

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

ANNOUNCEMENT

The Board of Directors of Malaysian Airline System Berhad ("MAS" or "the Company") would like to announce the following unaudited consolidated results for the fourth quarter ended 31 December 2013. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
Operating revenue	3,782,146	3,662,231	14,548,164	13,286,612
Operating expenses	(3,952,953)	(3,695,708)	(14,867,010)	(13,569,098)
Other operating income	114,535	204,101	573,040	469,799
Earnings Before Interest, Taxation, Depreciation & Amortisation (EBITDA)	(56,272)	170,624	254,194	187,313
Depreciation, amortisation and impairment	(172,671)	(126,817)	(816,726)	(548,349)
Fair value change of derivatives	5,738	14,570	20,354	(17,216)
Unrealised foreign exchange (loss)/gain	(18,688)	69,472	(194,426)	189,968
Finance costs	(105,135)	(78,005)	(436,613)	(235,259)
Share of post-tax results from investments accounted for using the equity method	9,094	3,319	20,429	(1,258)
(Loss)/Profit before taxation	(337,934)	53,163	(1,152,788)	(424,801)
Taxation	(3,888)	(1,351)	(16,051)	(5,937)
(Loss)/Profit for the period	(341,822)	51,812	(1,168,839)	(430,738)
(Loss)/Profit attributable to:				
Equity holders of the Company	(343,438)	51,373	(1,173,687)	(432,587)
Non-controlling interest	1,616	439	4,848	1,849
(Loss)/Profit for the period	(341,822)	51,812	(1,168,839)	(430,738)
(Loss)/Earnings per share attributable to equity holders of the Company				
Basic (sen)	(2.06)	0.72	(8.69)	(6.09)
Diluted (sen)	(2.06)	0.72	(8.69)	(6.09)

MALAYSIAN AIRLINE SYSTEM BERHAD
(COMPANY NO.: 10601-W)
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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
(Loss)/Profit for the period	(341,822)	51,812	(1,168,839)	(430,738)
Other comprehensive income:				
Gain/(Loss) from cash flow hedges	70,255	(13,365)	98,247	49,628
Share of other comprehensive income of an associate company	183	-	17,141	-
Total comprehensive (loss)/income for the period	(271,384)	38,447	(1,053,451)	(381,110)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(273,000)	38,008	(1,058,299)	(382,959)
Non-controlling interest	1,616	439	4,848	1,849
Total comprehensive (loss)/income for the period	(271,384)	38,447	(1,053,451)	(381,110)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2013 RM '000	As at 31/12/2012 RM '000 (Restated)
<u>Non current assets</u>		
Aircraft, property, plant and equipment	14,615,157	12,853,554
Investment in associates	152,305	125,044
Other investments	63,437	57,038
Intangible assets	149,079	153,912
Other receivables	988,021	313,473
Derivative financial instruments	24,941	-
Deferred tax assets	1,145	1,021
	15,994,085	13,504,042
<u>Current assets</u>		
Inventories	253,765	331,164
Trade and other receivables	1,631,397	1,379,965
Tax recoverable	5,076	6,057
Derivative financial instruments	100,337	42,505
Cash and bank balances	3,870,622	2,148,478
	5,861,197	3,908,169
<u>Current liabilities</u>		
Sales in advance of carriage	2,200,304	1,663,026
Deferred revenue	347,670	224,036
Trade and other payables	2,674,363	2,464,219
Provision	803,988	1,330,001
Borrowings	1,407,325	1,458,237
Derivative financial instruments	1,970	13,940
Taxation	2,078	533
	7,437,698	7,153,992
Net current liabilities	(1,576,501)	(3,245,823)
	14,417,584	10,258,219
<u>Financed by:</u>		
Equity attributable to equity holders of the Company:		
Share capital	1,671,078	3,342,156
Perpetual Sukuk	1,498,190	1,498,190
Reserves	864,655	(2,717,202)
	4,033,923	2,123,144
Non-controlling interest	18,208	14,847
Total equity	4,052,131	2,137,991
Borrowings	10,359,317	8,090,293
Derivative financial instruments	6,013	29,716
Deferred tax liabilities	123	219
	10,365,453	8,120,228
	14,417,584	10,258,219

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Attributable to equity holders of the Company										Non-controlling interest RM '000	Total Equity RM '000
	Share capital RM '000	Perpetual Sukuk RM '000	Non-Distributable					Distributable				
Share premium RM '000			Cash Flow hedge reserves RM '000	Capital redemption reserve RM '000	Foreign exchange translation reserve RM '000	General reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000			
At 1 January 2013	3,342,156	1,498,190	4,995,970	21,406	41,775	-	459,755	(8,236,108)	(2,717,202)	2,123,144	14,847	2,137,991
Loss for the year	-	-	-	-	-	-	-	(1,173,687)	(1,173,687)	(1,173,687)	4,848	(1,168,839)
Other comprehensive income	-	-	-	98,247	-	17,141	-	-	115,388	115,388	-	115,388
Capital reduction	(3,007,940)	-	(4,995,970)	-	-	-	-	8,003,910	3,007,940	-	-	-
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	(103,500)	(103,500)	(103,500)	-	(103,500)
Dividend by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,487)	(1,487)
Rights Issue	1,336,862	-	1,737,921	-	-	-	-	-	1,737,921	3,074,783	-	3,074,783
Rights Issue expenses	-	-	(2,205)	-	-	-	-	-	(2,205)	(2,205)	-	(2,205)
At 31 December 2013	1,671,078	1,498,190	1,735,716	119,653	41,775	17,141	459,755	(1,509,385)	864,655	4,033,923	18,208	4,052,131

