

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Financial Position as at 31 December 2011
The figures have not been audited.

	Unaudited As at 31 December 2011 RM'000	Restated As at 31 December 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	568,369	572,918
Land held for property development	93,754	97,473
Investment properties	1,072,989	1,036,327
Goodwill	3,896	3,896
Investment in associates	762	852
Investment in jointly controlled entities	26,022	25,087
Debt recoverable from an unquoted entity	6,296	6,296
Receivables	68,044	62,946
Deferred tax assets	13,742	10,991
Post-employment benefit surplus	3,672	4,298
	1,857,546	1,821,084
Current assets		
Inventories	182,269	112,177
Property development costs	627,967	538,632
Tax recoverable	24,679	13,572
Trade receivables	158,965	162,083
Other receivables	166,389	385,804
Derivative financial instruments	-	76
Short term deposits	316,359	36,940
Cash and bank balances	29,584	23,374
	1,506,212	1,272,658
Non-current assets held for sale	220	5,169
TOTAL ASSETS	3,363,978	3,098,911
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	488,394	486,188
Share premium	245,304	244,823
Foreign currency reserve	(11,549)	(12,112)
Retained earnings	1,073,024	1,012,058
	1,795,173	1,730,957
Non controlling interests	140,548	138,469
Warrant reserve	26,655	26,915
Total equity	1,962,376	1,896,341

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Financial Position as at 31 December 2011 - continued

The figures have not been audited.

	(Unaudited) As at 31 December 2011 RM'000	Restated As at 31 December 2010 RM'000
Non-current liabilities		
Post-employment benefit obligations	10,085	9,241
Provisions for other liabilities	14,857	15,525
Deferred tax liabilities	18,039	18,876
Borrowings	766,084	354,551
	809,065	398,193
Current liabilities		
Trade payables	161,573	135,086
Other payables and provisions	184,552	143,199
Derivative financial instruments	331	-
Current tax payable	3,025	2,183
Borrowings	243,056	523,909
	592,537	804,377
Total liabilities	1,401,602	1,202,570
TOTAL EQUITY AND LIABILITIES	3,363,978	3,098,911
Net assets per share attributable to equity holders of the Company (RM)	3.68	3.56

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2011

The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 31 December 2011 RM'000	Preceding year quarter to 31 December 2010 Restated RM'000	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 Restated RM'000
Revenue	191,663	158,626	670,078	627,385
Other operating income	12,174	9,573	22,074	20,072
Operating profit before finance costs, depreciation, amortisation and tax	63,198	43,185	158,322	217,544
Depreciation and amortisation	(7,242)	(7,389)	(28,315)	(25,527)
Profit from operations	55,956	35,796	130,007	192,017
Finance costs	(12,624)	(9,616)	(42,788)	(35,372)
Share of results of associates	(459)	161	550	462
Share of results of jointly controlled entities	(3,697)	(707)	(2,170)	(1,072)
Profit before taxation	39,176	25,634	85,599	156,035
Tax expense	(1,893)	(1,045)	4,626	(19,256)
Profit for the year	37,283	24,589	90,225	136,779
Other comprehensive income				
Exchange differences on translating foreign operations	(1,070)	(75)	564	(4,803)
Total comprehensive income for the year	36,213	24,514	90,789	131,976

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2011 – continued

The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 31 December 2011 RM'000	Preceding year quarter to 31 December 2010 Restated RM'000	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 Restated RM'000
Profit/(loss) attributable to:				
Equity holders of the Company	38,606	25,705	88,390	131,271
Non-controlling interests	(1,323)	(1,116)	1,835	5,508
	<u>37,283</u>	<u>24,589</u>	<u>90,225</u>	<u>136,779</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	37,536	25,632	88,953	126,473
Non-controlling interests	(1,323)	(1,118)	1,836	5,503
	<u>36,213</u>	<u>24,514</u>	<u>90,789</u>	<u>131,976</u>
Earnings per share attributable to equity holders of the Company:				
– basic (sen)	7.9	5.3	18.1	27.4
– diluted (sen)	6.5	4.2	14.9	22.6
[See Part B Note 12(b)]				

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2011

The figures have not been audited.

