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COVER RATIONALE

The cover design represents the symbiotic relationship we enjoy with our clients and stakeholders. The blue ring symbolizes the people at AFFIN, who continuously strive harder to enhance products and services to bring fair and equitable returns to our shareholders, business partners and community.

The inter locking maroon ring embodies our enthusiasm and energy, committed by teamwork, is passionate in every endeavor and challenge that confronts us, enabling AFFIN to raise the industry bar with its many achievements. The forward momentum depicts AFFIN as an organisation constantly seeking new opportunities to create value through our people, assets, integrity, business conduct and growth prospects.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the THIRTY-SIXTH (36TH) ANNUAL GENERAL MEETING of AFFIN HOLDINGS BERHAD will be held at the 13th Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur on Monday, 16 April 2012 at 10:00 a.m. to transact the following business:-

AGENDA

1. To receive and if thought fit, adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. RESOLUTION **1**
2. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 105 of the Company's Articles of Association:-
 - 2.1 Y. Bhg. Tan Sri Dato' Lodin bin Wok Kamaruddin RESOLUTION **2**
 - 2.2 Y.M. Raja Dato' Seri Aman bin Raja Haji Ahmad RESOLUTION **3**
3. To re-elect Y. Bhg Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff who retires in accordance with Article 111 of the Company's Articles of Association and being eligible, offers himself for re-election. RESOLUTION **4**
4. To consider and if thought fit, to pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - 4.1 "That pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Dato' Mustafa bin Mohamad Ali be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." RESOLUTION **5**
 - 4.2 "That pursuant to Section 129(6) of the Companies Act, 1965, Dr. the Hon. Sir David Li Kwok Po be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." RESOLUTION **6**
5. To approve Directors' Fees. RESOLUTION **7**
6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. RESOLUTION **8**

7. SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

7.1 Ordinary Resolution

Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

RESOLUTION 9

“**THAT** pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

7.2 Ordinary Resolution

Proposed Shareholders’ Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

RESOLUTION 10

“**THAT** authority be and is hereby given in line with Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in the Circular to Shareholders dated 23 March 2012 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution until:

- i.) the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by a resolution passed at a general meeting, the authority is renewed; or
- ii.) the expiration of the period within which the next annual general meeting after the date that is required by law to be held pursuant to Section 143(1) of the Companies Act, 1965; or
- iii.) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting

whichever is earlier.

AND FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

8. To transact any other ordinary business of the Company.

By Order of the Board

NIMMA SAFIRA KHALID
Secretary

Kuala Lumpur
23 March 2012

NOTE

- a. A member entitled to attend and vote at the above meeting may appoint one or more proxies on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company, 7th Floor, Chulan Tower, 3, Jalan Conlay, 50450 Kuala Lumpur not less than 48 hours before the time appointed to hold the meeting.
- b. The proposed ordinary resolution 9, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Fifth Annual General Meeting held on 18 April 2011 and which will lapse at the conclusion of the Thirty-Sixth Annual General Meeting.

The General Mandate sought will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment(s), working capital and/or acquisition(s).

- c. The proposed ordinary resolution 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

Statement Accompanying Notice of Annual General Meeting

NAME OF DIRECTORS STANDING FOR RE-ELECTION OR RE-APPOINTMENT

The Directors who are retiring pursuant to the Articles of Association and seeking for re-election in the forthcoming AGM:

- i Y. Bhg. Tan Sri Dato' Lodin bin Wok Kamaruddin
- ii Y.M. Raja Dato' Seri Aman bin Raja Haji Ahmad
- iii Y. Bhg. Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff

The following Directors who are over the age of seventy years and seeking re-appointment in the forthcoming AGM:

- i Y. Bhg. Dato' Mustafa bin Mohamad Ali
- ii Dr. the Hon. Sir David Li Kwok Po

The profiles of the Directors are set out on pages 8 to 11 of this Annual Report.

DETAILS OF BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 31 December 2011. Details of the meetings are as follows:

Date of Meeting	Time	Venue
22 February 2011	9.00 am	7th Floor, Chulan Tower
24 May 2011	9.00 am	7th Floor, Chulan Tower
15 August 2011	9.00 am	7th Floor, Chulan Tower
14 November 2011	9.00 am	7th Floor, Chulan Tower

DETAILS OF ATTENDANCE OF DIRECTORS

Details of attendance of Directors at the Board Meetings held during the financial year ended 31 December 2011 are as follows:

Name of Directors	Date of Appointment	No. of Meetings Attended
Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin	17 October 2005	4/4
Tan Sri Dato' Lodin bin Wok Kamaruddin	19 July 1986	4/4
Raja Dato' Seri Aman bin Raja Haji Ahmad	25 April 1991	4/4
Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak (Completed his term of office on 30 October 2011)	25 April 1991	3/3
Datuk Azzat bin Kamaludin (Completed his term of office on 13 April 2011)	25 April 1991	1/1
Dato' Mustafa bin Mohamad Ali	28 November 2002	4/4
Abd Malik bin A Rahman	16 February 2011	4/4
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	23 December 2011	–
Dr. the Hon. Sir David Li Kwok Po	21 May 2008	3/4
Professor Arthur Li Kwok Cheung	21 May 2008	4/4
Adrian David Li Man Kiu (Alternate Director to Dr. the Hon. Sir David Li Kwok Po)	21 May 2008	–
Peter Yuen Wai Hung (Alternate Director to Professor Arthur Li Kwok Cheung)	5 September 2011	–



BOARD OF DIRECTORS

Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin *(Chairman)*

Tan Sri Dato' Lodin bin Wok Kamaruddin *(Deputy Chairman)*

Raja Dato' Seri Aman bin Raja Haji Ahmad

Dato' Mustafa bin Mohamad Ali

Abd Malik bin A Rahman

Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff
(Appointed on 23-12-2011)

Dr. the Hon. Sir David Li Kwok Po

Professor Arthur Li Kwok Cheung

Adrian David Li Man Kiu
(Alternate Director to Dr. the Hon. Sir David Li Kwok Po)

Peter Yuen Wai Hung
(Alternate Director to Professor Arthur Li Kwok Cheung)
(Appointed on 5-9-2011)

SECRETARY

Nimma Safira Khalid

REGISTERED OFFICE

7th Floor, Chulan Tower
3 Jalan Conlay
50450 Kuala Lumpur, Malaysia
Telephone: (03) 2142 9569
Fax: (03) 2143 1057

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Malaysia

PRINCIPAL BANKERS

AFFIN Bank Berhad
RHB Bank Berhad
Public Bank Berhad

REGISTRAR

Boustead Management
Services Sdn Bhd
13th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone: (03) 2141 9044
Fax: (03) 2144 3016

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Stock Code: 5185
Stock Name: AFFIN