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Attributable to equity holders of the Company										Non-controlling interest RM '000	Total Equity RM '000	
	Share capital RM '000	Perpetual Sukuk RM '000	Non-Distributable					Distributable					Total reserves RM '000
Equity component of RCPS RM '000			Share premium RM '000	Employee share option reserves RM '000	Cashflow hedge reserves RM '000	Capital redemption reserves RM '000	General reserves RM '000	Accumulated losses RM '000	Total reserves RM '000	Total RM '000			
At 1 January 2012	3,342,156	-	58,076	4,995,970	88,938	(28,222)	-	501,530	(7,915,940)	(2,299,648)	1,042,508	13,639	1,056,147
Loss for the year	-	-	-	-	-	-	-	-	(432,587)	(432,587)	(432,587)	1,849	(430,738)
Other comprehensive income	-	-	-	-	-	49,628	-	-	-	49,628	49,628	-	49,628
Expiry of ESOS	-	-	-	-	(88,938)	-	-	-	88,938	-	-	-	-
Redemption of RCPS	-	-	(58,076)	-	-	-	41,775	(41,775)	58,076	-	-	-	-
Issue of Perpetual Sukuk	-	1,498,190	-	-	-	-	-	-	-	-	1,498,190	-	1,498,190
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(34,595)	(34,595)	(34,595)	-	(34,595)
Dividend by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(641)	(641)
At 31 December 2012	3,342,156	1,498,190	-	4,995,970	-	21,406	41,775	459,755	(8,236,108)	(2,717,202)	2,123,144	14,847	2,137,991

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000 (Restated)
<u>Cash Flows From Operating Activities</u>		
Loss before taxation	(1,152,788)	(424,801)
Adjustments for:		
Provision for/(Writeback of):		
- aircraft maintenance and overhaul costs	458,134	730,262
- doubtful debts, net	38,987	13,595
- inventories obsolescence, net	88,233	15,327
- short term accumulating compensated absences, net	12,721	9,252
- stock loss	(14,151)	7,830
- unavailed credits on sales in advance of carriage	(371,523)	(210,620)
Aircraft, property, plant and equipment:		
- depreciation	858,597	545,449
- provision/(writeback) of impairment losses, net	(87,498)	(31,857)
- written off	22,890	2,361
- (gain)/loss on disposal, net	(12,517)	42,479
Finance costs	436,613	235,259
Unrealised foreign exchange loss/(gain)	194,426	(189,968)
Amortisation of intangible assets	45,627	34,757
Interest income	(113,691)	(53,620)
Share of post-tax results from investments accounted for using the equity method	(20,429)	1,258
Fair value change of derivatives	(20,354)	17,216
Dividend income	(8,796)	(22,175)
Operating profit before working capital changes	354,482	722,004
Decrease in inventories	3,318	7,946
Increase in trade and other receivables	(937,123)	(131,604)
Increase in sales in advance of carriage	908,801	167,704
Increase in deferred revenue	123,634	18,729
Increase/(Decrease) in trade and other payables	127,679	(188,026)
Decrease in provision	(984,147)	(588,426)
Cash (used in)/generated from operating activities	(403,356)	8,327
Net cash settlement on derivatives	38,599	21,728
Finance costs paid	(476,285)	(330,824)
Taxes paid	(13,745)	(4,268)
Net cash used in operating activities	(854,787)	(305,037)
<u>Cash Flows From Investing Activities</u>		
Purchase of:		
- aircraft, property, plant and equipment	(3,660,898)	(4,726,762)
- intangible assets	(40,794)	(36,912)
- investment in a jointly controlled entity	(9,282)	(23,860)
- other investment	(9,273)	(2,451)
(Placement)/Withdrawal of:		
- deposits pledged with banks	(110,205)	41,174
- negotiable instruments of deposit	-	101,073
Proceed from disposal of:		
- aircraft, property, plant and equipment	1,187,461	822,306
- investment in associate	2,355	-
- other investment	-	12
Interest received	113,691	31,484
Dividend received	26,032	35,336
Net cash used in investing activities	(2,500,913)	(3,758,600)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 31/12/2013 RM '000	Period ended 31/12/2012 RM '000 (Restated)
<u>Cash Flows From Financing Activities</u>		
Proceeds from:		
- rights issue	3,074,784	-
- borrowings	2,010,000	8,658,520
- aircraft refinancing	1,439,767	944,609
- issuance of Perpetual Sukuk	-	1,498,190
Repayment of:		
- borrowings	(890,189)	(5,100,000)
- finance lease	(559,531)	(312,155)
Distribution to Perpetual Sukuk holders	(103,500)	(34,595)
Rights issue expenses	(2,205)	-
Dividend paid to minority shareholders in subsidiaries	(1,487)	(641)
RCPS redemption	-	(415,103)
Net cash generated from financing activities	<u>4,967,639</u>	<u>5,238,825</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	1,611,939	1,175,188
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	<u>2,134,002</u>	<u>958,814</u>
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<u><u>3,745,941</u></u>	<u><u>2,134,002</u></u>
Cash and cash equivalents comprise:		
Cash on hand and at banks	1,021,812	795,122
Short term deposits	2,848,810	1,353,356
Cash and bank balances	3,870,622	2,148,478
Less: Deposits pledged with banks	(124,681)	(14,476)
Cash and cash equivalents as at 31 December	<u><u>3,745,941</u></u>	<u><u>2,134,002</u></u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. ACCOUNTING POLICIES

