

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 31 DECEMBER 2011

**A1. Accounting Policies and Method of Computation**

The interim report is prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2010.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs, IC Interpretations and Technical Release ("TR"):

Amendments to FRS 132	Financial Instruments: Presentation – Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 4	Determining whether an Arrangement contains a Lease
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments
TR i-4	Shariah Compliant Sale Contracts
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	

The adoption of the revised FRS 3 and FRS 127, changes the accounting for business combinations and the preparation of consolidated financial statements of the Group. The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired.

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**A1. Accounting Policies and Method of Computation (continued)**

Any negative goodwill (i.e. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date. There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group. The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and Technical Release above generally did not have any material impact on the financial results of the Group, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

Effective for annual periods commencing on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
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Effective for annual periods commencing on or after 1 January 2012:

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

**A2. Audit Report of Preceding Financial Year Ended 31 December 2010**

The audit report on the financial statements of the preceding year was not qualified.

**A3. Seasonality and Cyclicity of Operation**

The Group's operations have not been affected by any seasonal or cyclical factors.

**A4. Exceptional or Unusual Items**

There were no items of exceptional or unusual nature that affect the assets, liabilities, equity, net income or cash flows of the Group in the current financial year.

**A5. Changes in Estimates of Amounts Reported Previously**

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current year, except for the following restatements for previous quarters:

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**A5. Changes in Estimates of Amounts Reported Previously (continued)**

	1st Qtr '11 RM'000	2nd Qtr '11 RM'000	3rd Qtr '11 RM'000
Operating revenue:			
As previously stated	311,635	318,563	372,677
Restatement made in current quarter	<u>(17,136)</u>	<u>(30,844)</u>	<u>(32,599)</u>
As restated	<u>294,499</u>	<u>287,719</u>	<u>340,078</u>
Interest income:			
As previously stated	87,139	100,370	98,311
Restatement made in current quarter	<u>2</u>	<u>(10,752)</u>	<u>368</u>
As restated	<u>87,141</u>	<u>89,618</u>	<u>98,679</u>
Interest cost:			
As previously stated	(36,315)	(39,740)	(47,697)
Restatement made in current quarter	<u>1</u>	<u>553</u>	<u>5,654</u>
As restated	<u>(36,314)</u>	<u>(39,187)</u>	<u>(42,043)</u>
Net income from Islamic Banking Operations:			
As previously stated	94,780	114,157	152,149
Restatement made in current quarter	<u>(20,397)</u>	<u>(17,385)</u>	<u>(38,622)</u>
As restated	<u>74,383</u>	<u>96,772</u>	<u>113,527</u>
Allowance for impairment losses on loans, advances and financing:			
As previously stated	(81,779)	(56,962)	(69,693)
Restatement made in current quarter	<u>20,394</u>	<u>27,584</u>	<u>32,600</u>
As restated	<u>(61,385)</u>	<u>(29,378)</u>	<u>(37,093)</u>

The above restatements do not have any effect to the previously announced quarterly profit before tax and profit after tax. The restatements were made to reflect the change in average effective profit rate ("EPR") and effective interest rate ("EIR").

The EPR is used to compute the Islamic profit adjustment based on gross financing less collective assessment impairment. The EIR is used to compute the interest adjustment based on gross loan less collective assessment impairment.

The restatements only affect the profit/interest income from financing/loan assets and impairment provision.

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The previously announced and restated consolidated statements of comprehensive income are as follows:

