant and equipment	128,263	132,856
Investment in associates	11,759	11,759
Other investments	45	45
Deferred expenditure	15,991	18,781
<b>Total non-current assets</b>	<u>156,058</u>	<u>163,441</u>
Current tax assets	1,012	1,012
Trade and other receivables	9,602	14,131
Prepayments and other assets	15,137	12,515
Assets classified as held for sale	385,895	385,895
Cash and cash equivalents	81,711	86,431
<b>Total current assets</b>	<u>493,357</u>	<u>499,984</u>
<b>Total assets</b>	<u>649,415</u>	<u>663,425</u>
<b>Equity</b>		
Share capital	270,118	270,118
Share premium	939,353	939,353
Reserves	(1,177,438)	(1,187,212)
<b>Total equity attributable to owners of the Company</b>	<u>32,033</u>	<u>22,259</u>
<b>Minority interests</b>	<u>-</u>	<u>-</u>
<b>Total Equity</b>	<u>32,033</u>	<u>22,259</u>
<b>Liabilities</b>		
Loans and borrowings	110	126
<b>Total non-current liabilities</b>	<u>110</u>	<u>126</u>
Loans and borrowings	544,049	562,281
Trade and other payables	73,223	78,759
<b>Total current liabilities</b>	<u>617,272</u>	<u>641,040</u>
<b>Total equity and liabilities</b>	<u>649,415</u>	<u>663,425</u>
Net assets per share (RM)	0.12	0.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2009.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010**

	Attributable to owners of the Company						
	<----- Non-distributable ----->			Distributable			
	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
<b>Current year-to date ended 31 March 2010</b>							
<b>At 1 January 2010</b>	270,118	939,353	(706)	(1,186,506)	22,259	-	22,259
Total comprehensive income for the period	-	-	3	9,771	9,774	-	9,774
<b>At 31 March 2010</b>	270,118	939,353	(703)	(1,176,735)	9,774	-	32,033

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010 (Cont'd)**

	Attributable to owners of the Company						
	<----- Non-distributable ----->			Distributable			
	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Preceding year coresponding period ended 31 March 2009</b>							
<b>At 1 January 2009</b>	270,118	939,353	(767)	(914,012)	294,692	-	294,692
Total comprehensive income/(loss) for the period	-	-	4	(43,822)	(43,818)	-	(43,818)
<b>At 31 March 2009</b>	270,118	939,353	(763)	(957,834)	(43,818)	-	250,874

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2009.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD  
 ENDED 31 MARCH 2010**

	<b>For 3 months period ended</b>	
	<b>31/3/2010</b>	<b>31/3/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	9,933	(42,508)
Adjustments for:-		
Non-cash items	(11,501)	37,842
Non-operating items	5,947	7,880
<b>Operating profit before changes in working capital</b>	<u>4,379</u>	<u>3,214</u>
Changes in working capital:-		
Net change in trade and other receivables, prepayments and other financial assets	(496)	5,133
Net change in trade and other payables	(1,332)	(7,673)
<b>Cash generated from operations</b>	<u>2,551</u>	<u>674</u>
Income tax refund	2	181
<b>Net cash flows from operating activities</b>	<u>2,553</u>	<u>855</u>
<b>Cash flows from investing activities</b>		
Interest received	200	207
Increase in deferred expenditures	-	(2,534)
Additions to property, plant and equipment	(680)	(1,066)
Proceeds from disposal of property, plant and equipment	(1)	122
<b>Net cash flows used in investing activities</b>	<u>(481)</u>	<u>(3,271)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(4,694)	(5,473)
Repayment of borrowings	(22)	(6)
<b>Net cash flows used in financing activities</b>	<u>(4,716)</u>	<u>(5,479)</u>
Net decrease in cash and cash equivalents	(2,644)	(7,895)
Effect of exchange rates fluctuations on cash held	(2,076)	2,931
Cash and cash equivalents at beginning of period	86,431	119,820
Cash and cash equivalents at end of period	<u>81,711</u>	<u>114,856</u>
<b>Cash and cash equivalents comprise:-</b>		
Deposit placed with licensed banks	79,222	98,534
Cash and bank balances	2,489	16,322
	<u>81,711</u>	<u>114,856</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2009.