WEBSITE

<http://www.affin.com.my>

Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin

Chairman

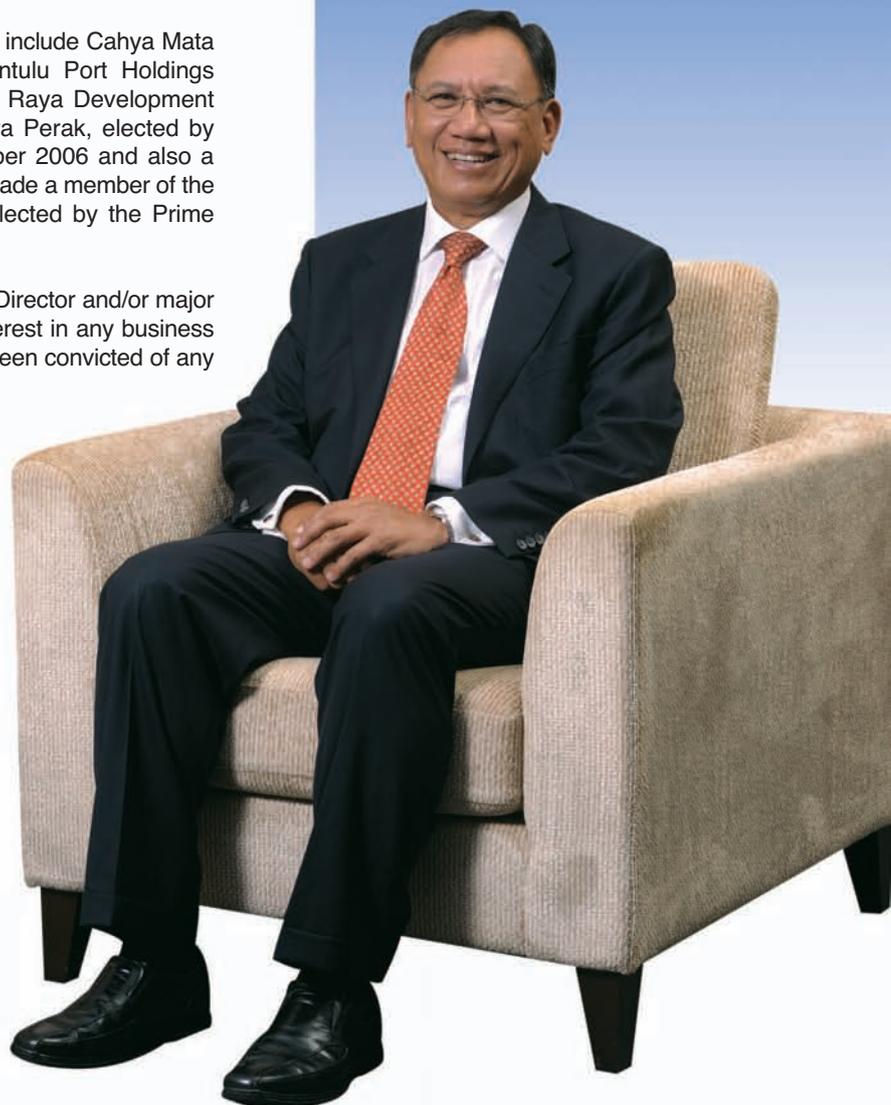
Non-Independent Non-Executive Director

Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, a Malaysian aged 63, was appointed as a Non-Independent Non-Executive Director and Chairman of the Board on 17 October 2005. He is also a member of the Remuneration and Nomination Committees. Gen (R) Tan Sri Dato' Seri Mohd Zahidi served the Malaysian Armed Forces for 39 years, holding many key appointments at field and ministerial level. He was the Chief of Defence Forces with the rank of General from 1 January 1999 till his retirement on 30 April 2005.

Gen (R) Tan Sri Dato' Seri Mohd Zahidi is a graduate of Senior Executive Program in National and International Security Harvard University, USA, Command and General Staff College Philippines, Joint Services Staff College Australia and National Defence College Pakistan. He also holds a Master of Science Degree (Defence and Strategic Studies) of Quaid-I-Azam University Islamabad, Pakistan.

His current directorships in other public companies include Cahya Mata Sarawak Berhad, Genting Malaysia Berhad, Bintulu Port Holdings Berhad, Genting Plantations Berhad and Bandar Raya Development Berhad. He is made a member of Dewan Negara Perak, elected by DYMM Paduka Seri Sultan Perak on 25 November 2006 and also a trustee of Yayasan Sultan Azlan Shah. He is also made a member of the Malaysian-Indonesian Eminent Persons Group elected by the Prime Minister since July 2008.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.



Tan Sri Dato' Lodin bin Wok Kamaruddin

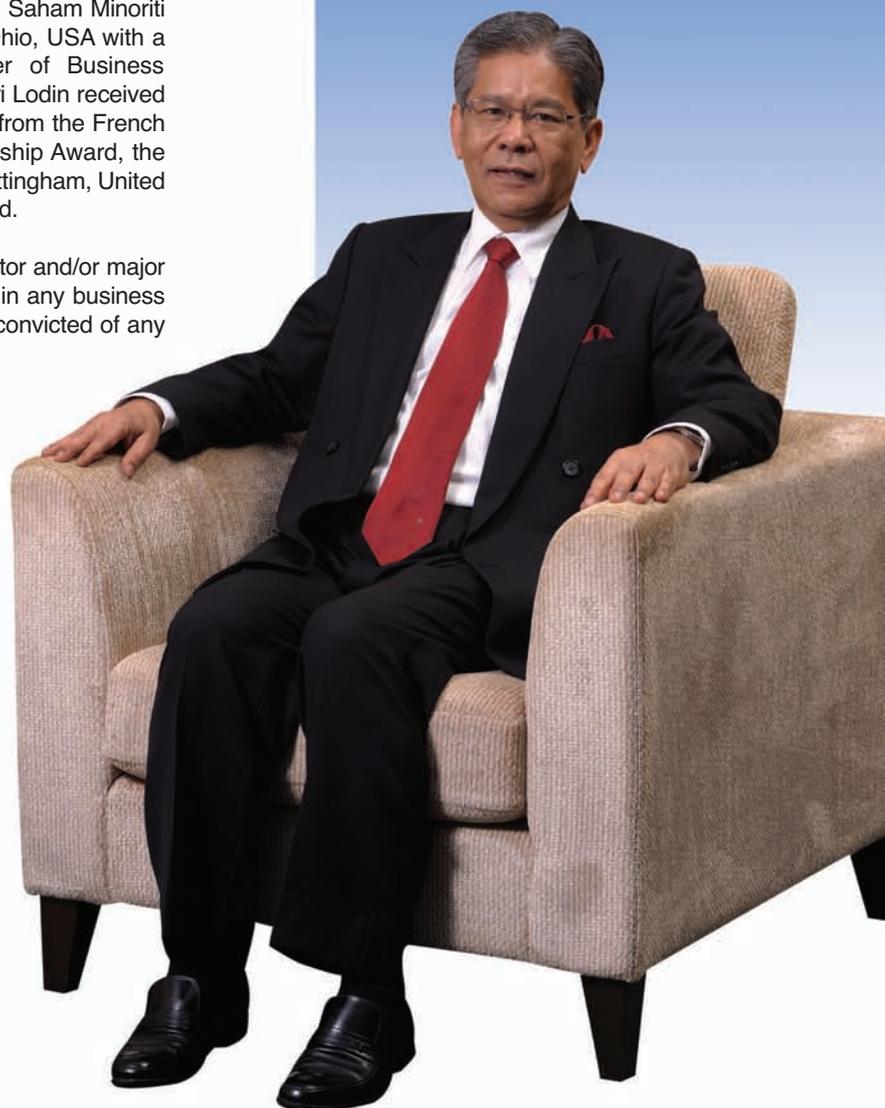
Deputy Chairman

Non-Independent Non-Executive Director

Tan Sri Dato' Lodin bin Wok Kamaruddin, a Malaysian aged 63, was appointed as a Director of AFFIN Holdings Berhad on 19 July 1986. He was subsequently appointed as the Managing Director of the Company in February 1991 and redesignated as Deputy Chairman on 1 July 2008. He is also a member of the Nomination Committee. Tan Sri Dato' Lodin has vast business and management experience pursuant to his various positions held in Lembaga Tabung Angkatan Tentera (LTAT) Group of Companies. He is the Chief Executive of LTAT and the Group Managing Director of Boustead Holdings Berhad. Prior to joining LTAT, he was the General Manager of Perbadanan Kemajuan Bukit Fraser for 9 years.

Tan Sri Dato' Lodin is the Chairman of Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad, Johan Ceramics Berhad, 1 Malaysia Development Berhad (1MDB) and also sits on the Boards of UAC Berhad, MHS Aviation Berhad, AFFIN Bank Berhad, AFFIN Islamic Bank Berhad, AFFIN Investment Bank Berhad, AXA AFFIN Life Insurance Berhad, FIDE Forum and Badan Pengawas Pemegang Saham Minoriti Berhad. He graduated from the University of Toledo, Ohio, USA with a Bachelor of Business Administration and a Master of Business Administration Degree. Among the many awards Tan Sri Lodin received to-date include the Chevalier De La Légion D'Honneur from the French Government, the Malaysian Outstanding Entrepreneurship Award, the Degree of Laws honoris causa from the University of Nottingham, United Kingdom and the UiTM Alumnus of The Year 2010 Award.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.