	← Attributable to equity holders of the Company →							
	Share capital RM'000	Share premium RM'000	Foreign currency reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Warrant reserve RM'000	Total equity RM'000
At 1 January 2011 - as previously stated	486,188	244,823	(12,112)	994,901	1,713,800	138,469	26,915	1,879,184
Prior year adjustments (see Part A Note 2 (a))	0	0	0	17,157	17,157	0	0	17,157
At 1 January 2011 - restated	486,188	244,823	(12,112)	1,012,058	1,730,957	138,469	26,915	1,896,341
Conversion of warrants to ordinary shares	2,206	481	0	0	2,687	0	(260)	2,427
Subscription of additional shares in a subsidiary	0	0	0	0	0	250	0	250
Dividend for the financial year ended 31 December 2010								
- to shareholders of the Company	0	0	0	(27,424)	(27,424)	0	0	(27,424)
- to minority interests	0	0	0	0	0	(7)	0	(7)
Total comprehensive income for the year	0	0	563	88,390	88,953	1,836	0	90,789
Balance as at 31 December 2011	488,394	245,304	(11,549)	1,073,024	1,795,173	140,548	26,655	1,962,376

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2011 – continued

The figures have not been audited.

	← Attributable to equity holders of the Company →							
	Share Capital RM'000	Share premium RM'000	Foreign currency reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	Warrant reserve RM'000	Total equity RM'000
At 1 January 2010 - as previously stated	476,392	242,689	(7,314)	895,379	1,607,146	144,007	28,069	1,779,222
Prior year adjustment (see Part A Note 2 (a))	0	0	0	12,269	12,269	0	0	12,269
At 1 January 2010 - restated	476,392	242,689	(7,314)	907,648	1,619,415	144,007	28,069	1,791,491
Conversion of warrants to ordinary shares	9,796	2,134	0	0	11,930	0	(1,154)	10,776
Subscription of additional shares in a subsidiary	0	0	0	0	0	120	0	120
Acquisition of additional shares of a subsidiary from minority interest	0	0	0	0	0	(11,148)	0	(11,148)
Dividend for the financial year ended 31 December 2009								
- to shareholders of the Company	0	0	0	(26,861)	(26,861)	0	0	(26,861)
- to minority interests	0	0	0	0	0	(13)	0	(13)
Total comprehensive income for the year – as previously stated	0	0	(4,798)	126,383	121,585	5,503	0	127,088
Prior year adjustment (see Part A Note 2 (a))	0	0	0	4,888	4,888	0	0	4,888
Total comprehensive income for the year (restated)	0	0	(4,798)	131,271	126,473	5,503	0	131,976
Balance as at 31 December 2010 (restated)	486,188	244,823	(12,112)	1,012,058	1,730,957	138,469	26,915	1,896,341

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Cash Flow for the financial year ended 31 December 2011

The figures have not been audited.