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

**1. Basis of preparation**

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 2009, except for the adoption of the following accounting standards, amendments and Interpretations that have been issued by the MASB that are effective for annual periods beginning on or after 1 January 2009, which are applicable to the Group:-

<b><u>FRSs/Interpretations</u></b>	<b><u>Effective date</u></b>
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 101, <i>Presentation of Financial Statements</i> (revised)	1 January 2010
FRS 123, <i>Borrowing Costs</i> (revised)	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
FRS 101, <i>Presentation of Financial Statements</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i>	1 January 2010
— <i>Puttable Financial Instruments and Obligation Arising on Liquidation</i>	
— <i>Separation of Compound Instruments</i>	
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i> , FRS 7, <i>Financial Instruments: Disclosures</i> and IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group.

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

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**2. Qualification of preceding annual financial statements**

The auditors' report on the Company's financial statements for the year ended 31 December 2009 was qualified in the manner of Disclaimer of Opinion due to the following significant material uncertainties on the ability of the Group and the Company to continue as going concerns:

- a) On 23 February 2010, the Group announced that the consolidated shareholders' equity of the Group was less than 25% of the Company's issued and paid-up capital and was less than RM40 million. Consequently, pursuant to Paragraph 8.04(2) and Paragraph 2.1(a) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Company has been categorized as a PN17 company. The Company is required by the MMLR to submit a regularization plan to the Securities Commission or Bursa Malaysia for approval with 12 months from 23 February 2010, of which the Company may face delisting if it fails to regularize.
- b) Since May 2008, the Group has defaulted the repayments of various borrowings. The Group is currently working towards finalizing a conclusive debt restructuring proposal with the lenders ("Proposed Debt Restructuring"). The Proposed Debt Restructuring is expected to form an integral part of the regularization plan as mentioned above.
- c) The above events may affect the ability of the Group and the Company to obtain continued financial support from the financiers and also to attain profitable operations to generate sufficient cash in future to fulfill their obligations as and when they fall due. Therefore, the appropriateness of using the going concern assumption for the preparation of the financial statements is highly dependant upon the successful implementation of an approved regularization and debt restructuring plan.

The current status of the matters giving rise to the qualifications is as follows:

- i) The Company's advisor is in the midst of formulating a regularisation plan to regularize the financial condition of the Company and shall announce the regularisation plan to Bursa Securities in due course.
- ii) The Company is still working on the definitive agreements for the debt restructuring as stated in Note 22 below.
- iii) The Group continues to focus on the provision of customized air freight services and is working to secure new businesses and additional traffic rights to improve aircraft utilization and the financial performance of the Group.



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**3. Seasonal or cyclical factors**

The business of the Group is not affected by any seasonal or cyclical factors.

**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 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**

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.

**8. Operating Segment**

No separate operating segment 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 aircraft, property, plant and equipment for the period ended 31 March 2010.

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**10. Assets classified as held for sale**

The Group is committed to dispose of its idle wide body aircraft to settle its loan obligations. Efforts to sell the aircraft are on going and accordingly, the aircraft are presented as held for sale.

At 31 March 2010, 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>

**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.

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

For the quarter under review, the Group recorded revenue of RM52.6 million as compared with a revenue of RM35.5 million recorded in the preceding year's corresponding quarter.

The higher revenue as compared with the preceding year's corresponding quarter was mainly due to additional charter revenue and additional general freight sales generated from new business opportunities in Labuan and Bintulu billed during the quarter.

	<b>Q1-10 RM'000</b>	<b>Q1-09 RM'000</b>
<b>Revenue</b>		
Charter revenue	30,005	19,477
General freight sales	8,581	4,708
Lease rental	10,996	9,994
Others	2,996	1,331
	<u>52,578</u>	<u>35,510</u>
<b>Cost of services</b>		
- Aircraft cost	(3,195)	(3,310)
- Engineering labour costs	(3,357)	(4,065)
- Other direct cost	(41,915)	(25,017)
	<u>(48,467)</u>	<u>(32,392)</u>
<b>Gross profit</b>	<b>4,111</b>	<b>3,118</b>
<b>GP margin %</b>	<b>8%</b>	<b>9%</b>
Less : net cost attributed to MD-11	-	(13,000)
<b>Gross profit/(loss) (after MD-11 sunk cost)</b>	<u><b>4,111</b></u>	<u><b>(9,882)</b></u>
<b>GP margin %</b>	<b>8%</b>	<b>-28%</b>

The Group made a net profit of RM9.8 million for the current quarter compared to a net loss of RM43.8 million for the corresponding quarter in the preceding year due to improved operational performance and an unrealised foreign exchange gain on the US dollars denominated loans.

