

PACIFICMAS BERHAD (Company No. 5024-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 March 2012

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
ASSETS		
Property and equipment	94,321	94,898
Intangible assets	383	394
Available-for-sale securities	262,701	163,285
Trading securities	240	15,932
Deferred tax assets	2,864	2,997
Tax recoverable	1,289	1,133
Loans and receivables	816,955	770,420
Trade and other receivables	13,314	7,721
Deposits with financial institutions	35,512	57,536
Cash and bank balances	7,274	22,552
	<u>1,234,853</u>	<u>1,136,868</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	170,994	170,994
Fair value reserves	2,027	2,008
Retained profits	285,190	277,796
	<u>458,211</u>	<u>450,798</u>
Non-controlling interests	<u>3,985</u>	<u>3,893</u>
Total Equity	<u>462,196</u>	<u>454,691</u>
Liabilities		
Deferred tax liabilities	5,186	5,541
Borrowings	733,072	634,007
Trade and other payables	32,247	40,966
Tax payable	2,152	1,663
	<u>772,657</u>	<u>682,177</u>
Total Equity and Liabilities	<u>1,234,853</u>	<u>1,136,868</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

PACIFICMAS BERHAD (Company No. 5024-T)
(Incorporated in Malaysia)

Condensed Consolidated Income Statement
For the period ended 31 March 2012

	<u>2012</u> Current qtr ended 31 Mar RM'000	<u>2011</u> Comparative qtr ended 31 Mar RM'000	<u>2012</u> 3 months Cumulative to 31 Mar RM'000	<u>2011</u> 3 months Cumulative to 31 Mar RM'000
Revenue	30,857	27,399	30,857	27,399
Other operating gains	1,507	1,238	1,507	1,238
Net fees and commissions	(3,250)	(5,172)	(3,250)	(5,172)
Operating expenses	(12,303)	(11,751)	(12,303)	(11,751)
Finance costs	(6,649)	(4,073)	(6,649)	(4,073)
Share of results of former associated company	-	103	-	103
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before taxation	10,162	7,744	10,162	7,744
Taxation	(2,676)	(1,638)	(2,676)	(1,638)
	<hr/>	<hr/>	<hr/>	<hr/>
Net profit for the period	7,486	6,106	7,486	6,106
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Profit attributable to:</u>				
Owners of the parent	7,394	6,002	7,394	6,002
Non-controlling interests	92	104	92	104
	<hr/>	<hr/>	<hr/>	<hr/>
	7,486	6,106	7,486	6,106
	<hr/>	<hr/>	<hr/>	<hr/>
EPS - Basic (sen)	4.32	3.51	4.32	3.51
	<hr/>	<hr/>	<hr/>	<hr/>

(The Condensed Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

PACIFICMAS BERHAD (Company No. 5024-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 March 2012

	<u>2012</u> Current qtr ended 31 Mar RM'000	<u>2011</u> Comparative qtr ended 31 Mar RM'000	<u>2012</u> 3 months Cumulative to 31 Mar RM'000	<u>2011</u> 3 months Cumulative to 31 Mar RM'000
Net profit for the period	7,486	6,106	7,486	6,106
Available-for-sale securities:				
- Gains on fair value changes, before tax	37	696	37	696
- Reclassification of gains to income statement on disposal, before tax	(9)	(304)	(9)	(304)
- Tax on fair value movements	(9)	(76)	(9)	(76)
- Share of other comprehensive income of former associated company	-	(1)	-	(1)
Other comprehensive income, net of tax	<u>19</u>	<u>315</u>	<u>19</u>	<u>315</u>
Total comprehensive income for the period	<u>7,505</u>	<u>6,421</u>	<u>7,505</u>	<u>6,421</u>
<u>Total comprehensive income attributable to:</u>				
Owners of the parent	7,413	6,316	7,413	6,316
Non-controlling interests	92	105	92	105
	<u>7,505</u>	<u>6,421</u>	<u>7,505</u>	<u>6,421</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

PACIFICMAS BERHAD (Company No. 5024-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2012