Raja Dato' Seri Aman Bin Raja Haji Ahmad

Independent Non-Executive Director

Raja Dato' Seri Aman bin Raja Haji Ahmad, a Malaysian aged 66, was appointed as a Director of AFFIN Holdings Berhad on 25 April 1991. He was redesignated as an Independent Non Executive Director on 15 January 2008. He is a member of the Nomination Committee and was a member of the Audit Committee until 30 October 2011 before appointed as the Chairman of the Audit Committee on 31 October 2011. Raja Dato' Seri Aman was the Chief Executive Officer of AFFIN Bank Berhad, a wholly owned subsidiary of AFFIN Holdings Berhad until May 2003. Presently, Raja Dato' Seri Aman sits on the Board of AFFIN Investment Bank Berhad, a subsidiary of AFFIN Holdings Berhad. He is also presently a Director of Ahmad Zaki Resources Berhad and Tomei Consolidated Berhad.

Raja Dato' Seri Aman is a member of the Malaysian Institute of Accountants, a Certified Public Accountant and a Fellow of the Institute of Chartered Accountant of England and Wales. He held various positions in Maybank Group from 1974 to 1985 prior to joining AFFIN Bank Berhad in 1985 as an Executive Director/CEO. He left AFFIN Bank Berhad in 1992 to join Perbadanan Usahawan Nasional Berhad as the Chief Executive Officer for one year and was re-appointed as Chief Executive Officer of AFFIN Bank Berhad in 1995.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.



Dato' Mustafa Bin Mohamad Ali

Independent Non-Executive Director

Dato' Mustafa bin Mohamad Ali, a Malaysian aged 75, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 28 November 2002. He is also the Chairman of the Nomination and Remuneration Committees and a member of the Audit Committee. Dato' Mustafa sits on the Board of AXA AFFIN Life Insurance Berhad, a subsidiary of AFFIN Holdings Berhad.

Dato' Mustafa also sits on the Board of Pacific Mutual Berhad and Batu Kawan Berhad. Dato' Mustafa graduated with a Bachelor of Arts (Honours) Degree majoring in Economics from Cambridge University, UK. He also holds a Diploma in Advertising from the Advertising Association, UK. He has attended the Advanced Management Programme at the Harvard Business School, USA.

Dato' Mustafa held various positions, including as Marketing Director for Malaysian Tobacco Company from 1974 to 1979, Corporate Planning Executive for British-American Tobacco, Co. London from 1980 to 1982, Managing Director (Tobacco Division) for Malaysian Tobacco Company from 1982 to 1988, Director of Sime Darby (International Operation) from 1988 to 1992 and Regional Director of Sime Darby (Malaysian Region Operations) from 1992 to 1994. He was an Adviser for Kumpulan Guthrie from 1994 to 2002. Dato' Mustafa is currently a trustee of Harvard Business School Alumni, Club of Malaysia Foundation and the British Graduates Association.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.



Abd Malik bin A Rahman

Independent Non-Executive Director

Encik Abd Malik bin A Rahman, a Malaysian aged 63, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 16 February 2011. Encik Abd Malik is currently an Independent Non-Executive Director of Boustead Heavy Industries Berhad, CYL Corporation Bhd., Lee Swee Kiat Group Berhad and Innity Corporation Bhd as well as Director of several private limited companies. He is also a Director of AFFIN Investment Bank Berhad, a subsidiary of AFFIN Holdings Berhad.

He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants, member of Certified Financial Planners (USA), member of Chartered Management Institute (UK) and a member of the Malaysian Institute of Management.

Encik Malik has held various senior management positions in Peat Marwick Mitchell (KPMG), Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad. He was the General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (Westports) from 1994 until 2003.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff

Independent Non-Executive Director

Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff a Malaysian aged 65, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 23 December 2011. Tan Sri Dato' Seri Alauddin holds a Degree of Barrister-at-Law of Inner Temple, London. He held various posts in the legal and judicial service since 1971. He started his career with the Judiciary as a Magistrate in Bukit Mertajam in 1971 and in Kangar in 1972. Thereafter, he was appointed as President of the Session's Court in Sungai Petani, Kuantan and Taiping. In 1977, he was appointed as Senior Federal Counsel with the Income Tax Department and the Attorney General's Chambers. On 1 June 1979, he was seconded to Petronas Carigali as its Secretary cum Legal Advisor. Thereafter, he was appointed as the Legal Advisor to the State of Johor in October 1980. On 1 April 1982, he took the office of the Legal Advisor of Negeri Sembilan. He was again appointed as the Legal Advisor to the state of Johor in June 1983. He was appointed as the Chairman of the Advisory Board in the Prime Minister's Department since 1 June 1989.

He was appointed as Judicial Commissioner of the High Court of Malaya in Kuala Lumpur on 1 February 1992 and was transferred to the High Court of Malaya in Johor in the same year. He was later elevated as the Judge of the High Court wherein he had served in the High Courts of Johor, Kangar and Alor Star before being elevated to the Court of Appeal on 15 April 2001. After serving for about 3 years in the Court of Appeal, he was elevated to the Federal Court of Malaysia on 12 July 2004. During his tenure as a Judge of the Federal Court, he had the occasion of carrying out the duties and functions of the President of the Court of Appeal from 15 August 2006 until 4 September 2007.

On 5 September 2007, he was appointed as the Chief Judge of Malaya and on 18 October 2008, he was appointed as the President of the Court of Appeal until his retirement in August 2011.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.



Dr. the Hon. Sir David Li Kwok Po

Non-Independent Non-Executive Director

Dr. the Hon. Sir David Li Kwok Po, a Chinese national aged 73 was appointed as a Non-Independent Non-Executive Director on 21 May 2008. Sir David Li is a Member of the Legislative Council of Hong Kong. He is a Member of the Banking Advisory Committee and a Member of the Council of the Treasury Markets Association. Sir David Li is the Pro-Chancellor of the University of Hong Kong, an Honorary Adviser of the Business and Economics Association of HKUSU, an Advisory Committee Member of the Chinese University of Hong Kong S.H. Ho College, an Honorary Fellow of the School of Accountancy, Central University of Finance and Economics and a Companion of the Chartered Management Institute.

Sir David Li is the Chairman and Chief Executive of The Bank of East Asia, Limited ("BEA"). He joined BEA in 1969 and was appointed a Director of BEA in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997.

Sir David Li is the Chairman of The Chinese Banks' Association, Limited and the Hong Kong Management Association. He is the Honorary Advisor of The International Chamber of Commerce – Hong Kong, China, and the First Honorary Chairman of the Hong Kong Chamber of Commerce in China and a Senior Professional Advisor of Hong Kong China Chamber of Commerce. He is also the Honorary Chairman of the Chamber of Hong Kong Listed Companies and The Hong Kong Chi Tung Association Limited. He is an Emeritus Trustee of the Cambridge Foundation, and a Trustee Emeritus of the Institute for Advanced Study in Princeton. Sir David Li is Vice President of the Council of the Hong Kong Institute of Bankers, Chairman of the Saint Joseph's College Foundation Limited, a member of the Advisory Board of the Judge Business School at the University of Cambridge and a member of the International Advisory Council of the Cambridge Commonwealth Trust and Cambridge Overseas Trust. Sir David Li is Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, Chairman of the Executive Committee of St. James' Settlement and he also serves on Hong Kong Red Cross Advisory Board. He is a Council Member of the Employers' Federation of Hong Kong, a Director of the David Li Kwok-Po Charitable Foundation Limited, a Founder Member and an Executive Committee Member of the Heung Yee Kuk Foundation Limited and Chairman and President of The Légion d'Honneur Club Hong Kong Chapter Association Limited.

Sir David Li is a Director of China Overseas Land & Investment Limited, COSCO Pacific Limited, CaixaBank, S.A (formerly known as Criteria CaixaCorp, S.A.), Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels, Limited, Hong Kong Interbank Clearing Limited, The Hong Kong Mortgage Corporation Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited, SCMP Group Limited and Vitasoy International Holdings Limited.