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Malaysian Financial Reporting Standards ("MFRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad;

and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2012 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and amendments to MFRSs during the current financial year:

(i) Effective for annual periods beginning on or after 1 July 2012

Amendments to MFRS 101:	Presentation of Items of Other Comprehensive Income
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(ii) Effective for annual periods beginning on or after 1 January 2013

MFRS 3:	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10:	Consolidated Financial Statements
MFRS 11:	Joint Arrangements
MFRS 12:	Disclosure of Interests in Other Entities
MFRS 13:	Fair Value Measurement
MFRS 119:	Employee Benefits
MFRS 127:	Separate Financial Statements
MFRS 128:	Investment in Associate and Joint Ventures
MFRS 127:	Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101:	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116:	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134:	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10, MFRS 11 and MFRS 12:	Consolidated Financial Statements, Joint Arrangement and Disclosure at Interest in Other Entities: Transition Guidance
Annual Improvements 2009-2011 Cycle	

The adoption of Amendments to MFRS 10, MFRS 12, MFRS 13 and MFRS 127 is not expected to have any financial impact to the Group as the Company is not an investment entity as defined in MFRS 10.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

At the date of authorisation of this quarterly condensed financial report, the MASB had issued several MFRSs and amendments but not yet effective and have not been adopted by the Group:

(i) Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 132:	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127:	Investment Entities
Amendments to MFRS 136:	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

(ii) Effective for annual periods beginning on or after 1 January 2015

MFRS 9	Financial instruments
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The above MFRSs and amendments are expected to have no significant impact on the financial statements of the Group upon their initial application.

3. QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification of the Group's Audited Financial Statements for the financial year ended 31 December 2012.

4. SEASONALITY OR CYCLICAL NATURE OF OPERATIONS

The Group is principally engaged in the business of air transportation and provision of related services. The demand for the Group's services is generally influenced by the growth performance of the Malaysian economy and the economies of the countries in which the Group operates as well as seasonal, health and security factors.

5. UNUSUAL ITEMS

There were no unusual items for the financial year ended 31 December 2013.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no material changes in estimates of amount reported for the financial year ended 31 December 2013.

7. SIGNIFICANT EVENTS

- (i) On 19 December 2013, the Company has signed PW4170 Engine Fleet Management Program Agreement with Pratt & Whitney, a United Technologies Corp. company to maintain the Company's fleet of 43 PW4170 installed engines and spare engines. The USD510 million worth contract is for ten (10) years with option to extend to up to five (5) additional years.
- (ii) On 19 February 2013, in relation to the Memorandum of Understanding signed between MAS and ATR on 18 December 2012, the Company has entered into a Sale and Purchase Agreement with ATR for the purchase of twenty (20) firm and sixteen (16) option ATR72-600 aircraft.
- (iii) On 8 February 2013, the Company has entered into a Sale and Purchase Agreement with Viking Air Limited to purchase six (6) DHC6-400 aircraft worth approximately RM128 million. The aircraft which will be operated by MASwings for the Rural Air Services operations in Sabah & Sarawak, will replace the existing old aircraft.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

7. SIGNIFICANT EVENTS (CONTINUED)

- (iv) On 1 February 2013, the Company joined the premier oneworld airline alliance, offering a wider global network and a host of rewards for Enrich frequent flyers.

There was no other significant event for the financial year ended 31 December 2013.

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

On 5 June 2013, the Company issued 13,368,624,960 new ordinary shares of RM0.10 each at an issue price of RM0.23 per rights share on the basis of four (4) rights share for every one (1) existing ordinary share of RM0.10 each held in the Company. Please refer Part B, Note 9 for further details.

On 11 April 2013, the Capital Restructuring (comprising a reduction of RM0.90 of the par value of each existing ordinary share of RM1.00 each in MAS ("Par Value Reduction") and a reduction of the share premium account pursuant to Sections 64 and 60 of the Companies Act, 1965 ("the Act")) took effect with the lodgment of the Court Order with the Companies Commission of Malaysia. Pursuant to the Par Value Reduction, the par value of each existing ordinary share in MAS has been reduced from RM1.00 to RM0.10 each.

There was no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial year ended 31 December 2013.

9. DIVIDEND PAID

There was no dividend paid during the financial year ended 31 December 2013.

10. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has three reportable segments as follows:

- (i) Airlines operations segment engages in the business of air transportation and the provision of related services.
- (ii) Cargo services segment engages in the business of air cargo operations, charter freighter and all warehousing activities relating to air cargo operations.
- (iii) Others segment engages in the provision of computerised reservations services, retailing of goods, catering and cleaning related services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The following tables present revenue and profit information regarding the Group's operating segments for the financial year ended 31 December 2013 and 2012, respectively.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

10. SEGMENTAL INFORMATION (CONTINUED)

	Airlines Operations RM'000	Cargo Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
For the year ended 31 December 2013					
Revenue					
External revenue	12,560,121	1,900,968	87,075	-	14,548,164
Inter-segment revenue *	1,333,036	-	54,699	(1,387,735)	-
Total revenue	13,893,157	1,900,968	141,774	(1,387,735)	14,548,164
Results					
Segment (loss)/profit before tax	(1,150,028)	(29,412)	6,222	20,430	(1,152,788)

	Airlines Operations RM'000	Cargo Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
For the year ended 31 December 2012					
Revenue					
External revenue	11,335,819	1,863,333	87,460	-	13,286,612
Inter-segment revenue *	1,306,468	-	47,169	(1,353,637)	-
Total revenue	12,642,287	1,863,333	134,629	(1,353,637)	13,286,612
Results					
Segment (loss)/profit before tax	(329,825)	(73,847)	(19,871)	(1,258)	(424,801)
Segment assets **					
At 31 December 2013	22,873,023	1,315,933	2,488,536	(4,974,515)	21,702,977
At 31 December 2012	18,040,144	6,070,644	1,323,712	(8,147,333)	17,287,167

* Inter-segment revenues are eliminated on consolidation.

** Segment assets do not include investment in associates (Dec'13: RM152.3 million, Dec'12: RM125.0 million) as these assets are managed on a group basis.

11. VALUATION OF ASSETS

There was no valuation of aircraft, property, plant and equipment for the financial year ended 31 December 2013.

12. SUBSEQUENT EVENT

There was no other material subsequent event for the financial year ended 31 December 2013.

13. CHANGES IN THE COMPOSITION OF THE GROUP

- (i) On 5 August 2013, the Company has incorporated an off-shore company, Malaysia Airlines B738 II Capital Labuan Limited with a paid-up capital of USD1.00 (equivalent to RM3.18). With effect from that date, Malaysia Airlines B738 II Capital Labuan Limited became a wholly-owned subsidiary of the Company.
- (ii) On 25 June 2013, the Company has incorporated an off-shore company, Malaysia Airlines B738 Capital Labuan Limited with a paid-up capital of USD1.00 (equivalent to RM3.18). With effect from that date, Malaysia Airlines B738 Capital Labuan Limited became a wholly-owned subsidiary of the Company.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

13. CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

(iii) On 22 February 2013, the Company has acquired 250 ordinary shares of USD1.00 each in Malaysia Airlines Capital V Cayman Limited, an off-shore company for a consideration of USD250 (equivalent of RM775) for cash. With effect from that date, Malaysia Airlines Capital V Cayman Limited became a wholly-owned subsidiary of the Company.

There were no other changes in the composition of the Group for the financial year ended 31 December 2013.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) Contingent liabilities

(a) Related to Penerbangan Malaysia Berhad ("PMB")

MAS continues to be the named borrower of term loans which have been unbundled to PMB, a company wholly owned by Khazanah Nasional Berhad. As such, the outstanding balance of the borrowings assumed by PMB is included within the Group's contingent liabilities.

	12/2/2014 RM '000
1. Loan (unsecured)	<u>11,179</u>
2. Tenure	
Loan due within one year	8,419
Loan due later than one year and not later than five years	<u>2,760</u>
	<u>11,179</u>
3. Loan by currency denomination	
Euro	<u>11,179</u>
(b) Others	
Bank guarantees given to third parties	383,032
Performance bonds given to third parties	<u>765</u>
	<u>383,797</u>

(ii) Contingent assets

The Company has the right to receive from PMB 80% of the profit arising from the eventual realisation of aircraft unbundled to PMB under the widespread asset unbundling agreement ("WAU Agreement"). The profit will be computed based on the excess of the value realised over the decayed net book value of the aircraft and maintenance costs required in accordance with the contractual redelivery terms. The decayed net book value for each aircraft at future dates is stipulated in the WAU Agreement.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

15. CAPITAL COMMITMENT

	As at 31/12/2013 RM '000	As at 31/12/2012 RM '000 (Audited)
Approved and contracted for	5,691,720	8,469,233
Approved but not contracted for	84,919	264,367
	<u>5,776,639</u>	<u>8,733,600</u>

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

16. SIGNIFICANT RELATED PARTY DISCLOSURES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
Brahim's Airline Catering Sdn. Bhd. (formerly known as LSG Chefs-Brahim's Sdn. Bhd.), an associate:				
- Catering and other services cost	68,093	61,273	270,782	234,802
- Rental income and others	(3,258)	(4,888)	(17,922)	(19,552)
GE Engine Services (M) Sdn. Bhd., an associate:				
- Engine maintenance services cost	30,427	86,346	299,972	356,083
- Rental income and others	(5,566)	(8,394)	(6,600)	(12,543)
Pan Asia Pacific Aviation Services Ltd., an associate:				
- Transit and cabin services costs	1,396	733	4,778	4,307
Hamilton Sundstrand Customer Support Centre (M) Sdn. Bhd., an associate:				
- Aircraft maintenance services costs	2,336	770	6,618	3,866
Honeywell Aerospace Services (M) Sdn. Bhd., an associate:				
- Aircraft maintenance services costs	-	-	-	1,572
Abacus International Holding Ltd., a company in which the Company has equity interest:				
- Computer reservation system access fee cost	733	12,081	24,696	35,967
Evergreen Sky Catering Corporation, a company in which the Company has equity interest:				
- Catering services cost	1,026	667	3,695	3,348
PMB, a fellow subsidiary:				
- Aircraft lease rental cost	17,536	46,003	114,922	220,094
- Residual value sharing on sale of aircraft	-	-	(96,149)	-