	← Attributable to Owners of the Parent →			Non-controlling Interests	Total Equity	
	Non-distributable	Distributable				
	Share Capital RM'000	Fair Value Reserves RM'000	Retained Profits RM'000			Total RM'000
3 months ended						
<u>31 March 2011</u>						
At 1 January 2011	170,994	2,261	481,378	654,633	3,676	658,309
Total comprehensive income for the period	-	314	6,002	6,316	105	6,421
At 31 March 2011	<u>170,994</u>	<u>2,575</u>	<u>487,380</u>	<u>660,949</u>	<u>3,781</u>	<u>664,730</u>
3 months ended						
<u>31 March 2012</u>						
At 1 January 2012	170,994	2,008	277,796	450,798	3,893	454,691
Total comprehensive income for the period	-	19	7,394	7,413	92	7,505
At 31 March 2012	<u>170,994</u>	<u>2,027</u>	<u>285,190</u>	<u>458,211</u>	<u>3,985</u>	<u>462,196</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

PACIFICMAS BERHAD (Company No. 5024-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2012

	2012	2011
	3 months	3 months
	ended	ended
	31 Mar	31 Mar
	RM'000	RM'000
Profit before taxation	10,162	7,744
Adjustment for:		
Non-cash items	<u>4,515</u>	<u>2,951</u>
Operating profit before changes in working capital	14,677	10,695
Changes in working capital		
Acquisition of investments	(105,229)	(200,152)
Disposal of investments	23,071	4,581
Increase in loans, trade and other receivables	(52,969)	(64,546)
(Decrease)/increase in trade and other payables	(8,521)	6,506
Deposits with financial institutions pledged as security for credit facilities	-	(150)
Net dividends/distributions received	2,192	1,574
Interest income/islamic profit received	238	388
Interest and commitment fees paid	(6,345)	(3,863)
Income tax paid	<u>(2,572)</u>	<u>(1,678)</u>
Net cash flows used in operating activities	<u>(135,458)</u>	<u>(246,645)</u>
Investing activities:		
Receipt of remaining sale proceeds for disposal of former insurance subsidiary	-	196,484
Acquisition of investments	(871)	(921)
Disposal of investments	160	1,003
Interest income/islamic profit received	235	179
Net dividends/distributions received	22	9
Proceeds from disposal of property and equipment	140	-
Purchase of intangible assets	(15)	(84)
Purchase of property and equipment	<u>(580)</u>	<u>(322)</u>
Net cash flows (used in)/generated from investing activities	<u>(909)</u>	<u>196,348</u>
Financing activities:		
Drawdown of borrowings	420,600	95,000
Repayment of borrowings	<u>(330,000)</u>	<u>(70,000)</u>
Net cash flows generated from financing activities	<u>90,600</u>	<u>25,000</u>
Net change in cash and cash equivalents	(45,767)	(25,297)
Cash and cash equivalents at beginning of year	77,017	82,353
Cash and cash equivalents at end of period	<u>31,250</u>	<u>57,056</u>
Cash and cash equivalents comprise:		
Deposits with financial institutions	32,934 *	58,496
Cash and bank balances	7,274	6,021
Bank overdrafts	<u>(8,958) #</u>	<u>(7,461)</u>
	<u>31,250</u>	<u>57,056</u>

* Excludes deposits with financial institutions of RM2,578,000 pledged as security for credit facilities obtained by subsidiaries

As disclosed in Note B8 of the explanatory notes.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134

A1 Accounting policies

The condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These financial statements are the Group’s first MFRS compliant condensed interim financial statements and *MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards* has been adopted.

The transition to MFRS framework does not have any financial impact to the financial statements of the Group and no adjustments have been made to the amounts previously reported in financial statements prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been adopted by the Group:

MFRSs		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures	1 January 2013

Amendments to MFRSs and IC Interpretations		Effective for annual periods beginning on or after
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A2 Seasonal or cyclical factors

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

A3 Items of unusual nature, size or incidence

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the current quarter and current financial year-to-date that were unusual because of their nature, size or incidence.

A4 Changes in estimates of amounts reported in prior financial years

There were no significant changes in estimates of amounts reported in prior financial years that have had a material effect on the current quarter ended 31 March 2012.