	As previously announced			As restated		
	1st QTR	2nd QTR	3rd QTR	1st QTR	2nd QTR	3rd QTR
	2011	2011	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	311,635	318,563	372,677	294,499	287,719	340,078
Interest income	87,139	100,370	98,311	87,141	89,618	98,679
Interest expenses	(36,315)	(39,740)	(47,697)	(36,314)	(39,187)	(42,043)
Net interest income	50,824	60,630	50,614	50,827	50,431	56,636
Net income from Islamic banking operations	94,780	114,157	152,149	74,383	96,772	113,527
Operating income	145,604	174,787	202,763	125,210	147,203	170,163
Other income	64,996	25,352	40,012	64,996	25,352	40,012
Total income	210,600	200,139	242,775	190,206	172,555	210,175
Cost of completed properties sold	-	-	-	-	-	-
Other operating expenses	(37,795)	(37,244)	(42,977)	(37,795)	(37,244)	(42,977)
Operating profit	172,805	162,895	199,798	152,411	135,311	167,198
Allowance for impairment losses on loans, advances and financing	(81,779)	(56,962)	(69,693)	(61,385)	(29,378)	(37,093)
Profit before taxation and zakat	91,026	105,933	130,105	91,026	105,933	130,105
Taxation	(22,222)	(27,686)	(35,027)	(22,222)	(27,686)	(35,027)
Zakat	(524)	-	-	(524)	-	-
Profit for the period	68,280	78,247	95,078	68,280	78,247	95,078
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	68,280	78,247	95,078	68,280	78,247	95,078
Earnings per share (sen):						
Basic	9.75	10.52	10.88	9.75	10.52	10.88
Diluted	9.68	8.06	8.90	9.68	8.06	8.90

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**A6. Loans, Advances and Financing**

	<b>Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Personal financing	8,717,754	3,987,460
Mortgage loans and financing	5,588,270	5,821,275
Corporate loans and financing	3,498,056	4,688,898
Gross loans, advances and financing	<u>17,804,080</u>	<u>14,497,633</u>
Allowance for impairment:		
- Collectively assessed	(694,828)	(637,309)
- Individually assessed	<u>(1,924,621)</u>	<u>(3,153,794)</u>
Net loans, advances and financing	<u>15,184,631</u>	<u>10,706,530</u>

Movements in the impaired loans, advances and financing are as follows:

	<b>Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	4,907,989	5,125,494
Classified as impaired during the period/year	746,587	695,423
Reclassified as non-impaired	(1,252,381)	(591,606)
Amount recovered	(167,850)	(72,499)
Amount written off	<u>(1,096,591)</u>	<u>(248,823)</u>
Balance as at end of period/year	3,137,754	4,907,989
Allowance for impairment	<u>(1,843,959)</u>	<u>(3,225,653)</u>
Net impaired loans, advances and financing	<u>1,293,795</u>	<u>1,682,336</u>
Net impaired loans as per percentage of net loans, advances and financing	<u>9%</u>	<u>16%</u>

**A7. Debts and Equity Securities**

Other than the issuance of new shares as shown below pursuant to the Company's Employee Share Option Scheme ("ESOS") and rights issue, there were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year.

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**A7. Debts and Equity Securities (continued)**

	No of ordinary shares of RM1.00 each '000	Ordinary shares RM'000	Share premium RM'000
At 1 January 2011	700,298	700,298	497,252
Issued at RM1.45 per share pursuant to ESOS	8,710	8,710	5,800
Issued at RM1.00 per share pursuant to rights issue	506,425	506,425	-
Issued at RM1.00 per share pursuant to warrants	68	68	13
Expenses relating to rights issue	-	-	(4,326)
At 31 December 2011	<u>1,215,501</u>	<u>1,215,501</u>	<u>498,739</u>

**A8. Dividends Paid**

There were no dividends paid in this current quarter.

**A9. Segmental Information on Revenue and Results**

The Group's activities are in Malaysia, therefore segmental reporting is not analysed by geographical locations.

	Financing RM'000	Hotel Operations RM 000	Eliminations RM'000	Consolidated RM'000
<b>3 months ended 31 December 11</b>				
External sales	331,458	3,633	12,051	347,142
Intersegment transactions	9,680	-	(9,680)	-
Total revenue	<u>341,138</u>	<u>3,633</u>	<u>2,371</u>	<u>347,142</u>
Segment results	97,284	(459)	4,373	101,198
Unallocated income (net of cost)				-
Profit from operations				<u>101,198</u>
<b>3 months ended 31 December 10</b>				
External sales	178,528	3,426	26,961	208,915
Intersegment transactions	25,942	-	(25,942)	-
Total revenue	<u>204,470</u>	<u>3,426</u>	<u>1,019</u>	<u>208,915</u>
Segment result	79,329	(513)	(6,381)	72,435
Unallocated income (net of cost)				-
Profit from operations				<u>72,435</u>