Sir David Li is a member of the Board of Trustees of the Asia Society International Council, a member of the Asia Business Council, a member of The Deutsche Bank Asia Pacific Advisory Board, a member of the Munich Re Greater China Advisory Board, and Chairman Emeritus of the Asian Youth Orchestra Board. He serves on the advisory board of Carlos P. Romulo Foundation for Peace and Development, Federal Reserve Bank of New York's International Advisory Committee, Hospital for Special Surgery and Scripps International Network. Sir David Li is the Chairman of INSEAD East Asia Council, the Non-Executive Chairman for Edelman Asia-Pacific and a Senior Adviser of Metrobank.

Sir David Li graduated with a M.A (Economics and Law) from the University of Cambridge in 1968. He is a Fellow of Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, The Chartered Institute of Bankers, The British Computer Society, The Chartered Institute of Arbitrators, The Hong Kong Institute of Bankers and The Australian Society of Certified Practising Accountants. He was also awarded Honorary Degree of Law from the University of Cambridge, University of Warwick, University of Hong Kong and Honorary Degree of Doctor of Humane Letters from Trinity College, Hartford, Connecticut, Doctor of Letter honoris causa from Macquarie University, Sydney and a Honorary Degree of Doctor of Business Administration from Edinburgh Napier University.

He is the brother of Professor Arthur Li Kwok Cheung and the father of Mr Adrian David Li Man Kiu, his alternate Director. Other than disclosed above, he does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.





Professor Arthur Li Kwok Cheung

Non-Independent Non-Executive Director

Professor Arthur Li Kwok Cheung, a Chinese national aged 66, was appointed as a Non-Independent Non-Executive Director on 21 May 2008. Professor Arthur Li Kwok Cheung was the Secretary for Education and Manpower of the Government of HKSAR and a Member of the Executive Council from 2002 to 2007. Before these appointments, he was the Vice Chancellor of the Chinese University of Hong Kong (1996-2002) and was the Chairman of Department of Surgery and the Dean of Faculty of Medicine of the Chinese University of Hong Kong. Professor Li is currently Deputy Chairman of The Bank of East Asia, Limited. He is also an independent Non-Executive Director of BioDiem Ltd in Australia, Shangri-La Asia Ltd and China Flooring Holding Co. Ltd. He was a Non-Executive Director of China Mobile (Hong Kong) Limited, a Director of Glaxo-Wellcome Plc., an Independent Non-Executive Director of Henderson Cyber Limited, a Non-Executive Director of The Wharf (Holdings) Limited, and the Non-Executive Chairman of the Board of Corus Hotels Plc (formerly Corus and Regal Hotel Group Plc).

Professor Li had held many important positions in various social service organisations, medical associations, and educational bodies, including the Education Commission, Committee on Science and Technology, the Hospital Authority, the Hong Kong Medical Council, the University Grants Committee, the College of Surgeons of Hong Kong, and the United Christian Medical Services Board. He was a member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and the Hong Kong Applied Science and Technology Research Institute, and Vice President of the Association of University Presidents of China. He was a Hong Kong Affairs Adviser to China. He is a member of the National Committee of the Chinese People's Political Consultative Conference.

Professor Li graduated with a MB BChir (Cantab) from the University of Cambridge in 1969. He is a qualified surgeon with post graduate qualifications from among others the Royal College of Surgeons of England, Royal College of Surgeons of Edinburgh, Royal Australasian College of Surgeons, American College of Surgeons, Hong Kong Academy of Medicine, he was also conferred various Honorary Fellowships and Doctorates from United States of America, Hong Kong, Philippines, Japan and United Kingdom.

He is the brother of Dr the Hon Sir David Li Kwok Po and the uncle of Mr Adrian David Li Man Kiu, the alternate Director for Dr the Hon Sir David Li Kwok Po. Other than disclosed above, he does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

Audit Committee Report

The Board of AFFIN Holdings Berhad is pleased to present the Report on Audit Committee (AC) for the Financial Year ended 31 December 2011.

AUDIT COMMITTEE

The AC comprises of the following Directors:-

- 1) **Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak** *Chairman/Independent Non-Executive Director*
(Completed his term of office as AC Chairman w.e.f. 30 October 2011)
- 2) **Raja Dato' Seri Aman bin Raja Haji Ahmad** *Member/Independent Non-Executive Director*
(Appointed as AC Chairman w.e.f. 31 October 2011)
- 3) **Dato' Mustafa bin Mohamad Ali** *Member/Independent Non-Executive Director*
- 4) **En. Abd Malik bin A. Rahman** *Member/Independent Non-Executive Director*
(Appointed as a member of AC w.e.f. 31 October 2011)

TERMS OF REFERENCE

1.0 OBJECTIVE

- 1.1 Audit Committee (AC) is established as a Committee of the Board of Directors.
The primary objectives of AC are to:-
 - a) Establish the framework for and oversee the audit function of AFFIN Holdings Berhad;
 - b) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good Corporate Governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the AFFIN Group;
 - c) Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA); and
 - d) Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented effectively.

2.0 COMPOSITION AND APPOINTMENT

- 2.1 AC shall have at least three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman of the Committee shall be an Independent, Non-Executive Director. No Alternate Director shall be appointed to the AC.
- 2.2 At least one (1) member of the Committee must meet the criteria set by the Bursa Malaysia Securities Bhd's Main Market Listing Requirements.
- 2.3 AC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination Committee.
- 2.4 The Board shall review the Terms of Reference and performance of the AC and each of its members at least once every three (3) years to determine whether the AC has carried out its duties in accordance with its Terms of Reference.

TERMS OF REFERENCE (cont'd)

2.0 COMPOSITION AND APPOINTMENT (cont'd)

- 2.5 If a member of the Committee resigns or for any reason ceases to be member in the AC resulting in non-compliance with the requirements, then the Board shall, within three (3) months of the events, appoint such number of new members as may be required.
- 2.6 The AC shall have no executive powers.

3.0 AUTHORITY

- 3.1 The AC, whenever necessary and reasonable for the performance of its duties, shall in accordance with the procedure determined by the Board and at the company's expense:-
- 3.1.1 Have authority to investigate any matters within its Terms of Reference;
- 3.1.2 Be able to obtain external legal or other independent professional advice or other necessary resources to perform its duties;
- 3.1.3 Have full and unrestricted access to any information pertaining to the Group;
- 3.1.4 Have direct communication channels with the External Auditors, Internal Auditors and all employees of the Group;
- 3.1.5 Be able to convene meetings with the External and Internal Auditors; excluding the attendance of the Executive Members of the Committee at least twice a year; and
- 3.1.6 Report to the Regulatory Bodies on matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

4.0 MEETINGS

- 4.1 The quorum for a meeting of the Committee shall be two thirds (2/3) of the Committee with the majority present being Independent, Non-Executive Directors. If the Chairman is unable to attend any meeting, any other Independent, Non-Executive member present shall act as Chairman. All resolutions of the Committee shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman shall have a second or casting vote.
- 4.2 The AC shall meet at least four (4) times in a financial year with the objective of reviewing the internal audit reports and AFFIN Group's financial reporting. The AC complements this through regular meetings with the Senior Management and both the Internal and External Auditors to review the AFFIN Group's overall state of governance and internal controls. To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, the AC meetings are convened before the Board meetings. The AC, through its Chairman, shall report to the Board after each meeting where issues can be further deliberated, if necessary.
- 4.3 Besides the minimum of four (4) AC meetings in a year, additional meetings shall be scheduled whenever deemed necessary by the AC's Chairman or the majority of the Committee members.
- 4.4 The notice of meeting should be served to the AC members at least seven (7) days before the meeting. The agendas and AC papers are to be circulated at least five (5) days before each meeting.
- 4.5 The Committee may invite other Directors, members of Management, counsel or any person as applicable to participate in the AC meetings as necessary to carry out the Committee's responsibilities.

TERMS OF REFERENCE (cont'd)

4.0 MEETINGS (cont'd)

- 4.6 The Company Secretary shall be the Secretary of the Committee. All the original Minutes of AC meetings are in the custody of the Company Secretary and shall be signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting. The signed minutes shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to all members of the AC and all the Directors.
- 4.7 Any inspection of such minutes should obtain prior approval from the Chairman of AC.