	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000 Restated
Cash flows from operating activities		
– Net profit for the year	90,225	136,779
– Adjustments for non-cash and non-operating items	18,385	(11,542)
	108,610	125,237
– Changes in working capital		
• Net change in current assets	240,763	(116,281)
• Net change in current liabilities	67,904	6,625
– Proceeds from disposal of land held for development	7,535	3,817
– Development expenditure incurred	(2,607)	(4,057)
– Capital commitment reserves utilised	(1,280)	(2,790)
– Infrastructure costs utilised	-	(77)
– Staff retirement benefits paid	(546)	(821)
– Income tax paid	(8,985)	(21,357)
Net cash flow from/(used in) operating activities	411,394	(9,704)
Cash flows from investing activities		
– Proceeds from disposal of property, plant and equipment	3,602	331
– Proceeds from disposal of financial assets held for trading	-	6,443
– Proceeds from disposal of investment properties	1,035	13,342
– Acquisition of land held for property development	(164,775)	(13,269)
– Purchase of property, plant and equipment	(26,433)	(24,353)
– Acquisition of additional shares in a subsidiary	-	(15,044)
– Reimbursement of advances upon acquisition of a jointly controlled entity	-	(76,000)
– Proceeds from disposal of non-current assets held for sale	140	-
– Interest received	11,366	1,619
– Dividend received	640	509
– Subsequent expenditure incurred on investment properties	(6,377)	(69,670)
Net cash flow used in investing activities	(180,802)	(176,092)
Cash flows from financing activities		
– Proceeds from term loan	581,426	186,243
– Repayment of revolving credit	(44,800)	(110,000)
– Proceeds from subscription of shares in a subsidiary by minority interest	250	120
– Proceeds from issuance of shares from conversion of warrants	2,427	10,776
– Repayment of term loans	(236,369)	(46,163)
– Proceeds from bankers acceptance	6,536	-
– Repayment of bankers acceptance	-	(2,041)
– Proceeds from commercial papers	-	150,000
– Repayment of medium term notes and commercial papers	(175,000)	-
– Hire purchase principal payments	(811)	(749)
– Interest paid	(44,382)	(39,552)
– Financing expenses	(6,198)	(598)
– Dividend paid to shareholders of the Company	(27,424)	(26,861)
– Dividend paid to minority shareholders of the Company	(7)	(13)
Net cash flow from financing activities	55,648	121,162

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)

Condensed Consolidated Statement of Cash Flow for the financial year ended 31 December 2011 – continued

The figures have not been audited.

	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000 Restated
Net change in cash and cash equivalents	286,240	(64,634)
Cash and cash equivalents at 1 January	56,888	121,559
Effects of exchange rate changes	(2)	(37)
Cash and cash equivalents at 31 December	<u>343,126</u>	<u>56,888</u>
Cash and cash equivalents comprise:		
Short term deposits	316,359	36,940
Cash and bank balances	29,584	23,374
Bank overdraft (see Part B Note 9)	(2,817)	(3,426)
	<u>343,126</u>	<u>56,888</u>

Included in cash and cash equivalents is an amount of RM54.6 million (2010: RM31.5 million) which are monies subject to usage restriction. These are monies held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control & Licensing) Act, 1966 which can only be used for specific purposes allowed for under the Housing Developers (Housing Development Accounts) Regulations, 1991 and monies set aside for purposes of capital maintenance of the Group's strata-titled development projects.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to this interim financial report.

PART A : Explanatory notes pursuant to FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for investment properties, derivative financial instruments, available-for-sale investments and financial assets held for trading which have been stated at fair value.

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Issues Committee (IC) Interpretations and amendments to FRSs and IC Interpretations which are relevant to the Group's operations with effect from 1 January 2011 :-

FRS 1:	First-time Adoption of Financial Reporting Standards
FRS 3:	Business Combinations (Revised)
Amendments to FRS 127:	Consolidated and Separate Financial Statements
Amendments to FRS 138:	Intangible Assets
Amendments to IC Interpretation 9:	Reassessment of Embedded Derivatives
IC Interpretation 16:	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17:	Distribution of Non-cash Assets to Owners
Amendments to FRS 132:	Classification of Right Issues
Amendments to FRS 1:	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1:	Additional Exemption for First-time Adopters
Amendments to FRS 7:	Improving Disclosures about Financial Instruments
IC Interpretation 4:	Determining Whether an Arrangement contains a Lease
Improvements to FRSs (2010)	

The adoption of the above standards and interpretations are not expected to have any significant impact on the financial statements of the Group in the year of initial application except for those discussed below:

- (i) FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements

The FRS 3 Business Combinations (Revised) is effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from the revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

2. Changes in Accounting Policies (continued)

(a) Prior year adjustments

The prior year adjustments relate to additional fair value gains not recognised on certain investment properties in the consolidated financial statements when the Group transferred these assets upon completion of construction in prior years, from capital work-in-progress measured at cost to investment properties measured at fair value in accordance with FRS 140 Investment Properties. These prior year adjustments refer to elimination of intercompany transactions upon transfer to Investment Properties and therefore have no impact on the fair values of the investment properties and net assets of the subsidiaries which owned these assets. The fair values of these assets have been correctly reflected in the respective subsidiaries' financial statements in prior years.