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM '000	RM '000	RM '000	RM '000
Aircraft Business Malaysia Sdn. Bhd., a related party:				
- Aircraft lease rental cost	14,393	60,512	115,664	241,980
Turus Pesawat Sdn. Bhd., a related party:				
- finance cost	55,935	16,247	226,525	16,247

17. SIGNIFICANT RELATED PARTY BALANCES

	As at 31/12/2013 RM '000	As at 31/12/2012 RM '000 (Audited)
Amount owing by/(to) a fellow subsidiary	11,092	(34,208)
Amount owing by a related party		
- due within one year	20,727	52,024
- due after one year	-	35,875
Amount owing by associated companies	4,652	25,685
Amount owing to associated companies	(71,452)	(60,374)
Loan from a related party	5,310,000	3,400,000

18. CHANGES IN PREVIOUS YEAR PRESENTATION

The following disclosure for the year ended 31 December 2012 has been restated to conform with current period's presentation:

Statement of financial position as at 31 December 2012

	Previously stated RM '000	Reclassified RM '000	Restated RM '000
Trade and other receivables	1,258,872	121,093	1,379,965
Trade and other payables	(2,343,126)	(121,093)	(2,464,219)

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

1. REVIEW OF PERFORMANCE

For the financial year ended 31 December 2013, the Group's EBITDA improved to RM254.2 million from RM187.3 million previously at the back of higher operating revenue of RM14,548.2 million, a 10% improvement compared to previous financial year. Despite the increase in capacity by 17% and seat factor improvement of 6.3 percentage points to 81%, passenger yield continued to be under pressure due to intense competition from new entrants, domestically and regionally.

Group's operating expenditure for the financial year was higher by 10%. Fuel cost increased by 10% was in line with capacity increase and continued weakening of Ringgit against US Dollar. Non fuel costs also increased by 9% mainly from increase in capacity related costs, selling and marketing, maintenance and inventories obsolescence provision for phased out aircraft.

However, after accounting for depreciation of RM816.7 million (2012: RM548.3 million), unrealised foreign exchange loss of RM194.4 million (2012: RM190.0 million gain), finance costs of RM436.6 million (2012: RM235.3 million) and fair value change of derivative of RM20.4 million gain (2012: RM17.2 million loss), the Group registered an increase in loss after tax to RM1,173.7 million in year ended 31 December 2013 from RM432.6 million in previous year.

For the current quarter, Group's operating revenue improved marginally by 3% to RM3,782.1 million as compared to the same quarter last year. Capacity increase by 19% and seat factor by 4.3 percentage points to 81.6%, however, intensified competition resulted in lower yield by 16%. Group operating expenditure for the quarter also increased by 7% in line with capacity increase.

After accounting for depreciation of RM172.7 million (2012: RM126.8 million), unrealised foreign exchange loss of RM18.7 million (2012: RM69.5 million gain), finance costs of RM105.1 million (2012: RM78.0 million) and fair value change of derivative of RM5.7 million gain (2012: RM14.6 million gain), the Group ended the quarter 31 December 2013 with a loss after tax of RM343.4 million as compared to RM51.4 million profit after tax in the same quarter last year.

The Group's cash position still remains strong at RM3.8 billion.

2. (LOSS)/PROFIT FOR THE PERIOD

On 22 September 2011, Bursa Malaysia Securities Berhad ("Bursa Malaysia") has amended the Main Market Listing Requirements ("Main LR") in various key areas. In accordance to the amendments of the Main LR, the following amounts have been (credited)/debited in arriving at profit/loss for the period:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM '000	RM '000	RM '000	RM '000
Provision for/(Writeback of):				
- doubtful debts, net	25,736	7,654	38,987	13,595
- inventories obsolescence, net	98,229	209	88,233	15,327
Aircraft, property, plant and equipment:				
- depreciation	237,249	145,648	858,597	545,449
- Provision/(writeback) of impairment losses, net	(77,678)	(29,395)	(87,498)	(31,857)
- (gain)/loss on disposal, net	(13,200)	37,429	(12,517)	42,479
Amortisation of intangible assets	13,100	10,564	45,627	34,757
Finance costs	105,138	78,005	436,613	235,259
Interest income	(27,693)	(35,011)	(113,691)	(53,620)

Other than the items highlighted above, there were no disposal of unquoted investment and properties during the quarter and financial year ended 31 December 2013.

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

3. FAIR VALUE CHANGE OF DERIVATIVES

This represents the movement of mark-to-market (MTM) of the ineffective portion of cash flow hedges for the remaining hedging contracts as at 31 December 2013 as compared to 1 January 2013 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013	Quarter ended 31/12/2012	Year ended 31/12/2013	Year ended 31/12/2012
	RM '000	RM '000	RM '000	RM '000
(i) Gain/(Loss) from fuel hedging contracts	1,633	6,357	7,098	(3,393)
(ii) Loss from foreign currency hedging contracts	(141)	(7,036)	(141)	-
(iii) Gain/(Loss) from interest rate hedging contracts	4,246	15,249	13,397	(13,823)
	5,738	14,570	20,354	(17,216)