A5 Issues, repurchases and repayments of debt and equity securities

Save as disclosed below, there were no other issues, repurchases and repayments of debt and equity securities by the Group for the current quarter and in the current financial year-to-date:

Commercial Papers/Medium Term Notes Programme of the Group's Hire-Purchase and Leasing Subsidiary	Current Quarter Ended 31 Mar 2012 RM'million	Current Financial Year-to-Date 31 Mar 2012 RM'million
At the beginning of period	140	140
Issued during the period	315	315
Redemption during the period	(310)	(310)
At the end of period	145	145

A6 Dividends paid

No interim dividend was paid during the current quarter and in the current financial year-to-date.

QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

A7 Segment information

The segment information for the Group's business segments for the current financial year-to-date is as follows:

	Hire-purchase, leasing and other related financing services ("Hire- purchase/ Leasing") RM'000	Management of unit trust funds and private investment mandates ("Fund Management") RM'000	Property investment and management ("Property Management") RM'000	Investment holding and management services ("Investment Holding") RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
<u>By business segment</u>						
Revenue						
External revenue	17,105	8,770	2,545	2,437	-	30,857
Inter-segment revenue	-	28	173	600	(801)	-
Segment revenue	<u>17,105</u>	<u>8,798</u>	<u>2,718</u>	<u>3,037</u>	<u>(801)</u>	<u>30,857</u>
Results						
Profit before taxation	7,245	798	289	1,824	6	10,162
Taxation	(1,980)	(173)	(207)	(316)	-	(2,676)
Net profit for the period	<u>5,265</u>	<u>625</u>	<u>82</u>	<u>1,508</u>	<u>6</u>	<u>7,486</u>
Assets and Liabilities						
Total assets	<u>826,301</u>	<u>33,650</u>	<u>95,497</u>	<u>512,930</u>	<u>(233,525)</u>	<u>1,234,853</u>
Total liabilities	<u>658,560</u>	<u>8,826</u>	<u>94,943</u>	<u>10,561</u>	<u>(233)</u>	<u>772,657</u>

A8 Events after the interim period

There are no material events subsequent to the end of the current quarter that have not been reflected in the financial statements for this quarter.

On 26 April 2012, PacificMas Berhad's 90%-owned subsidiary, PacificMas Asset Management Sdn Bhd ("PAM"), which is a dormant company held an extraordinary general meeting at which it was resolved that PAM would be wound up voluntarily under Section 254(1)(b) of the Companies Act, 1965. The voluntary winding up of PAM is not expected to have any material effect on the earnings and net tangible assets of the Group.

A9 The effect of changes in the composition of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations

There were no changes in the composition of the Group during the current quarter 31 March 2012.

A10 Changes in contingent liabilities or contingent assets

The contingent liabilities of the Group as at 31 March 2012 were as follows:

	<u>Group</u>			<u>Company</u>		
	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000	Increase RM'000	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000	Increase/ (Decrease) RM'000
Corporate guarantees given by the Company to financiers to secure credit facilities of hire-purchase and leasing subsidiary	-	-	-	883,000	883,000	-
Letters of credit undertaken by hire-purchase and leasing subsidiary from a banking subsidiary of the ultimate holding company on behalf of clients	1,765	1,227	538	-	-	-
Total	1,765	1,227	538	883,000	883,000	-

A11 Acquisitions and disposals of property and equipment

The acquisitions and disposals of property and equipment of the Group for the current financial year-to-date are as follows:

	Group RM'000
Property and equipment:-	
Net carrying amount at the beginning of year	94,898
Acquisitions	580
Disposals	(122)
Depreciation	(1,014)
Reclassification to intangible assets	(21)
Net carrying amount at the end of period	<u>94,321</u>

A12 Commitments for the purchase of property and equipment

The commitments for the purchase of property and equipment as at 31 March 2012 are as follows:

	Group RM'000
Approved and contracted for	<u>112</u>

A13 Significant related party transactions

The significant related party transactions for the current financial year-to-date ended 31 March 2012 are as follows:

	Group RM'000
<u>Subsidiaries of the ultimate holding company</u>	
Interest expense	1,389
Net fees and commissions expense	<u>1,239</u>

B. ADDITIONAL INFORMATION AS REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1 Review of performance

Current quarter ("1Q2012") vs. previous year corresponding quarter ("1Q2011")

The Group's profit before taxation ("PBT") for 1Q2012 increased by RM2.42 million (+31.2%) to RM10.16 million from RM7.74 million in 1Q2011. This was mainly attributable to higher profit contribution from the Group's hire-purchase and leasing subsidiary by RM2.66 million.

