

MAS swings to first-quarter profit
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Malaysia Airlines said on Monday it had made a profit in the first quarter due to compensation received from Airbus and an increase in traffic, but remained cautious on the outlook for the year.

The national carrier said net profits stood at 310 million ringgit (96 million dollars) in the three months to the end of March compared with a net loss of 699 million ringgit in the same period last year.

Revenue increased by 21 percent to 3.3 billion ringgit from 2.7 billion ringgit a year earlier as global travel was boosted by the economic recovery. Traffic increased by 29 percent in the first quarter.

Managing director and chief executive Azmil Zahrudin said it had been an "encouraging" quarter.

"Both passenger and cargo business showed strong growth, boosted by the economic recovery, and our swift response in capitalising on the increase in demand," he told a news conference.

Azmil said profits were boosted by a 329 million ringgit payment by Airbus that was partial compensation for a delay delivering the airline's first A380 superjumbo - originally due in 2007.

Otherwise, the company would have suffered a loss, he said.

The airline is now due to receive the first of six of the double-decker planes in late 2011 and expects further compensation from the European aircraft maker.

Growth also suffered from a rise in the price of jet fuel by 55 percent to 85 US dollars a barrel. This led to an overall hike in the company's fuel costs of 42 percent to 1.01 billion ringgit.

"It is still a challenging year for 2010," said Azmil. He added however: "We believe we are very well positioned. We have seen strong growth in the Asia-Pacific region - we want to capitalise on that."

Azmil said disruption of air traffic caused by a volcano in Iceland last month had cost Malaysia Airlines 15 million ringgit. This was due to loss of sales, idling of aircraft and extra flights mounted to send home stranded passengers.

Malaysia Airlines returned to the black in the fourth quarter of 2009, with net profits of 610 million ringgit due to lower operation and fuel costs, as well as a rebound in cargo business.

- AFP