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**A9. Segmental Information on Revenue and Results (continued)**

	Financing RM'000	Hotel Operations RM 000	Eliminations RM'000	Consolidated RM'000
<b>12 months ended 31 December 11</b>				
External sales	1,213,379	12,206	43,853	1,269,438
Intersegment sales	36,047	-	(36,047)	-
Total revenue	<u>1,249,426</u>	<u>12,206</u>	<u>7,806</u>	<u>1,269,438</u>
Segment results	400,165	(3,551)	31,648	428,262
Unallocated income (net of cost)				-
Profit from operations				<u>428,262</u>
<b>12 months ended 31 December 10</b>				
External sales	717,193	11,592	41,155	769,940
Intersegment sales	37,269	-	(37,269)	-
Total revenue	<u>754,462</u>	<u>11,592</u>	<u>3,886</u>	<u>769,940</u>
Segment result	189,768	(3,818)	21,447	207,397
Unallocated income (net of cost)				-
Profit from operations				<u>207,397</u>

**A10. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A11. Subsequent Events**

As at the date of this report, there were no material events occurring subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter.

**A12. Changes in the Composition of the Group**

There were no major changes in the composition of the Group for the current quarter.

**A13. Contingent Liabilities****(a) Contingencies**

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
<b>Fully secured:</b>		
Financial guarantee to secure payments by borrowers	<u>83,975</u>	<u>19,405</u>

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**A13. Contingent Liabilities (continued)**

**(b) Material Litigations**

- (i) A contractor appointed by one of the Company's borrowers has instituted civil suits against the Company for an alleged breach of contract and is claiming damages amounting to RM2.54 million.

The Court had fixed 14 May 2010 for further case management and the trial dates were fixed from 21 June 2010 to 25 June 2010. However, the above mentioned dates were vacated as the contractor's solicitor had made an oral application for a stay of trial pending disposal of the contractor's appeal to amend the Writ Summons and Statement of Claim to include negotiations between the contractor and the Company's borrower. The contractor's application to amend the statement of claim was dismissed on 22 June 2010 and the Court fixed 24 May 2011 for case management. The contractor appealed to the Court of Appeal which had on 13 December 2011 allowed the contractor's application to amend.

The matter is now fixed for pre-trial case management on 21 March 2012 and for full trial from 26 to 30 March 2012.

- (ii) A former borrower of the Company has instituted a suit against the Company for an alleged breach of facility agreement and is claiming damages amounting RM43.311 million. The Company had terminated the said facility due to the former borrower's breach of facility agreement and had subsequently sold the loan asset to an unrelated company.

On 30 September 2010, the Court dismissed the borrower's claim with costs. The Borrower filed an appeal with the Court of Appeal on 25 October 2010. The matter is currently pending a hearing date for the borrower's appeal since October 2010.

- (iii) A former borrower of the Company instituted a civil suit against the Company for an alleged breach of facility agreement and is claiming damages amounting to RM5 million with interest and costs thereon.

The Company had on 22 May 2009 filed a Notice of Appeal following the High Court's dismissal of the Company's application to hold a trial of preliminary issues. The Company filed an application for stay of proceedings pending the outcome of the Company's appeal. The stay application was dismissed on 8 February 2011 with no order as to costs and full trial dates were fixed for 13 and 16 May 2011.

On 22 March 2011, the Court of Appeal allowed the Company's appeal with liberty to propose further questions to the High Court for determination. The matter came up for hearing on 13 May 2011 and was fixed for decision on 30 May 2011 whereby the Plaintiff's claim was dismissed with cost of RM15,000. The Plaintiff had lodged an appeal to the Court of Appeal. The Plaintiff's appeal came up for hearing on 17 November 2011 and the same was dismissed with costs.



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**A13. Contingent Liabilities (continued)**

**(b) Material Litigations (continued)**

- (iv) A third party and its holding company (collectively “the Plaintiffs”) have instituted a civil suit against the Company and its subsidiary (collectively “the Company”) for an alleged breach of facility agreement. The Company has in response thereto filed its defence and a counterclaim against the Plaintiffs.