4. OTHER COMPREHENSIVE INCOME

Included in other comprehensive income is gain/(loss) from cash flow hedges. This represents the movement of mark-to-market (MTM) of the effective portion of cash flow hedges for the remaining contracts as at 31 December 2013 as compared to 1 January 2013 which comprised the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013	Quarter ended 31/12/2012	Year ended 31/12/2013	Year ended 31/12/2012
	RM '000	RM '000	RM '000	RM '000
(i) Gain/(Loss) from fuel hedging	49,713	(11,507)	41,699	55,781
(ii) Gain/(Loss) from foreign currency hedging contracts	9,865	34	9,865	(1,077)
(iii) Gain/(Loss) from interest rate hedging contracts	10,677	(1,892)	46,683	(5,076)
	70,255	(13,365)	98,247	49,628

5. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's operating revenue is comparable to the preceding quarter despite increase in capacity. However, total operating expenditure increased slightly by 3% to RM3,782.1 million in line with the increase capacity of 3%. Fuel cost was higher by 1% and non-fuel cost higher by 4% over the preceding quarter.

The Group's EBITDA is negative at RM56.3 million compared to the preceding quarter positive at RM52.4 million.

The Group's loss after tax for the current quarter was RM343.4 million (Quarter Ended 30 September 2013: RM375.4 million loss). Included in the quarter loss was depreciation, amortisation and impairment of RM172.7 million (Quarter ended 30 September 2013: RM228.6 million), unrealised foreign exchange loss of RM18.7 million (Quarter Ended 30 September 2013: RM86.1 million loss) and finance cost of RM105.1 million (Quarter Ended 30 September 2013: RM121.2 million).

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

6. CURRENT YEAR PROSPECTS

Marginal growth is expected in Asia over the short to medium term, with good growth prospects over the long term in a region which is home to two-thirds of the world's population. Passenger traffic in Asia-Pacific and between Europe and Asia-Pacific is expected to grow at between 5.5 – 6% annually. On the other hand, the outlook for cargo is cautiously optimistic.

Going into 2014, Malaysia Airlines expects the business environment to remain challenging with high fuel prices, volatile foreign exchange and intense competition impacting yield from both existing as well as new entrants into the market. The significant increase in capacity, especially the continued expansion of Middle Eastern and European carriers into our region, is adding further competition to the already crowded marketplace.

The Group will intensify its efforts on structural cost reductions, push for more productivity improvements in operational efficiency and increase income from ancillary revenue stream while maintaining its push for increased revenue and high seat loads within our own network. The Group will also leverage on strategic partnerships through Oneworld and codeshare partners to widen our network offering further. Visit Malaysia Year 2014 will be an added advantage that the Group will capitalise on.

7. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in respect of the financial year ended 31 December 2013.

8. TAXATION

Taxation charge for the Group comprised the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
Current period				
- Malaysian taxation	1,161	858	3,717	3,139
- Foreign taxation	3,317	764	7,372	4,045
	<u>4,479</u>	<u>1,622</u>	<u>11,088</u>	<u>7,184</u>
(Over)/Under provision in prior year:				
- Malaysian taxation	(591)	(271)	(2,695)	(380)
- Foreign taxation	-	-	7,682	(632)
Deferred taxation	-	-	(24)	(235)
Total	<u><u>3,888</u></u>	<u><u>1,351</u></u>	<u><u>16,051</u></u>	<u><u>5,937</u></u>

The Group provided foreign taxation for the Company's overseas operations and Malaysian taxation for its subsidiaries. The Company was granted an extension of the tax exemption status by the Ministry of Finance on its chargeable income in respect of all sources of income up to year of assessment 2015.

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

9. CORPORATE PROPOSALS

On 27 November 2012, the Company announced that it proposes to undertake the following Proposals:

- (a) Proposed Capital Restructuring comprising:
1. Proposed reduction of RM0.90 of the par value of each existing ordinary share of RM1.00 each in MAS pursuant to Section 64 of the Act ("Proposed Par Value Reduction"); and
 2. Proposed reduction of the share premium account of MAS pursuant to Sections 64 and 60 of the Act;
- (b) Proposed Renounceable Rights Issue of new ordinary shares of RM0.10 each in MAS to raise gross proceeds of up to RM3,100 million after the Proposed Capital Restructuring; and
- (c) Proposed amendment to the Memorandum and Articles of Association of MAS ("M&A") to facilitate the implementation of the Proposed Par Value Reduction.
- (Collectively Referred to as "Proposals")

The Proposals' application has been submitted to Bursa Malaysia Securities Berhad ("Bursa") on 5 December 2012. On 18 December 2012, Bursa has approved the listing and quotation subject to the following conditions:

- (a) MAS and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa pertaining to the implementation of the Proposals;
- (b) MAS and its adviser to inform Bursa upon the completion of the Proposals;
- (c) MAS to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa's approval once the Proposals are completed;
- (d) MAS to furnish Bursa with a certified true copy of the resolution passed by shareholders at extraordinary general meeting for the Proposals;
- (e) Payment of the balance of the processing fees together with a detailed computation of processing fees payable;
- (f) Confirmation from the principal adviser that the Company complies with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements and a certificate of distribution of the shares in the format contained in Part B(1)(d) of Annexure Practice Note 21-A of the Listing Requirements.

On 7 January 2013, the Company made application for an extension until 14 February 2013 to issue circular in relation to the Proposals to shareholders. On 15 January 2013, approval has been received for the extension. On 6 February 2013, the circular was issued.