The impact of the adjustments on the Group's statement of financial position and statement of comprehensive income is as follows:

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
As at 1 January 2010			
Statement of financial position			
Investment properties	572,626	12,269	584,895
Retained earnings	895,379	12,269	907,648
As at 31 December 2010			
Statement of financial position			
Investment properties	1,019,170	17,157	1,036,327
Retained earnings	994,901	17,157	1,012,058
For the preceding year quarter to 31 December 2010			
Statement of comprehensive income			
Fair value gain on investment properties	2,687	4,888	7,575
Earnings per share - basic (sen)	4.3	1.0	5.3
- diluted (sen)	3.4	0.8	4.2
For the financial year ended 31 December 2010			
Statement of comprehensive income			
Fair value gain on investment properties	84,222	4,888	89,110
Earnings per share - basic (sen)	26.4	1.0	27.4
- diluted (sen)	21.8	0.8	22.6

3. Audit report of preceding annual financial statements

The audit report of the Group's financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

4. Seasonality or cyclicity of interim operations

Demand for properties is generally dependent on the national economic environment. Demand for particleboard and related products is seasonal and is also affected by national as well as global economic conditions.

5. Exceptional items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2011.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial year ended 31 December 2011.

7. Issuance and repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial year ended 31 December 2011 except for the Company's issuance of 2,205,048 ordinary shares of RM1.00 each for cash, arising from the exercise of BRDB Warrants 2007/2012 at the exercise price of RM1.10 per ordinary share.

8. Dividends paid

Payment of the first and final dividend of 7.5 sen per share less 25% income tax in respect of the financial year ended 31 December 2010 amounting to RM27.4 million, was made on 18 August 2011.

9. Segmental reporting

By operating segment

	Revenue		Profit/(loss) from operations	
	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000 Restated	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000 Restated
Property				
Property development	298,874	391,880	48,720	80,296
Property investment	59,571	48,112	62,420	100,861
Others	10,412	13,185	1,723	(1,414)
	<u>368,857</u>	<u>453,177</u>	<u>112,863</u>	<u>179,743</u>
Manufacturing	<u>301,221</u>	<u>174,208</u>	<u>17,144</u>	<u>12,274</u>
	<u>670,078</u>	<u>627,385</u>	<u>130,007</u>	<u>192,017</u>

By geographical segment

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000	Current year to 31 December 2011 RM'000	Preceding year to 31 December 2010 RM'000
Malaysia	566,452	556,893	3,304,073	3,027,474	26,409	24,353
Hong Kong and China	24,507	10,091	9	59	-	-
Pakistan	8,438	29,391	56,118	68,064	24	-
Others	70,681	31,010	3,778	3,314	-	-
	<u>670,078</u>	<u>627,385</u>	<u>3,363,978</u>	<u>3,098,911</u>	<u>26,433</u>	<u>24,353</u>

10. Valuations of property, plant and equipment

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

11. Material events subsequent to the financial year ended 31 December 2011

There were no material events subsequent to the end of the financial year ended 31 December 2011.

12. Changes in the composition of the Group during the financial year ended 31 December 2011

There were no changes in the composition of the Group during the financial year ended 31 December 2011 except for:

- (a) On 7 January 2011, the Company acquired 2 subscribers' shares in a shelf company known as Nexus Flame Sdn Bhd (NFSB), for cash at par.

NFSB was incorporated on 10 December 2010 and has an authorised share capital of RM100,000 divided into 100,000 shares of RM1.00 each and an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. The principal activity of NFSB is property development and property investment.