The Company then filed an application to strike out the Plaintiffs’ suit and this was dismissed with costs by the High Court on 24 May 2010. The Company filed an appeal on 4 June 2010 against the said decision (“the Company’s striking out appeal”).

The Company filed an application for security for costs against the Plaintiffs and this was dismissed on 18 May 2011. The Company’s solicitors filed an appeal on 20 May 2011 (“Company’s security for costs appeal”). The Company’s security for costs appeal was allowed on 30 November 2011.

The main suit is fixed for case management on 17 April 2012.

The Company’s striking out appeal is fixed for case management on 9 February 2012.

- (v) A third party and its holding company (collectively “the Plaintiffs”) have instituted a civil suit against the Company, two (2) subsidiaries, the Chief Executive Officer (“CEO”) of MBSB (collectively “the Company”) and the former CEO of MBSB seeking declarations for alleged breach of facility agreement. The Company has in response thereto filed its defence.

The matter was fixed for case management on 4 November 2011.

On 6 January 2012, the Plaintiffs withdrew the suit with no liberty to file afresh and with costs to be paid to MBSB.

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**A14. Acquisition/Disposal of Property, Plant and Equipment**

	12 months ended 31/12/2011 RM'000
Additions	
Hotel building *	21,338
Hotel renovation	4,560
Furniture & equipment	2,779
Data processing equipment	943
	29,620
Disposals	
Freehold land	10,426
Buildings	8,031
Furniture & equipment	3
Motor vehicle	373
Data processing equipment	375
	19,208

\* Acquisition through settlement of a corporate loan account.

**A15. Significant Related Party Transactions**

	Quarter		Cumulative	
	Current Quarter	Preceding Quarter	Current Year To Date	Preceding Year To Date
	31/12/2011 RM'000	30/09/2011 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Transactions with Employees Provident Fund Board, the ultimate holding body				
Interest on securitised loan	11,080	1,091	12,726	-
Interest on debenture loans	-	-	-	875
Rental paid	48	95	283	276
	48	95	283	276

**A16. Capital Commitments**

As at 31 December 2011, there were no commitments for the purchase of property, plant and equipment other than those stated below:

	RM'000
Property, plant and equipment:	
• Approved but not contracted for	86,953
	86,953

**A17. Impairment Loss**

There were no other impairment losses other than those disclosed in note A6 above.

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BMSB LISTING REQUIREMENTS – DISCLOSURE REQUIREMENTS AS PART A OF APPENDIX  
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**B1. Performance Review**

**a) Current Year-to-date vs Previous Year-to-date**

The Group profit before taxation for the twelve (12) months year ended 31 December 2011 of RM428.262 million increased by RM220.865 million or 106.5% as compared to the preceding year's profit before taxation of RM207.397 million. The increase was mainly due to higher income from Islamic banking operation via the expansion of personal financing.

Performance of the respective operating business segments for the year ended 31 December 2011 as compared to the previous year is analysed as follows:

- 1) Personal financing – The increase in profit before taxation was mainly due to higher releases and larger loan base. This was partially offset by higher other operating expenses on higher business volume.
- 2) Mortgage loans and financing – The increase in profit before taxation was mainly due to lower loan impairment allowance in the current year.
- 3) Corporate loans and financing – The higher loss before taxation was mainly due to higher individual allowance charges made in the current year.

**b) Current Quarter vs Previous Year Corresponding Quarter**

The Group profit before taxation for the 4<sup>th</sup> quarter 2011 of RM101.198 million increased by RM28.763 million or 39.7% as compared to the previous year corresponding quarter profit before taxation of RM72.435 million. The improved performance was mainly due to higher net income from Islamic banking operation via the expansion of personal financing.

Performance of the respective operating segments for the 4<sup>th</sup> quarter ended 31 December 2011 as compared to the previous year corresponding quarter is analysed as follows:

- 1) Personal financing – The increase in profit before taxation was mainly due to higher releases and larger loan base. This was partially offset by higher other operating expenses on higher business volume.
- 2) Mortgage loans and financing – The decrease in profit before taxation was mainly due to lower loan impairment in the previous year corresponding quarter.
- 3) Corporate loans and financing – The higher loss before taxation was mainly due to higher individual allowance charges made in the current quarter.