On 5 March 2013, an Extraordinary General Meeting ("EGM") was held in Kelana Jaya to announce that the holder of the ordinary shares present and voting have passed all resolutions to approve the above Proposals.

On 21 March 2013, the Company had presented to the High Court of Malaya at Kuala Lumpur ("High Court") a petition filed to obtain sanction of the High Court for the Proposed Capital Restructuring approved by the shareholders of MAS at its EGM held on 5 March 2013.

On 9 April 2013, MAS obtained the sanction through Court Order from the High Court. The Proposed Capital Restructuring took effect on 11 April 2013 with the lodgment of the Court Order with the Companies Commission of Malaysia. Pursuant to the Par Value Reduction, the par value of each existing ordinary share in MAS has been reduced from RM1.00 to RM0.10 each.

On 11 April 2013, the Board of Directors of the Company had fixed the Issue Price and Entitlement Basis for the Proposed Renounceable Rights Issue of new ordinary shares of RM0.10 each (Rights Share) as follows:

- (a) the issue price is RM0.23 per Rights Share; and
- (b) the Entitlement Basis is 4 Rights Shares for every 1 existing Share held by MAS' shareholders whose names appear on MAS' Record of Depositors as at 5.00pm on 6 May 2013.

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

9. CORPORATE PROPOSALS (CONTINUED)

The Rights Issue will result in the issuance of up to 13,368,624,960 Rights Shares and will raise gross proceeds of up to RM3,074.8 million.

On 6 May 2013, the Abridged Prospectus was registered with the Securities Commission and lodged with the Companies Commission of Malaysia.

On 27 May 2013, the Company announced, as at close of acceptance for the Rights Issue at 5.00 p.m. on 21 May 2013, the Company had received valid acceptance and excess application for a total of 18,918,342,071 Rights Shares. This represents an over-subscription of 41.15% over the total number of Rights Shares available under the Rights Issue. Accordingly, 85,437,020 excess Rights Shares will be allotted pursuant to excess applications in accordance with the basis as stated in the Abridged Prospectus.

On 5 June 2013, the Rights Issue was completed following the listing and quotation for 13,368,624,960 Rights Shares.

There were no other corporate proposals made during the financial year ended 31 December 2013.

10. GROUP BORROWINGS

	As at 31/12/2013 RM '000	As at 31/12/2012 RM '000 (Audited)
(i) Short term borrowings		
Unsecured		
- Revolving Credit	66,565	628,902
- Term Loan	535,104	175,000
Secured		
- Term Loan	174,709	104,500
- Finance Lease	630,947	549,835
	<u>1,407,325</u>	<u>1,458,237</u>
(ii) Long term borrowings		
Unsecured		
- Term Loan	-	510,057
Secured		
- Term Loan	6,419,425	4,133,246
- Finance Lease	3,939,892	3,446,990
	<u>10,359,317</u>	<u>8,090,293</u>
Total	<u>11,766,642</u>	<u>9,548,530</u>
(iii) Currency denominations		
Ringgit Malaysia	6,019,833	5,046,369
US Dollars	4,949,680	3,779,999
Japanese Yen	797,129	722,162
	<u>11,766,642</u>	<u>9,548,530</u>

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 31/12/2013 Barrels 'Mil	Fair Value as at 31/12/2013 Assets/ (Liabilities) RM 'Mil
(i) Fuel Hedging Contracts		
Less than 1 year	3.3	87.6
1 year to 3 years	0.2	3.3
	<u>3.5</u>	<u>90.9</u>
(ii) Forex Hedging Contracts	RM 'Mil	
Less than 1 year	367.4	10.1
(iii) Interest Rate Hedging Contracts	RM 'Mil	
Less than 1 year	327.9	0.6
1 year to 3 years	280.1	1.5
More than 3 years	857.9	14.2
	<u>1,465.9</u>	<u>16.3</u>
Total		<u>117.3</u>

There is no change to the related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks since the previous financial year.

12. DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of unappropriated profits/(accumulated losses) of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Company and Subsidiaries RM'000	Associated Companies RM'000	Jointly Controlled Entity RM'000	Consolidation Adjustments RM'000	Group Accumulated Losses RM'000
As at 31 December 2013					
Realised (losses)/profit	(1,779,859)	35,861	(118,836)	355,395	(1,507,439)
Unrealised profit/(losses)	(218)	(1,435)	(293)	-	(1,946)
	<u>(1,780,077)</u>	<u>34,426</u>	<u>(119,129)</u>	<u>355,395</u>	<u>(1,509,385)</u>
As at 31 December 2012					
Realised (losses)/profit	(8,557,191)	6,952	(76,082)	200,574	(8,425,747)
Unrealised profit/(losses)	191,822	(2,143)	(40)	-	189,639
	<u>(8,365,369)</u>	<u>4,809</u>	<u>(76,122)</u>	<u>200,574</u>	<u>(8,236,108)</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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

13. MATERIAL LITIGATION

- (a) (i) **Meor Adlin vs MAS**
- (ii) **Stephen Gaffigan vs MAS**
- (iii) **Micah Abrams vs MAS**
- (iv) **Donald Wortman vs MAS**
- (v) **Bruce Hut vs MAS**
- (vi) **Dickson Leung vs MAS**

Between 18 January and 26 March 2008, the Company had been served with various complaints filed in the United States District Court for the Northern District of California (San Francisco) and the United States District Court for the Central District of California (Los Angeles) filed on behalf of various Plaintiffs against the Company and a number of other airlines. The cases involved allegations of price fixing for transpacific fares and related surcharges.