5.0 FUNCTIONS AND DUTIES

- 5.1 The functions and duties of AC shall include, but not limited to the following:-
- 5.1.1 To review the Quarterly Financial Results and Year-End Financial Statement prior to the approval by the Board focusing on the followings:-
- Changes in or implementation of major accounting policy;
 - Significant and unusual events or any going concern assumption;
 - Significant adjustments arising from the audit; and
 - Compliance with accounting standards, disclosure requirements and other legal requirements.
- 5.1.2 To act upon any request from the Board to investigate and report on any issues of concern as regard to the Management of the Group.
- 5.1.3 To obtain external professional advice and to invite outsiders with relevant experience to attend meetings, subject to the approval of the relevant regulatory body, where necessary.
- 5.1.4 To recommend to the Board the appointment of External Auditors and their audit fee.
- 5.1.5 To review with the External Auditors the scope of the audit plan, system of internal controls, the audit reports (including Management letter and Management response), the assistance given by the Management and any findings or action to be taken.
- 5.1.6 To review the Group's business risk management process including adequacy of the Group's control environment.
- 5.1.7 To consider the major findings of internal investigations and Management response.
- 5.1.8 To review the findings of any examinations by regulatory authorities and the Management response.
- 5.1.9 To review existing policies and practices within the Group in order to regulate and streamline the same to ensure uniformity.
- 5.1.10 To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, bad and doubtful debts.
- 5.1.11 To review any related party transactions that may arise within the AFFIN Group.
- 5.1.12 To review the adequacy of the scope, functions, competency and resources of the Group Internal Audit Division and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management implementation of agreed actions as recommended by Group Chief Internal Auditor (GCIA). Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the Internal Auditors' recommendations and suggestions for improvements.

COMPOSITION OF MEMBERS AND MEETINGS

During the Financial Year ended 31 December 2011, a total of four (4) AC meetings were held. The AC members and details of the attendance of each member at the meetings are as follows:-

Composition and name of committee member	No. of meetings attended whilst in office
Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak <i>Chairman/Independent Non-Executive Director</i> <i>(Completed his term of office as AC Chairman w.e.f. 30 October 2011)</i>	3/3
Raja Dato' Seri Aman bin Raja Haji Ahmad <i>Member/Independent Non-Executive Director</i> <i>(Appointed as Chairman w.e.f. 31 October 2011)</i>	4/4
Dato' Mustafa bin Mohamad Ali <i>Member/Independent Non-Executive Director</i>	4/4
En. Abd Malik bin A. Rahman <i>Member/Independent Non-Executive Director</i> <i>(Appointed as a member of AC w.e.f. 31 October 2011)</i> <i>* Attended his first AC meeting held on 10 November 2011.</i>	1/1*

The AHB's AC is in compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance and they had met the criteria set by the Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements, Chapter 15 Part C, D and E on Audit Committee. The AC members comprised individuals with a diversity of skills, knowledge and caliber in providing independent, objectivity and effective oversight.

The AC meetings' agendas, relevant AC papers and audit reports were distributed to the AC members five (5) days prior to the date of the meetings. Executive Director of AFFIN Holdings Berhad and Group Chief Internal Auditor were invited to attend all four (4) AC meetings during the financial year. Head of Finance was invited to attend AC meetings specifically on issues related to financial information. This had allowed the AC members to have full consideration of the issues.

The Company's External Auditors attended two (2) AC meetings during the period. There were discussions between the AC and the External Auditors with regard to significant audit issues, changes in the implementation of major accounting policies, compliance with accounting standards and other legal requirements including regulatory requirement and business issues highlighted by them for both Holdings company and subsidiaries level for Financial Year Ended 31 December 2011. The AC had also reviewed the External Auditors' Audit Plan for the Financial Year Ending 31 December 2011.

The AC had two (2) private meetings with the External Auditors without the presence of Management and Internal Auditors in year 2011. In addition, the External Auditors were invited to attend the annual general meeting to answer shareholders' question on audit related issues. The AC also had direct and unrestricted access to the Internal Auditors and had ad-hoc discussions with the Internal Auditor without the presence of Management.

As the Board is ultimately responsible for the financial reporting and overall management of the Holding Company and oversight of its subsidiaries, the Chairman of the Audit Committee had consistently briefed the Board of Directors on issues discussed at the AC meetings and the minutes of the AC meetings are tabled to the Board for information and action by the Board where appropriate.

AC members had attended trainings in the Financial Year Ended 2011 for continuous improvements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has carried out the following activities in discharging its duties and responsibilities for the Financial Year ended 31 December 2011:-

EXTERNAL AUDIT

- 1) Reviewed the 2011 Audit Plan to ensure the scope of work adequately covered the activities of the Holding Company and its subsidiaries;
- 2) Reviewed the significant audit, accounting, taxation and other matters arising from their audit of the financial year and resolution of such issues highlighted in their report to the Committee for the Company and its subsidiaries; and
- 3) Reviewed and evaluated the External Audit performance, objectivity and independence during the year before recommending to the Board for their re-appointment.

GROUP INTERNAL AUDIT

- 1) Reviewed and approved the Group Internal Audit Plan and Training Budget for Year 2012 in ensuring that adequate scope and comprehensive coverage on the audit activities and principal risk areas are adequately identified and covered;
- 2) Reviewed and evaluated the adequacy of resources and the competencies of staff within the Group Internal Audit Division to execute the plan as well as the audit programmes used in the execution of Internal Auditors' job to ensure satisfactory performance of Group Internal Audit Division;
- 3) Reviewed the internal audit reports, audit recommendations made and Management response to these recommendations with particular attention on the followings:-
 - a) Control environment (integrity, ethical values and competency of the personnel);
 - b) Control activities (policies and procedures);
 - c) Risk assessment (identified and assessed relevant risks and its preventive measure); and
 - d) Monitor the status of corrective actions taken by Management to rectify any deficiencies identified by Internal Audit as well as ensuring that all issues are adequately resolved on a timely basis.
- 4) Reviewed the status report of Group Internal Audit activities for the Financial Year ended 31 December 2011 to ensure all the planned activities were satisfactorily carried out;
- 5) Reviewed the Summary of Audit Findings by Subsidiaries Internal Auditors to ensure significant audit findings by subsidiaries especially on the investigations, fraud and non-compliances with regulatory and statutory requirements were promptly resolved;
- 6) Reviewed Quarterly Status Update on Issues Highlighted in the External Auditors' Audit Reports compiled by the Internal Auditors based on submissions by the Subsidiaries' Internal Auditors to ensure that significant issues were addressed and resolved on a timely basis; and
- 7) Reviewed the Audit Committee Terms of Reference and Group Internal Audit Manual.

FINANCIAL RESULTS

- 1) Reviewed with the Top Management the quarterly and half yearly unaudited financial results before recommending to the Board for their approval.
- 2) Reviewed with the Top Management and External Auditors the annual audited financial statements of the Company and the subsidiaries before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia focusing on the matters set out in the following Requirements, Acts and Standards:-
 - a) BMSB Main Market Listing Requirements;
 - b) Provisions of the Companies Act;
 - c) Banking and Financial Institutions Act 1989;
 - d) Applicable approved accounting standards in Malaysia; and
 - e) Other relevant legal and regulatory requirements.

RELATED PARTY TRANSACTIONS

- 1) Reviewed related party transactions and recurrent related party transactions for compliance with the Main Market Listing Requirements of Bursa Malaysia and the appropriateness of such transactions entered into by the Company and its subsidiaries to avoid potential or actual conflict of interest to ensure the decisions are based on the best interest of the company and its shareholders.

OTHERS

- 1) Reviewed the Statement on Internal Control, Corporate Governance Statement and Audit Committee Report for inclusion in the Year 2011 Annual Report before recommending to the Board for approval.

Corporate Governance Statement

The Board of AFFIN Holdings Berhad fully subscribes and supports the Malaysian Code on Corporate Governance (“MCCG”) and the relevant provisions in the Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements. The Board is committed to ensuring that the highest standards of corporate governance are practised throughout the Group.