The performance of the business segments of the Group for 1Q2012 as compared with 1Q2011 is as follows:-

- 1) Hire-Purchase and Leasing – PBT increased by RM2.66 million mainly due to higher net interest income contributed by growth in loans and receivables.
- 2) Fund Management – Lower revenue, albeit mitigated by lower net commission expenses, resulting in slightly lower PBT by RM0.06 million.
- 3) Property Management – Higher increase in expenses than the increase in rental income resulting in slightly lower PBT by RM0.08 million.
- 4) Investment Holding – Higher investment income from unit trust funds and lower personnel costs, moderated by corporate exercise expenses incurred for proposed disposal of subsidiaries, resulting in slightly higher PBT by RM0.01 million (after inter-segment eliminations).

B2 Material change in the current quarter compared to the immediate preceding quarter

The Group's profit before taxation decreased by RM0.04 million (-0.3%) to RM10.16 million in 1Q2012 from RM10.20 million in the immediate preceding quarter ("4Q2011") mainly due to:-

- (a) Lower trading gain by RM1.10 million for the Group's investment in equities for 1Q2012; and
- (b) Lower distribution income by RM0.74 million from the Group's investments in wholesale bond funds and unit trust funds in 1Q2012.

However, the decrease in profit was mitigated by higher profit contribution from the Group's hire-purchase and leasing subsidiary by RM1.82 million on the back of higher net interest income as well as gain from derivative financial instruments in 1Q2012.

B3 Prospects

Despite some signs of recovery, the global economy is expected to remain weak in 2012, especially in Europe, due to the ongoing sovereign debt crisis and structural issues in advanced economies. Amidst the challenging external environment, the Malaysian economy is expected to slow down with growth being supported mainly by domestic demand. As inflation is expected to be benign in 2012, domestic interest rates are expected to be accommodative of economic growth.

Having regard to the economic and interest rate outlook for Malaysia, the Group's Hire-Purchase/Leasing and Investment Holding operations are expected to record satisfactory performance in 2012.

The Group's Fund Management operation is expected to benefit from the improved investors' sentiments which have been lifted as most equity markets had a good run in 1Q2012.

The Group's Property Management operation is expected to sustain its financial performance in 2012 due to the favourable and high occupancy rate of its investment property.

Having regard to the above, the Board of Directors is cautiously optimistic that the Group would remain profitable and deliver satisfactory results for 2012. Nevertheless, the proposed sale of the Group's subsidiaries to OCSB as stated in Note B7(b), if approved by the shareholders, will have consequential effects on the Group's financials.

B4 Profit forecast and profit guarantee

Not applicable.

B5 Taxation

Major components of tax expense

	Current Quarter Ended 31 Mar 2012 RM'000	Current Financial Year-to-Date 31 Mar 2012 RM'000
Current income tax:		
Malaysian income tax	2,531	2,531
Deferred tax:		
Relating to origination and reversal of temporary differences	148	148
Over provision in respect of prior year	(3)	(3)
Tax expense recognised in income statement	2,676	2,676

**Reconciliation of tax expense with
profit before taxation:**

	Current Quarter Ended 31 Mar 2012 RM'000	Current Financial Year-to-Date 31 Mar 2012 RM'000
Profit before tax	10,162	10,162
Taxation at 25%	2,541	2,541
Adjustments:-		
Expenses not deductible for tax	609	609
Income not subject to tax	(619)	(619)
Deferred tax asset not recognised by a subsidiary	148	148
Over provision of deferred tax in prior year	(3)	(3)
Tax expense for the period	2,676	2,676
Effective tax rate	26.36%	26.36%

QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

B6 Detailed Income Statements

Pursuant to paragraph 16 in Appendix 9B of the Listing Requirements, the detailed income statements of the Group for the current quarter and financial year-to-date are as follows:

	Current Quarter Ended 31 Mar 2012 RM'000	Current Financial Year-to-Date 31 Mar 2012 RM'000
Revenue		
Interest income	17,282	17,282
Revenue from unit trust funds and private investment mandates	8,770	8,770
Other income	4,805	4,805
	<u>30,857</u>	<u>30,857</u>
Other Operating Gains		
Net gains on disposal of investments		
- trading securities quoted in Bursa Malaysia Securities Berhad	1,342	1,342
- available-for-sale securities	9	9
Interest income/Islamic profit	242	242
Gain from derivative financial instruments	395	395
Other losses	(481)	(481)
	<u>1,507</u>	<u>1,507</u>
Net Fees and Commissions	(3,250)	(3,250)
Operating Expenses		
Depreciation and amortisation	(1,061)	(1,061)
Allowance for impairment of loans and receivables	(855)	(855)
Other operating expenses	(10,387)	(10,387)
	<u>(12,303)</u>	<u>(12,303)</u>
Finance Costs		
Interest expense	(6,541)	(6,541)
Other finance costs	(108)	(108)
	<u>(6,649)</u>	<u>(6,649)</u>
Profit before taxation	10,162	10,162
Taxation	(2,676)	(2,676)
Net profit for the period	<u>7,486</u>	<u>7,486</u>

Note

There were no provision for and write-off of inventories, disposal of properties and foreign exchange gain or loss for the Group for the current quarter and current financial year-to-date. There was also no impairment of assets at Group level other than allowance for impairment of loans and receivables.

B7 Status of corporate proposals announced but not completed yet

(a) Rectification of Public Shareholding Spread

Following the take-over of PacificMas by OCBC Capital (Malaysia) Sdn Bhd (“OCSB”) in 2008, OCSB held 67.07% shareholding in PacificMas which resulted in PacificMas not complying with the minimum 25% public shareholding spread requirement (“Public Shareholding Spread”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

OCSB had sold down its shareholding by 6.1 million ordinary shares on 9 June 2009, thus reducing its total shareholdings in PacificMas from 67.07% to 63.50%. During the period from 28 March 2011 to 25 July 2011, Koperasi Angkatan Tentera Malaysia Berhad (“KATM”) also disposed of 730,200 ordinary shares in PacificMas, thus reducing its total shareholdings in PacificMas from 16.44% to 16.02%. However, PacificMas remained non-compliant with the Public Shareholding Spread.

On 6 January 2012, PacificMas received a letter from Bursa Securities approving a further extension of time up to the approval of shareholders being obtained for the proposed winding-up of PacificMas [as explained in Note B7(b)] to comply with the Public Shareholding Spread requirement.

(b) Proposed disposal of PacificMas’ entire equity interests in its wholly-owned subsidiaries and 85% equity interest in Pacific Mutual Fund Bhd

On 21 December 2011, PacificMas entered into a conditional sale and purchase agreement with OCSB for the following:-

- (i) The proposed disposals of PacificMas’ entire equity interest in its wholly-owned subsidiaries, namely Pac Lease Berhad, P.B. Pacific Sdn Bhd (“PBPSB”), PacificMas Fidelity Sdn Bhd and PacificMas Capital Sdn Bhd for total disposal consideration of RM387,887,828 (“Proposed Disposal of Wholly-Owned Subsidiaries”); and
- (ii) The proposed disposal of PacificMas’ 85% equity interest in Pacific Mutual Fund Bhd (“PMFB”) for a disposal consideration of RM40,344,672 (“Proposed Disposal of PMFB Shares”).

The Proposed Disposal of Wholly-Owned Subsidiaries and Proposed Disposal of PMFB Shares (collectively referred to as “Proposed Disposals”) are subject to the approval of the Company’s shareholders at an extraordinary general meeting to be convened on 16 May 2012. The circular to shareholders in relation to the Proposed Disposals was sent to the shareholders on 24 April 2012.

QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

The Board of Directors of PacificMas (save for the nominee directors of Oversea-Chinese Banking Corporation Limited namely, George Lee Lap Wah, Chew Sun Teong and Wong Ah Wah, and Tan Sri Dato' Nasruddin Bin Bahari who have abstained from deliberation and voting) had also resolved that after the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries, as the case may be), PacificMas will proceed with the proposed realisation of residual assets in the Company and settlement of outstanding debts and liabilities ("Proposed Realisation of Residual Assets") and distribute the proceeds thereof to the entitled shareholders of the Company via proposed special dividend and/or proposed capital repayment ("Proposed Distributions"). If only the Proposed Disposal of PMFB Shares is undertaken, the proceeds will be distributed by way of a proposed special dividend.

It is also the intention of PacificMas to initiate a proposed members' voluntary winding up under Section 254(1)(b) of the Companies Act, 1965 ("Proposed Winding Up") subsequent to the completion of the Proposed Disposals, Proposed Realisation of Residual Assets and Proposed Distributions (collectively known as the "Proposals"). The Proposed Winding Up will only be recommended by the Board of Directors after the completion of the Proposals for the consideration of shareholders at a separate extraordinary general meeting.

B8 Borrowings and debt securities

- (i) As at 31 March 2012, the Group's outstanding borrowings and debt securities payable were as follows:

Secured:-

	RM'000
Bank borrowings:	
Bank overdrafts	8,958
Revolving credits	383,500
Term loan	85,600
Recourse obligations on receivables sold to Cagamas Berhad	110,014

Unsecured:-

Private debt securities	145,000
	<u>733,072</u>

Included in bank borrowings are revolving credits and term loan totalling RM185.10 million granted by a banking subsidiary of the Group's ultimate holding company.

**QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

- (ii) The breakdown between short-term and long-term borrowings of the Group as at 31 March 2012 were as follows:

	RM'000
Due within 12 months	627,469
Due after 12 months	105,603
	<u>733,072</u>

- (iii) All borrowings and debt securities of the Group were denominated in Malaysian Ringgit.

B9 Derivative financial instruments

The Group's hire-purchase and leasing subsidiary has entered into eight interest rate swap contracts. Details of the outstanding derivatives as at 31 March 2012 are as follows:

<u>Type of Derivatives</u>	<u>Contract/ Notional Value (RM'000)</u>	<u>Fair Value</u>	
		<u>Payable (RM'000)</u>	<u>Receivable (RM'000)</u>
Interest rate swaps			
- Less than 1 year	20,000	17	11
- 1 year to 3 years	70,000	421	29
- More than 3 years	-	-	-
	<u>90,000*</u>	<u>438</u>	<u>40</u>

- * included RM30 million interest rate swap contracts with a banking subsidiary of the Group's ultimate holding company

The purpose of entering into the interest rate swap contracts is to manage interest rate risk by mitigating the effect of prospective interest rate movements which could reduce its future net interest income. The interest rate swap contracts entitle the Group's hire-purchase and leasing subsidiary to receive interest at floating rates on the notional principal amount and pay interest at fixed rates on the same amount to the counterparty. The differences between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amount are to be exchanged on a quarterly basis. The floating rate interest is pegged against the 3-month KLIBOR on the reset date.

The interest rate swap contracts are subject to certain risks and the policies for mitigating or managing such risks are set out below:

Market Risk

Market risk is the risk that the value of a financial instrument will decrease as a result of economic changes that may impact market prices. Exposure to market risk may be reduced through matching the hedging instrument with an underlying asset. The market risk posed by the Group's interest rate swap contracts is not significant.

Credit Risk

Credit risk arises from the possibility that the counterparty to the interest rate swap contract may be unable to meet the terms of a contract in which the Group's hire-purchase and leasing subsidiary has a gain position. The associated risks are minimal as the interest rate swap contracts were entered into with three credit-worthy financial institutions.

Liquidity Risk

Liquidity risk is the financial risk due to uncertain liquidity faced by the hire-purchase and leasing subsidiary in meeting its contractual and financial obligations to the counterparties at all times. The obligations to the counterparty are the interest amounts calculated upfront on a quarterly basis between the fixed rate contracted against the floating rate which is based on the 3-month KLIBOR with reference to the agreed notional principal amount and are settled on a quarterly basis. The liquidity risk is minimal as the obligations to the counterparties are small and can be met through cash flow generated from operating activities.