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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**Comment on changes in loss before taxation (current quarter vs preceding year's corresponding quarter)**

	<b>Q1-10 RM'000</b>	<b>Q1-09 RM'000</b>
<b>Profit/(Loss) before tax as reported</b>	<b>9,933</b>	<b>(42,508)</b>
Less: onetime expenses/timing differences		
- Net cost attributed to MD11	-	13,000
- Unrealised foreign exchange (gain)/loss on USD loans and deposit	(20,028)	17,457
	(20,028)	30,457
<b>Adjusted Loss Before Tax and Exceptional Items</b>	<b>(10,095)</b>	<b>(12,051)</b>
<b>EBITDA</b>	<b>21,721</b>	<b>(17,098)</b>
Net unrealised foreign exchange (gain)/loss on USD loan and deposit	(20,028)	17,457
<b>EBITDA (before unrealised forex (gain)/loss on USD loan and deposit)</b>	<b>1,693</b>	<b>359</b>

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

The Group revenue of RM52.6 million for the current quarter ended 31 March 2010 is higher compared to RM46.7 million for the preceding quarter ended 31 December 2009. The higher revenue is mainly due to additional lease rental billed during the quarter. In addition to that, there was a reversal of maintenance reserve in the preceding quarter which was previously recognised as revenue.

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

	<b>Q1-10 RM'000</b>	<b>Q4-09 RM'000</b>
<b>Revenue</b>		
Charter revenue	30,005	32,272
General freight sales	10,996	10,214
Lease rental	8,581	2,684
Others	2,996	1,491
	<u>52,578</u>	<u>46,661</u>
<b>Cost of services</b>		
- Aircraft cost	(3,195)	(4,107)
- Engineering labour costs	(3,357)	(2,869)
- Other direct cost	(41,915)	(43,936)
	<u>(48,467)</u>	<u>(50,912)</u>
<b>Gross profit/(loss)</b>	<b>4,111</b>	<b>(4,251)</b>
<b>GP margin %</b>	<b>8%</b>	<b>-9%</b>

	<b>Q1-10 RM'000</b>	<b>Q4-09 RM'000</b>
<b>Profit/(Loss) before tax as reported</b>	<b>9,933</b>	<b>(212,996)</b>
Less: onetime expenses/timing differences		
- Unrealised foreign exchange gain on USD loans and deposit	(20,028)	(2,047)
- Share of associate's results	-	(2,028)
- Provision for doubtful debts	-	17,331
- Impairment loss of aircraft & aircraft parts	-	185,977
	<u>(20,028)</u>	<u>199,233</u>
<b>Loss before tax and exceptional items</b>	<b>(10,095)</b>	<b>(13,763)</b>
<b>Adjusted EBITDA</b>	<b>21,721</b>	<b>2,624</b>
Net unrealised foreign exchange gain on USD loan and deposit	(20,028)	(2,047)
<b>Adjusted EBITDA (before unrealised foreign exchange gain on USD loan and deposit)</b>	<b>1,693</b>	<b>577</b>

The Group made a net profit of RM9.8 million for the current quarter compared to a net loss of RM213.0 million for the preceding quarter due to improved operational performance and an unrealised foreign exchange gain on the US dollars denominated

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loans in the current quarter. In addition to this, the loss in the preceding quarter was mainly due to the impairment loss recognized for the aircraft.

**16. Prospects Of The Group**

The air cargo market has slightly improved during the quarter compared to Q1 2009. In April 2010, the Group has launched new scheduled services from Singapore flying to East Malaysia. 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 further improve aircraft utilization.

**17. Variance From Profit Forecast**

Not applicable.