CORPORATE GOVERNANCE WITHIN AFFIN HOLDINGS BERHAD

The Board recognises that corporate governance is a continuous process that requires periodic reassessment and refinement.

THE BOARD OF DIRECTORS

The Board has the responsibility for leading and controlling the Group including those pertaining to corporate governance, strategic direction and overseeing the investments and operations of the Group. The Board has its own code of conduct which is stated in the Board Policy Manual.

COMPOSITION OF THE BOARD

The Board currently has eight (8) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Deputy Chairman, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

a) Board Members

Name of Directors	Executive / Non-Executive Director	Independent / Non-Independent Director
Gen (R) Tan Sri Dato’ Seri Mohd Zahidi bin Hj Zainuddin (<i>Chairman</i>)	Non-Executive	Non Independent
Tan Sri Dato’ Lodin bin Wok Kamaruddin (<i>Deputy Chairman</i>)	Non-Executive	Non-Independent
Maj Gen (R) Dato’ Mohamed Isa bin Che Kak (<i>Completed his term of office on 30 October 2011</i>)	Non-Executive	Independent
Datuk Azzat bin Kamaludin (<i>Completed his term of office on 13 April 2011</i>)	Non-Executive	Non-Independent
Raja Dato’ Seri Aman bin Raja Haji Ahmad	Non-Executive	Independent
Dato’ Mustafa bin Mohamad Ali	Non-Executive	Independent
Abd Malik bin A Rahman	Non-Executive	Independent
Tan Sri Dato’ Seri Alauddin bin Dato’ Mohd Sheriff (<i>Appointed on 23 December 2011</i>)	Non-Executive	Independent
Dr. the Hon. Sir David Li Kwok Po	Non-Executive	Non-Independent
Professor Arthur Li Kwok Cheung	Non-Executive	Non-Independent
Adrian David Li Man Kiu (<i>Alternate Director to Dr. the Hon. Sir David Li Kwok Po</i>)	Non-Executive	Non-Independent
Peter Yuen Wai Hung (<i>Appointed on 5 September 2011</i>) (<i>Alternate Director to Professor Arthur Li Kwok Cheung</i>)	Non- Executive	Non-Independent

A brief description of the background of each Director is presented in this Annual Report.

COMPOSITION OF THE BOARD (cont'd)

(b) Board Balance

The membership of the Board complies with the provision of MCCG in that at least one-third of the Board must be independent. The Directors have a wide range of business, financial and technical skills and experience. Together the members of the Board bring a mix of skills and experience required for the success of the Group.

There is a division of responsibility between the Chairman and the Executive Director, who is responsible for managing the overall business and day to day operations of the Company to ensure that there is a balance of power and authority.

The current Chairman is not the previous Chief Executive Officer of the Company. The key duties and responsibilities of the Chairman are to provide leadership to the Board, chairing the meetings of the Board and shareholders, ensuring that the Board fully discharge of its responsibilities and acting as liaison person between the Board and the management.

There is also a balance in the Board with the presence of the Independent Non-Executive Directors of the necessary calibre and experience to carry sufficient weight in Board decisions. Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in providing an independent view, advice and judgement to take into account the interest of the Group, shareholders, employees and communities in which the Group conducts business.

Raja Dato' Seri Aman bin Raja Haji Ahmad is the Senior Independent Non-Executive Director, to whom concerns from the other Directors, public or investors shall be conveyed.

Raja Dato' Seri Aman bin Raja Haji Ahmad, the Chairman of the Audit Committee, is a member of the Malaysian Institute of Accountants ("MIA") and meets the requirements of Paragraph 15.09 (1) of the BMSB Main Market Listing Requirements.

BOARD MEETINGS

The Chairman is responsible for ensuring that the Board meets on a regular basis throughout the year. The Board meets at least four (4) times a year, with additional meetings convened as necessary. It has a formal time schedule that is determined in advance. The notice of the meetings is circulated to Board members at least fourteen (14) days before the meeting and the agenda and Board reports are circulated at least seven (7) days before each meeting.

The Board has a formal schedule of matters (including strategic and policy issues, financial decisions and the annual business plan) reserved to it. The Board and its committees are supplied with all necessary information to enable them to effectively discharge their responsibilities.

The quorum for the Board meetings is a minimum of 3 attendees or 50% of total board members, whichever is higher as set out in the Board Policy Manual and the revised Guidelines on Corporate Governance for Licensed Institution (Revised BNM/GP1). The Board records all its deliberations, in terms of the issues discussed and the conclusions in discharging its duties and responsibilities. All conclusions of the Board are duly recorded in the Board minutes.

During the financial year ended 31 December 2011, four (4) meetings were held. The details of attendance of each Director at the Board meetings held during his tenure of service are as follows :

Name of Directors	Attendance at Board meetings
Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	4/4
Tan Sri Dato' Lodin bin Wok Kamaruddin	4/4
Maj Gen (R) Dato' Mohamed Isa bin Che Kak <i>(Completed his term of office on 30 October 2011)</i>	3/3
Datuk Azzat bin Kamaludin <i>(Completed his term of office on 13 April 2011)</i>	1/1
Raja Dato' Seri Aman bin Raja Haji Ahmad	4/4
Dato' Mustafa bin Mohamad Ali	4/4
Abd. Malik bin A Rahman	4/4
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff <i>(Appointed on 23 December 2011)</i>	-
Dr. the Hon Sir David Li Kwok Po	3/4
Professor Arthur Li Kwok Cheung	4/4
Mr. Adrian David Li Man Kiu <i>(Alternate Director to Dr. the Hon Sir David Li Kwok Po)</i>	-
Mr. Peter Yuen Wai Hung <i>(Appointed on 5 September 2011)</i> <i>(Alternate Director to Professor Arthur Li Kwok Cheung)</i>	-

SUPPLY OF INFORMATION

All Directors are entitled to information pertaining to the Group to enable them to effectively discharge their duties as Directors. There are established procedures in place for any Director to obtain independent professional advice at the cost of the Group. All Directors have access to the advice and services of the Company Secretaries.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

(a) Appointment

The Nomination Committee is in compliance with the best practice set out in MCCG on the appointment of members to the Board, and is subject to the approval of Bank Negara Malaysia.

(b) Re-election

The Company's Articles of Association provides for all Directors to be subjected to re-election by rotation at each Annual General Meeting. The Articles of Association further provides for all Directors to submit themselves for re-election at least once in three (3) years in compliance with the BMSB Main Market Listing Requirements. The re-appointment of Directors retiring by rotation are also subject to the approval of Bank Negara Malaysia.

DIRECTORS' TRAINING

An integral element in the process of appointing new Directors requires new Directors to undergo an orientation program in respect of the businesses of the Group together with meeting the management teams within the Group, including reiterating the expectations of the Board with regard to individual members' contributions to the Board and the Group.

The Nomination Committee further ensures that all Board members undergo the necessary training from time to time and are kept abreast with current regulatory issues and changing commercial risks. During the year, the Directors have attended various courses and seminars to further enhance their skill and knowledge. Amongst the training programmes and seminars attended by the members of the Board in 2011 were:-

NO	TRAINING PROGRAM	CONDUCTED BY	ATTENDED BY	DATE
1	Executive Sharing Seminar : Microfinance	The Bank of East Asia, Ltd	Dr. the Hon. Sir David Li Kwok Po	11 Jan 2011
2	FIDE – Financial Institution Director's Education	Bank Negara Malaysia	Dato' Mustafa bin Mohamad Ali	Jan 2011
3	The World Needs Less Democracy, Not More	Intelligence Squared Asia	Dr. the Hon. Sir David Li Kwok Po	9 Feb 2011
4	Hong Kong In the Broader Context of US-China Relations	Hong Kong Democratic Foundation	Dr. the Hon. Sir David Li Kwok Po	24 Feb 2011
5	Directors Duties & Governance 2011	Malaysian Institute of Corporate Governance (MICG)	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	3 Mar 2011
6	Sustainability Program for Corporate Malaysia (Trading Services & Industrial products)	Bursa Malaysia Berhad	Abd Malik bin A Rahman	23 Mar 2011
7	Opportunities and Challenges for Banks in India	Deutsche Bank	Dr. the Hon. Sir David Li Kwok Po	28 Mar 2011 - 29 Mar 2011