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**B2. Variance of Results against Preceding Quarter**

The Group profit before taxation for the 4<sup>th</sup> quarter 2011 of RM101.198 million decreased by RM28.907 million or -22.2% as compared to the preceding quarter profit before taxation of RM130.105 million. The decrease in profit in the current quarter was mainly due to lower other operating income, lower net interest income and higher impairment allowances on loans.

**B3. Prospects for 2011**

**Brief Overview of the Malaysian Economy**

The domestic economy latest indicators point towards continued expansion in the fourth quarter of 2011. Growth was driven by sustained domestic consumption and investment activities, while the external sector showed signs of moderation. Looking ahead, the economy is expected to continue to expand, underpinned by sustained private sector economic activity and further reinforced by public sector spending. Employment conditions are expected to remain stable while the outlook for domestic-oriented sectors continues to be favourable. Overall growth prospects, however, would be affected by the slowdown in external demand, resulting in slower growth in exports and industrial production.

Domestic headline inflation averaged 3.2% in 2011. Going into 2012, the assessment is that cost-push inflation will moderate as slowing global economic activity will alleviate the pressure on the prices of key commodities. The impact of domestic demand factors on inflation is expected to be contained, in line with stable domestic demand conditions. Headline inflation, therefore, is expected to moderate in 2012. Nevertheless, risks to inflation could emerge arising from supply disruptions that would result in higher food and commodity prices.

*(Bank Negara Malaysia Monetary Policy Statement dated 31 January 2012)*

**Brief Overview of the Malaysian Financial Sector**

The continued resilience of the banking sector was supported by strong capital, stable asset quality and ample liquidity. To further enhance the development and competitiveness of the financial sector, five (5) new commercial banking licences were issued in June 2010 following the liberalization measures announced in April 2009. These banks will contribute to the diversity of the financial services industry and support new areas of growth, including green technology as well as facilitate international trade, attract investments into Malaysia and create greater employment opportunities in the financial sector.

In 2011, value-added of the service sector is envisaged to expand 5.3% (2010: 6.5%), supported by steady domestic economic and trade-related activities. All sub-sectors are expected to register growth, led by the wholesale and retail trade, communication as well as finance and insurance sub-sectors. The contribution of the sector is expected to remain at 57.3% of gross domestic product. The services sector is set for higher growth with the roll-out of programmes and initiatives under the seven services-related National Key Economic Areas, namely financial, wholesale and retail, information and communication technology, tourism, health, education and business services.

*(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)*

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**Group Prospect**

The continued strong earnings in the 4<sup>th</sup> quarter 2011 were attributed to the Group's continuous efforts to increase its loans in the retail segment. The Group will be launching several new financial products going into the first half of 2012. The Group continues to give focus on fee-based income to further enhance profitability. New products and services to be offered will be supplemented by our continuous effort to further improve the customer service level.

Barring any unforeseen circumstances, the Group expects to continue to record satisfactory performance in 2012.

**B4. Variance from Profit Forecast and Profit Guarantee**

None.

**B5. Taxation**

	Quarter		Cumulative	
	Current Quarter 31/12/2011 RM'000	Preceding Quarter 30/09/2011 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year To Date 31/12/2010 RM'000
Income tax:				
Current income tax	42,209	35,045	127,199	62,388
Tax refund	(124)	-	(124)	-
Overprovision in prior years	(27,294)	-	(27,294)	(3,092)
Deferred tax:				
Relating to origination and reversal of temporary differences	2,580	(18)	2,525	1,552
	<u>17,371</u>	<u>35,027</u>	<u>102,306</u>	<u>60,848</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the quarter. The over provision in prior year is in respect of FRS 139 adjustment and change in basis of computation for YA 2010 tax submission to the Inland Revenue Board.

**B6. Profit/(Loss) on Sale of Unquoted Investments and/or Properties**

There were no significant sales of unquoted investments or properties during the current quarter.

**B7. Purchase and Sale of Quoted Securities**

There were no dealings in quoted securities for the current quarter.