- (b) On 21 February 2011, the Company incorporated a wholly-owned subsidiary in Singapore known as BRDB (S) Pte. Ltd. (BRDBS). BRDBS has an issued and paid-up share capital of 1 ordinary share of S\$1.00 and its intended principal activity is investment holding.

- (c) On 19 April 2011, the Company acquired 2 subscribers' shares of RM1.00 each in each of three shelf companies: Pinggir Mentari Sdn Bhd (PMSB), Orion Vibrant Sdn Bhd (OVSB) and Magna Senandung Sdn Bhd (MSSB), making them wholly-owned subsidiaries of the Company.

OVSB was incorporated on 1 March 2011 while PMSB and MSSB were both incorporated on 5 April 2011. OVSB, PMSB and MSSB each has an authorised share capital of RM100,000 divided into 100,000 shares of RM1.00 and an issued and paid up share capital of 2 ordinary shares of RM1.00 each. The principal activity of OVSB, PMSB and MSSB is property development.

On 29 April 2011, PMSB, OVSB and MSSB entered into three separate joint venture agreements with subsidiaries of Multi-Purpose Holdings Berhad : Tibanis Sdn Bhd (TSB), Magnum.Com Sdn Bhd (MCSB) and Mimaland Berhad (MB), (all three collectively known as Landowners) for the proposed development of the following lands owned by the Landowners :

- i) 2 parcels of freehold and leasehold lands owned by TSB located in Daerah Gombak, Negeri Selangor and measuring approximately 265.13 acres for proposed link houses, bungalow lots and a commercial village;

- ii) 20 parcels of freehold lands owned by MCSB located in Daerah Barat Daya, Negeri Pulau Pinang and measuring approximately 80.897 acres for proposed bungalows, semi-detached houses and a condominium; and
 - iii) 7 parcels of freehold and leasehold lands owned by MB located in Daerah Gombak, Negeri Selangor and measuring approximately 324.05 acres for proposed bungalows and condominiums.
- (d) On 19 December 2011, the Company acquired 10,000 shares of USD1.00 each representing the entire paid-up share capital of Majestix Holding & Finance Inc. (Majestix) for a cash consideration of USD10,000.00. Majestix has on even date acquired 10,000 shares of USD1.00 each representing the entire paid-up share capital of Greater Invest & Finance Inc. (Greater Invest) for a cash consideration of USD10,000.00.

Majestix and Greater Invest were both incorporated in the British Virgin Islands on 16 November 2011 and the principal activity is investment holding.

13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last statement of financial position as at 31 December 2010 except for:

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to certain subsidiaries	348,545	492,501

14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2011 were as follows:

	RM'000
Authorised and contracted	4,731
Authorised but not contracted	19,856
	24,587
Analysed as follows:	
Property, plant and equipment	23,224
Investment properties	1,363
	24,587

PART B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Performance by operating segment

Quarter on Quarter review

Revenue in the fourth and final quarter of 2011 of RM191.7 million rose 21% when compared to RM158.6 million in the same quarter in 2010 due to higher revenue in the manufacturing division. The Group posted a higher pre-tax profit of RM39.2 million in the quarter under review as compared to pre-tax profit of RM25.6 million a year ago, attributable to higher rental income and fair value gain on investment properties of RM32.3 million, with a small pre-tax contribution of RM1.5 million from the manufacturing division under Mieco Chipboard Bhd (MIECO).

Property

Property development revenue in the fourth quarter of 2011 declined 12% to RM106.6 million as a result of lower progress revenue recognition on current projects under construction in Kuala Lumpur: 6 CapSquare and Verdana at Kiara North and in Johor: Straits View Residences and Elita at Straits View. This compares against the same quarter in 2010, which saw substantial contribution from sales of completed One Menerung apartments and the CapSquare Tower in Kuala Lumpur. Revenue from property investment climbed 10% to RM17 million from RM15.4 million a year ago, reflecting the stronger rental yields from Bangsar Shopping Centre as well as Menara BRDB.