DIRECTORS' TRAINING (cont'd)

NO	TRAINING PROGRAM	CONDUCTED BY	ATTENDED BY	DATE
8	Half Day Talk on Economic Outlook and Implications on Financial and Banking Industries - Is Another Financial Crisis Imminent?	AFFIN Holdings Berhad	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin Tan Sri Dato' Lodin bin Wok Kamaruddin Raja Dato' Seri Aman bin Raja Haji Ahmad Dato' Mustafa bin Mohd Ali Maj Gen (R) Dato' Mohamad Isa bin Che Kak Abd Malik bin A Rahman	28 Mar 2011
9	Forum: 21st Century Corporation: Driving Sustainable Leadership & Innovation	MINDA/General Electric/Talent Corporation Malaysia	Abd Malik bin A Rahman	6 May 2011
10	FIDE Program – Financial Institution Director's Education	Bank Negara Malaysia	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	13 - 16 June 2011 26 - 29 Sept 2011
11	Economic Presentation: Implications of China 12th Five Year Plan to Hong Kong's Financial Industry	The Bank of East Asia, Ltd	Dr. the Hon. Sir David Li Kwok Po	8 Jul 2011
12	Genting Plantation 30th Management Conference	Genting Plantation Berhad	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	11 - 12 Jul 2011
13	Talk on Economic Outlook of the Banking Sector 2012/2013 Competition Act 2010 & Personal Data Protection Act 2010	RAM Holdings Bhd and Skrine	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin Tan Sri Dato' Lodin bin Wok Kamaruddin Raja Dato' Seri Aman bin Raja Haji Ahmad	26 Jul 2011
14	HKSAR Chief Executive Consultative Session on Policy Address	The Bank of East Asia, Limited	Professor Arthur Li Kwok Cheung	2 Aug 2011
15	23rd Genting Malaysia Berhad Senior Manager's Conference 2011	Genting Plantation Berhad	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	4 - 6 Oct 2011
16	20 Conversations at Harvard Program	Linkage Asia, Singapore	Tan Sri Dato' Lodin bin Wok Kamaruddin	17 - 21 Oct 2011

DIRECTORS' TRAINING (cont'd)

NO	TRAINING PROGRAM	CONDUCTED BY	ATTENDED BY	DATE
17	7th Tax & Corporate Seminar	Tricor Tax Services Sdn Bhd	Abd Malik bin A Rahman	19 Oct 2011
18	Towards Excellence in Corporate Board Governance, Developing and Implementing a Fraud Risk Assurance Map and Directors' Duties and Responsibilities	Malaysian Institute of Corporate Governance (MICG) and Mah Kamariyah & Philip Koh	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin Tan Sri Dato' Lodin bin Wok Kamaruddin Dato' Mustafa bin Mohd Ali Abd Malik bin A Rahman	27 Oct 2011
19	Scrutinizing Financial Statement Fraud & Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies	Malaysian Institute of Corporate Governance (MICG)	Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin Abd Malik bin A Rahman	31 Oct 2011
20	Key Amendments to Listing Requirements 2011 & Corporate Disclosure Guide 2011	Tricor Corporate Services Sdn Bhd	Abd Malik bin A Rahman	3 Nov 2011
21	Economic Situation and Outlook of Credit Agricole Group	Credit Agricole Group	Dr. the Hon. Sir David Li Kwok Po	6 Dec 2011

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to lead the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The remuneration packages had taken into account of pay and employment conditions within the industry. The level of remuneration paid to Non-Executive Directors reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Non-Executive Directors do not participate in deciding on their own remuneration packages.

Fees payable to Directors are recommended by the Remuneration Committee to the Board for approval by the shareholders at the Annual General Meeting. The Company reimburses reasonable expenses incurred by the Directors in the course of performing their duties as Directors.

The details of the remuneration for the financial year ended 31 December 2011 of the Directors are as follows:

Directors	Fees (RM)	Allowances (RM)	Benefits in kind (RM)	Other Emoluments (RM)	Total (RM)
NON-EXECUTIVE DIRECTORS	1,597,221	275,500	40,248	–	1,912,969
TOTAL	1,597,221	275,500	40,248	–	1,912,969

DIRECTORS' REMUNERATION (cont'd)

The numbers of Directors whose total remuneration during the year fall within the following bands are as follows:

	No. of Directors
Non-Executive Directors:	
RM 1 to RM 50,000	1
RM 50,001 to RM 100,000	3
RM 100,001 to RM 150,000	1
RM 150,001 to RM 200,000	1
RM 200,001 to RM 300,000	2
RM 300,001 to RM 350,000	1
RM 350,001 to RM 500,000	1

THE BOARD COMMITTEES

The current Board Committees to assist the Board in the execution of its responsibilities are as follows:

- Audit Committee
- Nomination Committee
- Remuneration Committee

(a) Audit Committee

The present terms of reference of the Audit Committee are in compliance with the requirements of the BMSB Main Market Listing Requirements and the best practices contained in MCCG.

The internal audit function of the Group is performed in-house. The Chief Group Internal Auditor reports to the Audit Committee of AFFIN Holdings Berhad and the respective subsidiaries. As for AXA AFFIN Life Insurance Berhad and AXA AFFIN General Insurance Berhad, the Head of Internal Audit reports to the Audit Committee of the respective company.

The report of the Audit Committee for the period, including the terms of reference of the Audit Committee are set out separately in this Annual Report.

(b) Nomination Committee

The members of the Nomination Committee are as follows:

Dato' Mustafa bin Mohamad Ali (<i>Chairman</i>)	Independent Non-Executive Director
Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	Non-Independent Non-Executive Director
Tan Sri Dato' Lodin bin Wok Kamaruddin	Non-Independent Non-Executive Director
Raja Dato' Seri Aman bin Raja Haji Ahmad	Independent Non-Executive Director
Maj Gen (R) Dato' Mohamed Isa bin Che Kak (<i>Completed his term of office on 30 Oct 2011</i>)	Independent Non-Executive Director
[New member to be appointed]	[Independent Non-Executive Director]

Up to 30 October 2011, the composition of the Nomination Committee complies with BNM/GPI which requires a minimum of five members of which at least four must be Non-Executive Directors. It also complies with the best practices in MCCG which requires the Committee to be composed exclusively of Non-Executive Directors, a majority of whom are independent. The vacancy in the committee will be filled up in due course by an Independent Non-Executive Director.

THE BOARD COMMITTEES (cont'd)

(b) Nomination Committee (cont'd)

The Nomination Committee has the following terms of reference:

- To recommend candidates for all directorships to be filled by shareholders or the Board;
- To recommend candidates to fill the seats on Board Committees;
- To recruit and retain the best available Executive and Non-Executive Directors;
- To assess the contribution of each individual Director;
- Reviewing annually the Board structure, size, composition and the balance between Executive Directors, Non Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- Reviewing regularly the status of Independent Directors;
- Ensuring existence of an appropriate framework and succession plan for the Executive Director and senior management of the Company;
- Recommending Directors who are retiring (by rotation) for re-election and termination of Board membership for appropriate reasons;
- Recommending to the Board the removal of a Director or CEO from the Board or management if the Director or CEO is inefficient, errant and negligent in discharging his/her responsibilities;
- Ensuring that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies;
- Providing for adequate training and orientation of new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group;
- Establishing and implementing processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and assessing the contribution of each Director; and
- Considering other matters as referred to the Committee by the Board.