The complaint does not make any mention of the quantum of damages sought against the Company. The Company has obtained legal advice in relation to the complaint and has entered into a joint defense agreement with the other defendants. The court also dismissed portions of the claims relating to flights originating in Asia on the basis of lack of jurisdiction. These rulings have, according to the Company's US lawyers, significantly reduced the potential amount of claims. The Company entered into a settlement agreement amounting to USD950,000 which is subject to Court approval.

(b) Statement of Claim from Commerce Commission of New Zealand

On 15 December 2008, the Company was served with a "Statement of Claim" from the Commerce Commission of New Zealand ("Commerce Commission") in relation to its air freight investigation under Section 27 of the New Zealand Commerce Act.

On 31 January 2013, the Company and MASkargo entered into a confidential settlement agreement ("Settlement Agreement") with the Commerce Commission in relation to the proceedings. Following entry into the Settlement Agreement, the proceedings were discontinued against the Company on 19 February 2013 and the Company has made no admission of liability in relation to the proceedings and the Company's wholly owned cargo subsidiary Malaysia Airlines Cargo Sdn. Bhd. ("MASkargo") was added as a second defendant to the proceedings on 15 February 2013 and made certain limited admissions in relation to the proceedings.

A hearing was held in the New Zealand High Court ("Court") in relation to the penalty to be imposed against MASkargo in relation to the proceedings on 19 February 2013, and a judgement was issued on 22 April 2013. The Court has ordered in the judgement that MASkargo pays a penalty of NZD2.6 million plus contribution towards Commerce Commission's costs of NZD0.7 million, payable in four instalments over 18 months. This represents a settlement of approximately RM8.4 million (applying the exchange rate of NZD1=RM2.564) in total, with payment guaranteed by MAS.

(c) Notice of Proposed Decision by the Competition Commission of Malaysia

The Company has on 6 September 2013 been served with a Notice of Proposed Decision by the Competition Commission of Malaysia ("MyCC") pursuant to Section 36 of the Competition Act 2010.

The decision is premised on an alleged breach by the Company of Section 4(2)(b) of the Competition Act 2010 in entering into the Comprehensive Collaboration Framework of 9 August 2011, an agreement that allegedly has as its object the sharing of markets in air transport services sector within Malaysia. The particular routes under scrutiny were the Kuala Lumpur-Kuching, Kuala Lumpur-Kota Kinabalu, Kuala Lumpur-Sandakan and Kuala Lumpur-Sibu routes.

As further provided under the Competition Act, a proposed financial penalty of RM10 million has been imposed on the Company on the alleged infringement.

The Company submitted its written representation to the MyCC on 17 October 2013 and the oral representation took place on 15 January 2014. MyCC has indicated that it will provide its decision to MAS and Air Asia in 2 to 3 months time.

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

14. DIVIDENDS

The directors do not recommend any dividend for the financial year ended 31 December 2013.

15. (LOSS)/EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2013	31/12/2012	31/12/2013	31/12/2012

(a) Basic (loss)/earnings per share

(Loss)/Profit attributable to equity holders of the Company (RM'000)	(343,438)	51,373	(1,173,687)	(432,587)
Weighted average number of ordinary shares in issue ('000)	16,710,781	7,102,082	13,507,881	7,102,082
(Loss)/Earnings per share (sen)	<u>(2.06)</u>	<u>0.72</u>	<u>(8.69)</u>	<u>(6.09)</u>

(Loss)/Earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year ended 31 December 2013. For the comparative quarter and year ended 31 December 2012, the basic earnings/(loss) per share is restated in accordance with MFRS 133 - Earnings Per Share.

(b) Diluted loss per share

The Company does not have any potential dilutive ordinary shares as at reporting date.

16. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 18 February 2014.

By Order of the Board

Rizani bin Hassan (LS 0009520)
 Company Secretary
 Selangor Darul Ehsan
 18 February 2014

PART C - ADDITIONAL INFORMATION

1. SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
(a) Revenue	3,896,681	3,866,332	15,121,204	13,756,411
(b) Earnings Before Interest, Taxation, Depreciation & Amortisation	(56,272)	170,624	254,194	187,313
(c) (Loss)/Profit before taxation	(337,934)	53,163	(1,152,788)	(424,801)
(d) (Loss)/Profit for the period	(341,822)	51,812	(1,168,839)	(430,738)
(e) (Loss)/Profit attributable to ordinary equity holders of the Company	(343,438)	51,373	(1,173,687)	(432,587)
(f) Basic (loss)/earnings per share (sen)	(2.06)	0.72	(8.69)	(6.09)
Diluted (loss)/earnings per share (sen)	(2.06)	0.72	(8.69)	(6.09)

	AS AT 31/12/2013	AS AT 31/12/2012 (Audited)
(a) Net assets per share attributable to ordinary equity holders of the Company (RM)	0.24	0.64

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2013 RM '000	Quarter ended 31/12/2012 RM '000	Year ended 31/12/2013 RM '000	Year ended 31/12/2012 RM '000
(a) Interest income	27,693	35,011	113,691	53,620
(b) Finance costs	(105,138)	(78,005)	(436,613)	(235,259)