Policies in place for mitigating or controlling the risks associated with the derivatives

The Group's hire-purchase and leasing subsidiary, as a result of the use of derivative instruments, is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty risks, the hire-purchase and leasing subsidiary only contracts with major financial institutions with good credit ratings and strong financial standing. The hire-purchase and leasing subsidiary also seeks prior approval from the Executive Committee of its Board of Directors ("EXCO") before entering into any interest rate swap contracts. The exposure to the risks associated with the derivatives is limited to the net settlement of interest amounts calculated by reference to the notional principal amount granted by each financial institution.

The Board of Directors of the hire-purchase and leasing subsidiary ("the Board") has the overall responsibility of determining the type and level of business risks that the subsidiary undertakes in achieving its corporate objectives. It has delegated its authority to monitor and manage risk exposures to the EXCO. Any policy decisions and proposals on risk exposures are recommended by the EXCO for review and approval by the Board of Directors of the hire-purchase and leasing subsidiary.

Cash Requirements

The above instruments were executed with credit-worthy financial institutions in Malaysia and as such, credit and counterparty risks are minimal. There were no transaction costs at the inception of these contracts. The hire-purchase and leasing subsidiary will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

**QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

Related accounting policies

Interest rate swap contracts are recognised at fair value on the statement of financial position and are classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the income statement.

B10 Gains / Losses arising from Fair Value Changes of Financial Liabilities

- (a) Save as disclosed below, there was no other gain or loss arising from fair value changes of the Group's financial liabilities:

	Current Quarter Ended 31-Mar-12 RM'000	Current Financial Year-to-Date 31-Mar-12 RM'000
Gains arising from fair value changes in derivative payables	356	356

- (b) The above gains arose from the fair value changes in interest rate swap contracts entered between the Group's hire-purchase and leasing subsidiary and financial institutions. The hire-purchase and leasing subsidiary pays fixed rate and receives floating rate from the interest rate swap contracts. Gains on fair value changes were recorded due to the favourable movement of the floating rate on the interest rate swaps.
- (c) The derivative payables are based on the difference between the present values of the fixed rate payables and floating rate receivables computed on the notional amount over the remaining tenor of the interest rate swaps. The fair values of the derivative contracts are the estimated amounts that the Group's hire-purchase and leasing subsidiary would expect to pay in the event of termination of the outstanding positions as at the reporting date.

B11 Changes in material litigation

The Group does not have any material litigation since the date of the last annual statement of financial position that would materially or adversely affect its financial position.

B12 Dividends

No interim dividend has been proposed or declared for the current quarter and current financial year-to-date.

QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

B13 Earnings per share (“EPS”)

Basic EPS are calculated by dividing profit for the period attributable to owners of the parent by the number of shares in issue during the period.

	<u>2012</u> Current Qtr Ended 31 Mar	<u>2011</u> Comparative Qtr Ended 31 Mar	<u>2012</u> 3 Months Cumulative 31 Mar	<u>2011</u> 3 Months Cumulative 31 Mar
Profit for the period attributable to owners of the parent (RM'000)	7,394	6,002	7,394	6,002
Number of ordinary shares in issue ('000)	170,994	170,994	170,994	170,994
Basic EPS (sen)	4.32	3.51	4.32	3.51

The Group has no potential dilutive ordinary shares in issue as at the reporting date and therefore diluted EPS have not been presented.

B14 Disclosure of Realised and Unrealised Profits/Losses

The breakdowns of the retained profits of the Group as at 31 March 2012 and 31 December 2011 into realised and unrealised profits are as follows:

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
Realised and unrealised profits/(losses) of the Company and its subsidiaries:		
- Realised	298,456	290,879
- Unrealised	(2,499)	(2,402)
	<u>295,957</u>	<u>288,477</u>
Less: Consolidation adjustments	(10,767)	(10,681)
Total retained profits	<u>285,190</u>	<u>277,796</u>

B15 Qualification of financial statements

The auditors' report on the annual financial statements for the year ended 31 December 2011 did not contain any qualification.

BY ORDER OF THE BOARD

CHONG YOK HUA (MAICSA 0861045)
COMPANY SECRETARY

15 May 2012