The quarter under review saw fair value adjustments of RM32.3 million on investment properties mainly arising from Bangsar Shopping Centre, Menara BRDB, CapSquare Centre and Troika Commercial.

Manufacturing

Revenue in the manufacturing division of RM85 million in the final quarter of 2011 was up 88% from RM45.2 million a year ago as sales volume more than doubled with increased output from Plant 3 in Kechau Tui, Pahang, which had been temporarily closed up to the end of 2010. Export sales for the quarter grew to RM26.3 million which was three times the value a year ago whilst domestic sales increased by 60% to RM58.8 million.

The increased sales revenue was partly offset by higher raw materials costs which arose from aggressive competitive buying of wood in anticipation of the monsoon season and increased fuel and glue prices due to volatile global oil prices. As a result, MIECO's pre-tax profit was RM1.5 million in the fourth quarter of 2011, which was also partially attributable to unrealised translation gain arising on its USD loan and from FRS 139 fair value accounting. This is compared to a pre-tax loss of RM2.5 million a year ago when MIECO incurred substantial costs of about RM3.5 million in fourth quarter 2010 to enable the recommencement of Plant 3 operations in 2011.

Year on Year review

For the full year of 2011, the Group reported revenue of RM670 million, 7% above RM627.4 million in 2010.

Group pre-tax profit for 2011 was RM85.6 million, 45% lower when compared to RM156.0 million in 2010 largely due to lower development profits and fair value changes on investment properties in the property division, whilst profit in the manufacturing division improved to RM6.5 million. After adjustment for overprovision of tax in prior year, profit for 2011 was RM90.2 million, 34% below that of 2010.

Property

Revenue in the property division slipped 19% to RM 368.9 million with lower contributions from property development, construction and supermarket. Development profit contribution from projects in Kuala Lumpur declined with lower progress income recognition from properties under construction although profit contribution from Johor projects improved significantly with increased activity. The Group's new projects in 2011 : Verdana at Kiara North, 2 additional phases of Straits View Residences and Elita at Straits View, were all well received and as a result, the Group sold altogether 356 properties in 2011, 93% up against the previous year. Whilst the Group achieved higher rental income from Bangsar Shopping Centre and Menara BRDB, rental income contribution from CapSquare Centre in 2011 was disrupted by renovations for its repositioning as PIKOM ICT Mall. The Group disposed its gourmet delicatessen and foodhall business in 2011.

1. Performance by operating segment (continued)

Manufacturing

MIECO reported strong growth in revenue to RM301.2 million for 2011, up 73% from RM174.2 million a year ago, mainly driven by increased domestic market in both particleboard and value-added products. In the export market, the increased revenue arose mainly from higher particleboard sales. MIECO's pre-tax profit increased to RM6.5 million for 2011, which was 4 times the RM1.6 million recorded in 2010. The better results for the year was mainly due to increased sales, which made up for its first-quarter loss of RM1.4 million arising from Plant 3 startup costs and higher raw wood cost caused by a delayed and prolonged monsoon season.

2. Material change in profit before taxation for the quarter against the immediate preceding quarter

Group pre-tax profit of RM39.2 million in the current quarter was substantially higher when compared to the immediate preceding quarter's pre-tax profit of RM15.4 million mainly attributable to the earlier mentioned RM32.3 million fair value gains on investment properties, although the manufacturing division registered a lower profit. MIECO's fourth quarter pre-tax profit of RM1.5 million was down 35% from RM2.3 million in the immediate preceding quarter due to higher raw materials costs which were mitigated by the favourable translation gain of its USD term loan.

3. Prospects for the current financial year

Property

Although property sales have been buoyant for the Group's launches, the performance of the property division in the current financial year is affected inter-alia, by the following factors :

- the impact on consumer sentiment from a global slowdown as a result of weaker activity in advanced economies and prolonged uncertainty over the eurozone debt crisis;
- tightening of lending conditions arising from new rules by Bank Negara and ;
- timely receipt of regulatory approval of new development projects.