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**B8. Status of Corporate Proposals**

The Rights Issue was completed on 7 June 2011. The utilisation of the proceeds from the Rights Issue is as follows:

Purpose	Proposed Utilisation*	Actual Utilisation#	Intended Timeframe for Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
(i) Expansion of the financing business of our Group	504,100	503,525	6 months	-	-	-
(ii) Defray part of the expenses relating to the Rights Issue with Warrants	2,900	2,900	6 months	-	-	-
Total	<u>507,000</u>	<u>506,425</u>				

\* Based on maximum scenario as per the abridged prospectus dated 6 May 2011.

# A total of 506,424,813 new rights shares were issued at an issue of RM1.00 per share.

**B9. Borrowings and Debts**

Borrowings of the Group as at 31 December 2011 were as follows:

	<b>31 December 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Short term bank borrowings	<u>100,044</u>	<u>200,119</u>
Bai Al-Inah Islamic financing facility (secured):		
- One year or less	100,000	-
- More than one year	351,632	-
Total	<u>451,632</u>	<u>-</u>
Recourse obligation on loans sold to Cagamas Berhad (secured):		
- One year or less	88,978	47,004
- More than one year	1,844,406	917,089
Total	<u>1,933,384</u>	<u>964,093</u>

All borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

None.

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**B11. Realised and Unrealised Profits and Losses**

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	<b>Group</b>	<b>Cumulative</b>
	<b>31 December</b>	<b>Group</b>
	<b>2011</b>	<b>31 December</b>
	<b>RM'000</b>	<b>2010</b>
		<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised	(1,172,455)	(1,274,713)
- Unrealised in respect of deferred tax recognised in the income statement	(2,525)	(1,552)
Total Group accumulated losses as per consolidated accounts	<u>(1,174,980)</u>	<u>(1,276,265)</u>
Add: Consolidated adjustments	459,150	427,428
	<u>(715,830)</u>	<u>(848,837)</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 Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

**B12. Material Litigation**

The details of the pending material litigation are as per note A13 above.

**B13. Dividends Proposed**

At the forthcoming Annual General Meeting, a final dividend of 7% less 25% taxation (5.25 sen net per ordinary share) in respect of the financial year ended 31 December 2011, will be proposed for shareholders' approval. Based on the issued and paid up share capital as at 31 December 2011 of 1,215,500,650 ordinary shares, the total dividend payable would amount to RM63,813,784. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

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**B14. Earnings Per Share****Basic**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	Quarter		Cumulative	
	Current Quarter 31/12/2011	Preceding Quarter 30/09/2011	Current Year to Date 31/12/2011	Preceding Year to Date 31/12/2010
Net profit attributable to shareholders for the period (RM'000)	83,827	95,078	325,432	146,025
Weighted average number of ordinary shares in issue ('000)	1,003,622	873,756	1,003,622	700,172
Basic earnings per share (sen)	<u>8.35</u>	<u>10.88</u>	<u>32.43</u>	<u>20.86</u>

**Diluted**

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Employee Share Option Scheme ("ESOS").

	Quarter		Cumulative	
	Current Quarter 31/12/2011	Preceding Quarter 30/09/2011	Current Year to Date 31/12/2011	Preceding Year to Date 31/12/2010
Net profit attributable to shareholders for the period (RM'000)	83,827	95,078	325,432	146,025
Weighted average number of ordinary shares in issue ('000)	1,003,622	873,756	1,003,622	700,172
Weighted average effect of dilution on ESOS ('000)	1,061	119	1,061	-
Weighted average effect of dilution on Warrants ('000)	<u>193,791</u>	<u>226,616</u>	<u>193,791</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,198,474</u>	<u>1,100,491</u>	<u>1,198,474</u>	<u>700,172</u>
Diluted earnings per share (sen)	<u>6.99</u>	<u>8.64</u>	<u>27.15</u>	<u>20.86</u>



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**B15. Authorisation For Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 February 2012.

BY ORDER OF THE BOARD

Koh Ai Hoon  
Tong Lee Mee  
Joint Company Secretaries  
Kuala Lumpur  
2 February 2012