**18. Taxation**

The tax expense consists of the following:

	<b>Current Quarter RM'000</b>	<b>Current Year To Date RM'000</b>
Current taxation	162	162
	<u>162</u>	<u>162</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.

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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:-

	<b>Revised Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>
(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	96,304
(iii) Enhancement of existing management information system	10,000	3,132
(iv) Working Capital	57,488	57,488
(v) Defraying of expenses incidental to the exercise	120	120
	<u>277,608</u>	<u>205,537</u>

\* Included interest payment for the convertible bonds, syndicated term loan and medium term note programme.

**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**

	<b>RM'000</b>
(a) Short-term Borrowings – Unsecured	
- Syndicated Term Loan – current portion (USD 66.9 million)	218,800
- Convertible bonds - current portion (USD 63.7 million)	220,169
- Commercial papers / medium term notes ("MTN")	105,000
- Hire-purchase creditors – current portion	80
	<u>544,049</u>
(b) Long-term Borrowings – Unsecured	
- Hire-purchase creditors – non current	110
	<u>110</u>
(c) Borrowings by currencies	
- denominated in RM	105,190
- denominated in US Dollar	438,969
	<u>544,159</u>

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**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 ("MTN") 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 28 January 2010, 25 February 2010 and 30 March 2010, the Company had announced that it was still working on the definitive agreements for the debt restructuring.

On 26 March 2010, Transmile Air Services Sdn Bhd ("TAS"), a wholly-owned subsidiary of the Company received a Notice pursuant to Section 218(2)(a) of the Companies Act 1965 from the MTN holders to demand TAS to pay the defaulted outstanding amount. TAS has not paid the defaulted amount by the deadline given. As at the date of this report, TAS has not received any further notice pertaining to this matter.

**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 other than as mentioned below.

On 27 April 2010, the Company and Transmile Management Sdn Bhd ("the Plaintiffs") filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Kuala Lumpur against the former Chief Executive Officer ("1<sup>st</sup> Defendant") and former Chief Financial Officer ("2<sup>nd</sup> Defendant") respectively of the Company for, inter alia, the following:-

- i) Breach of their duty of fidelity and trust to the Company by grossly overstating revenue of the Company and causing questionable payments and receipts in relation to the affairs of 2 wholly-owned subsidiaries of the Company, namely Transmile Air Services Sdn Bhd ("TAS") and Grouptech Sdn Bhd ("Grouptech"), in connection with transactions between TAS and Grouptech and several third parties ("Financial Irregularities");
- ii) Beach of their duty of care to plaintiffs by inter alia failing to put in place proper internal controls;
- iii) Breach of fiduciary duty by the 1<sup>st</sup> Defendant; and
- iv) These breaches by the said defendants have caused the Company to suffer loss and damage, such as, exposing the Company to inquiries and prosecution by regulatory authorities, causing the Company to suffer reputational loss thereby affecting its future business prospects and ability to generate income and causing the Company to be classified as an affected Company under Practice Note 17 of Bursa Malaysia Securities Berhad as a result of the Company defaulting on its loan repayments.



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The Company is claiming for the following:-

- i) Damages in sum to be assessed and paid by the Defendants and/or by each of them in such proportion as may be determined by the High Court;
- ii) Special damages in the sum of RM10,605,494.66;
- iii) Costs on a full indemnity basis; and
- iv) Interest on such amounts of special and/or general damages as may be awarded of such rate and for such period as the High Court determines.

The Writ of Summons and Statement of Claim has been extracted and served on the 2<sup>nd</sup> Defendant on 10 May 2010 and is pending service on the 1<sup>st</sup> Defendant.

**25. Earnings Per Share**

	<b>Current Quarter Ended 31/03/2010 RM'000</b>	<b>Preceding Year Corresponding Quarter Ended 31/03/2009 RM'000</b>	<b>Current Year To Date 31/03/2010 RM'000</b>	<b>Preceding Year To Date 31/03/2009 RM'000</b>
<b>a) Basic earning per ordinary share (EPS)</b>				
Net profit/(loss) for the period	9,771	(43,822)	9,771	(43,822)
Weighted average number of ordinary shares ('000)	270,118	270,118	270,118	270,118
Basic EPS (sen)	3.62	(16.22)	3.62	(16.22)

**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.