The Directors envisage that private and government spending will continue to sustain domestic demand amid a weaker external environment and the Group will be able to rollout its new projects successfully in Klang Valley and Johor for this year, supported by increasing recurring income base with the higher occupancy of the Group's key assets : Bangsar Shopping Centre and Menara BRDB.

Manufacturing

Operating conditions for MIECO are very challenging this year in view of the following factors :

- particleboard prices continue to be adversely affected by sluggish global demand arising from the eurozone debt uncertainty and from a stalled housing sector in the U.S. which has blunted economic growth ;
- inflationary pressures on raw materials particularly for wood and glue, and on operating costs impacting its margins.

However, MIECO will strive to sustain its profitability by :

- continuing to focus on value-added sales;
- developing new products and responding to market shifts and ;
- managing key costs and productivity.

Notwithstanding the challenges, the Group expects to achieve in the current financial year a set of operating results comparable to that in the previous financial year.

4. Variance of actual profit from forecast profit

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

5. Profit before tax

	Current quarter to 31 December 2011 RM'000	Current year to 31 December 2011 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Interest income	(6,058)	(11,371)
Interest expense	12,558	37,587
Foreign exchange gain	(1,167)	(1,269)
Depreciation and amortization	7,242	28,315
Fair value gain on investment properties	(32,319)	(31,173)
Gain on disposal of investment property	-	(147)
Gain on disposal of non current assets held for sale	-	(45)
Gain on disposal of land held for development	-	(2,450)
Allowance for impairment of investment in jointly controlled entity	2,111	2,111
Allowance for impairment of property, plant and equipment	126	126
Allowance for impairment of land held for development	643	643
Allowance/(write back) for inventories obsolescence	118	(3,334)
Allowance for doubtful debts on receivables	118	539
(Gain)/loss on fair value of derivative financial instruments	(517)	407
Negative goodwill on investment in jointly controlled entity	(5,303)	(5,303)
Finance income on financial assets measured at amortised costs	(3,179)	(3,179)

6. Tax expense/(credit)

	Current quarter to 31 December 2011 RM'000	Current year to 31 December 2011 RM'000
In respect of current year		
- Malaysian tax	2,355	6,470
- Foreign tax	-	-
	<u>2,355</u>	<u>6,470</u>
Deferred taxation		
- Malaysian tax	6,039	3,403
	<u>6,039</u>	<u>3,403</u>
In respect of prior years		
- Malaysian tax	-	(7,431)
- Foreign tax	-	(8)
- Deferred tax	(6,501)	(7,060)
	<u>(6,501)</u>	<u>(14,499)</u>
Tax expense/(credit)	<u>1,893</u>	<u>(4,626)</u>

The Group's effective tax rate for the current year to date and current quarter differs from the statutory tax rate of 25% mainly due to income not subject to tax and over provision of tax in prior year.

7. Retained earnings

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000 Restated
Total retained earnings of the Company and its subsidiaries:		
- Realised	321,950	291,000
- Unrealised	375,196	344,742
	<u>697,146</u>	<u>635,742</u>
Total share of retained earnings from associates:		
- Realised	1,421	871
- Unrealised	-	-
Total share of retained earnings from jointly controlled entities:		
- Realised	785	3,560
- Unrealised	(429)	(1,035)
	<u>698,923</u>	<u>639,138</u>
Add: Consolidation adjustments	374,101	372,920
Total Group retained earnings	<u>1,073,024</u>	<u>1,012,058</u>

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

8. Status of corporate proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report.

On 5 September 2011, the Board of Directors of BRDB (Board) received an offer from the Company's major shareholder, Ambang Sehati Sdn Bhd (Ambang Sehati) to acquire certain assets (Assets) of the Group: CapSquare Retail Centre, Permas Jusco Mall and the entire equity interest in BR Property Holdings Sdn Bhd (BRPH) which holds The Bangsar Shopping Centre and Menara BRDB. Ambang Sehati proposed to acquire the Assets collectively at a cash consideration to be based on the fair value of the Assets to be determined by independent valuers to be mutually agreed.

On 19 September 2011, the Board agreed to the disposal of the Assets to Ambang Sehati, subject to the signing of the relevant sales and purchase agreements for:

- i) CapSquare Retail Centre at a minimum consideration of RM146.0 million;
- ii) Permas Jusco Mall at a minimum consideration of RM68.0 million; and
- iii) 62,574,357 ordinary shares of RM1.00 each in BRPH at a preliminary consideration of RM216.0 million.

In addition, BRDB proposed to distribute part of the disposal proceeds to the ordinary shareholders of the Company via a net cash dividend of RM0.80 per ordinary share.

On 26 September 2011, BRDB and Ambang Sehati mutually agreed to cease all negotiations and for the Company to dispose the relevant assets by way of a tender exercise, whereby Ambang Sehati will be invited to participate in the tender.

On 22 November 2011, the Board decided that the tender exercise in respect of the disposal of the relevant assets will be carried out in the first quarter of 2012.

9. Borrowings and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia except for a USD9.855 million term loan. The details of the Group's borrowings as at 31 December 2011 are as follows:

	Current		Non-current	
	RM'000	Foreign currency USD'000	RM'000	Foreign currency USD'000
Term loans (secured)	39,300		663,700	
Term loan (unsecured)	27,964	2,160	102,241	7,695
Bonds (unsecured)	102,192		-	
Revolving credit (secured)	10,200		-	
Revolving credit (unsecured)	35,000		-	
Bankers acceptance (unsecured)	25,112		-	
Bank overdraft (unsecured)	2,817		-	
Hire purchase creditors (secured)	471		143	
	<u>243,056</u>		<u>766,084</u>	

Finance cost of RM9.7 million arising from funds specifically borrowed for the acquisitions of freehold lands had been capitalised to property development costs during the financial year ended 31 December 2011.

10. Changes in material litigation

As at the date of this report, there were no changes in material litigation since the last statement of financial position date as at 31 December 2010.

11. Dividend

The directors recommend the payment of a first and final dividend of 7.5 sen per share less income tax at 25%, for the financial year ended 31 December 2011 (2010: first and final dividend of 7.5 sen per share less income tax 25%). Based on the current share capital of 488,397,381 ordinary shares, the proposed dividend payment amounting to RM27.5 million (2010:RM27.4 million) is subject to shareholders' approval at the Annual General Meeting to be held at a date which shall be announced later.

Shareholders at the Company's Annual General Meeting on 23 June 2011 approved a first and final dividend of 7.5 sen per share less 25% income tax in respect of the financial year ended 31 December 2010. Payment of this dividend amounting to RM27.4 million was made on 18 August 2011.

12. Earnings per share

	Current year quarter to 31 December 2011	Preceding year quarter to 31 December 2010	Current year to 31 December 2011	Preceding year to 31 December 2010
		Restated		Restated
a) Basic				
Net profit attributable to equity holders of the Company (RM'000)	38,606	25,705	88,390	131,271
Weighted average number of ordinary shares in issue ('000)	488,267	484,045	487,152	478,998
Earnings per share (sen)	7.9	5.3	18.1	27.4
b) Diluted				
Net profit attributable to equity holders of the Company (RM'000)	38,606	25,705	88,390	131,271
Weighted average number of ordinary shares in issue ('000)	488,267	484,045	487,152	478,998
Adjustment for effect of dilution on warrants issued ('000)	103,617	122,367	107,135	101,871
Weighted average number of ordinary shares for diluted earnings per share ('000)	591,884	606,412	594,287	580,869
Diluted earnings per share (sen)	6.5	4.2	14.9	22.6

**BY ORDER OF THE BOARD
BANDAR RAYA DEVELOPMENTS BERHAD**

Ho Swee Ling
Company Secretary
Kuala Lumpur
24 February 2012