The Committee had reviewed the size and composition of the Board and its committees and is of the opinion that the current Board and its committees possess the appropriate mix of skills and competencies required to effectively lead the Group. The Nomination Committee held two (2) meetings during the financial year. All the members of the Nomination Committee attended the meetings. During the meetings, the Committee:-

- i) noted the Bank Negara Malaysia's approval dates for the re-appointment of Directors and their respective expiry dates;
- ii) approved the re-appointment of Directors who retire by rotation at the next Annual General Meeting;
- iii) noted and deliberated on the letter dated 4 October 2010 on the re-appointment of YBhg Tan Sri Dato' Lodin bin Wok Kamaruddin as a Director of AFFIN Bank Berhad, AFFIN Islamic Bank Berhad and AFFIN Investment Bank Berhad and the proposal to change the composition of Independent/ Non-Independent Directors in AHB and the Banking subsidiaries to meet the conditions set by BNM in the letter;
- iv) noted and discussed on the letter from BNM on review of Corporate Governance Practices of AFFIN Holdings Berhad and the reply to BNM;
- v) discussed and recommended to the Board the extension of service agreement of the Executive Director
- vi) conducted the Directors' Appraisal for the year 2011. The Directors were appraised based on their core competencies, namely integrity, commitment, ethics, governance, strategic perspective, business acumen, judgment, decision making, teamwork, communication and leadership;
- vii) noted the list of trainings available for Directors in year 2011; and
- viii) conducted an assessment of Board effectiveness and contribution as required by the Green Book under the Government Linked Companies (GLC) Transformation Programme;

THE BOARD COMMITTEES (cont'd)

(c) Remuneration Committee

The members of the Remuneration Committee are as follows:

Dato' Mustafa bin Mohamad Ali (<i>Chairman</i>)	Independent Non-Executive Director
Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	Non-Independent Non-Executive Director
Datuk Azzat bin Kamaludin (<i>Completed his term of office on 13 April 2011</i>)	Non-Independent Non-Executive Director
Abd. Malik bin A Rahman (<i>Appointed as a member on 5 May 2011</i>)	Independent Non-Executive Director

The Remuneration Committee is responsible for setting the framework for the remuneration policy and for recommending to the Board the remuneration and benefits extended to the senior management of the Company.

In addition, the Remuneration Committee also reviews and approves the salary increment, bonus and other benefits extended to the Company's senior management.

The Remuneration Committee has the following terms of reference:

- Review the performance of senior management of the Company;
- Determine the level of make-up of the Directors and senior management's remuneration so as to ensure that the Company attracts and retains the Directors and senior management of the appropriate calibre, experience and quality needed to run the Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance and commensurate with responsibilities;
- Develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of Directors and senior management of the Company; and
- Considering other matters as referred to the Committee by the Board.

The Remuneration Committee held two (2) meetings during the financial year. All the members of the Remuneration Committee attended the meetings. During the meetings, the Committee considered and discussed on Directors' fees and benefits for AHB and the Group and approved bonus and increment for staff for year 2010 and Interim bonus for staff for year 2011.

SHAREHOLDERS

(a) Dialogue between the Company and Investors

The Group values dialogue with investors. The aims of the investor relations program are primarily to provide consistent and accurate information to shareholders and fund managers on the Group and to provide prompt feedback to senior management on investors' concerns and market perceptions thus, ensuring effectiveness of the information dissemination.

Various announcements, including quarterly financial results were made during the year to provide shareholders with information on the Group's performance and operations. The Group also holds meetings, briefings and road shows with investors and fund managers from time to time to update them on the latest developments and corporate exercises undertaken by the Group. The Board delegates the authority to the Chairman and Deputy Chairman to speak for the Group.

In addition, the Group has established a website at www.affin.com.my which shareholders can access for information pertaining to the Group.

The officer responsible for managing the investors' relations for the Company is Mr. Yu Choong Cheong who is the Executive Director.

SHAREHOLDERS (cont'd)**(b) Annual General Meeting**

The Annual General Meeting is the principal forum for dialogue with the shareholders. At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. All the Directors are available to respond to shareholders' questions during the meeting.

For re-election of Directors, full information is provided with the notice of the meeting regarding Directors who are retiring and whether they are willing to serve if re-elected.

Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

ACCOUNTABILITY AND AUDIT**(a) Financial Reporting**

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. In preparing the financial statements, the Directors consider that the Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

(b) Performance targets

On 20 February 2012, AFFIN Holdings Berhad announced its achievement of Headline Key Performance Indicators ("KPIs") for the financial year ended 31 December 2011 and Headline KPIs for the financial year ending 31 December 2012 are as follows:-

HEADLINES KPIs ACHIEVED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Headline KPIs	As announced on 25 Feb 2011	As achieved	Variance
1 After Tax Return on Equity (ROE)	10.0%	9.4%	-0.6%
2 After Tax Return on Assets (ROA)	1.1%	1.0%	-0.1%
3 Net NPL Ratio	2.8%	2.8%	—
4 Earnings Per Share (EPS)	35.3 sen	34.0 sen	-1.3 sen

The Group did not meet three (3) out of four (4) of its announced KPIs for the financial year ended 31 December 2011. The Group only met its KPI on Net NPL ratio. The negative variances for KPIs on ROE, ROA and EPS were mainly due to the settlement of a long outstanding litigation of the Group through Court Mediation which had an unbudgeted adverse impact of RM40 million in the financial year.

HEADLINES KPIs FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012**Headline KPIs**

1 After Tax Return on Equity (ROE)	9.6%
2 After Tax Return on Assets (ROA)	1.0 %
3 Gross Impaired Loan Ratio	2.7%
4 Earnings Per Share (EPS)	38.3 sen

These Headline KPIs are targets or aspirations set by the Company as a transparent performance management practice. These headlines shall not be construed as either forecasts, projections or estimates of the Company or representations of any future performance, occurrence or matter as the headlines are merely a set of targets/aspirations of future performance aligned to the Company's strategy and may not be realised.

ACCOUNTABILITY AND AUDIT (cont'd)

(c) Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management, to safeguard shareholders' investments and the Group's assets. The Board believes that the internal control systems and procedures provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either detected or minimised to prevent recurrence. The Board has appointed the Audit Committee to review the effectiveness of control procedures and report to the Board on all findings for deliberations.

Some of the key elements of the Group's internal control systems are described below:

- Clearly defined delegation of responsibilities to the Board Committees and the management of the Group, including authorisation levels for all business units. Each business unit has clear accountabilities for ensuring that appropriate risk management and control procedures are in place. These delegated responsibilities are subject to review throughout the year;
- Audits are undertaken at regular intervals to monitor compliance with policies and procedures; and
- Monitoring of results against the annual business plan, with major variances examined and management action taken.

Details of the Group's internal control systems and the state of internal controls are further elaborated under the Statement on Internal Control provided separately in the Annual Report.

The officer responsible for managing the internal controls of the company is Mr Yu Choong Cheong who is the Executive Director.

(d) Relationship with the auditors

Through the Audit Committee, the Group has established transparent and appropriate relationships with the Group's auditors, both external and internal. A report of the Audit Committee is provided in pages 13 to 18 in this Annual Report.

(e) Directors' Responsibilities in Respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2012

Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin
Chairman

Tan Sri Dato' Lodin bin Wok Kamaruddin
Deputy Chairman

Statement on Internal Control

1. Corporate Governance & Board's Oversight

- a. The Board recognises and exercises overall responsibilities in promoting good corporate governance and ensuring sound system of internal controls and risk management practices are maintained throughout the Group.
- b. The Board is of the view that the system of internal controls instituted by the Group's operating units for the year under review and up to the date of annual report is sound and sufficient to safeguard shareholders' investment, customers' interests and the Group's assets.
- c. Notwithstanding this, there are on-going reviews to ensure the effectiveness, adequacy and integrity of the system. The control procedures are designed to manage rather than to eliminate completely all risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, losses, fraud or the occurrence of unforeseeable circumstances.
- d. The Board meets regularly to discuss matters relating to system of internal control which covers inter alia financial, operational, compliance controls and risk management procedures.
- e. Regular reports received from the Group's management on financial performance, key operating statistics, legal and regulatory compliance, breaches of law or regulations, unauthorized activities and fraud are reviewed by the Board.

2. Business Plan & Budget

The subsidiaries' annual business plan and budget approved at their respective Boards are submitted to the Group management. The variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks.

3. Group Internal Audit (GIA)

- a. Group Internal Audit carry out regular reviews of the business processes and activities to assess the effectiveness of internal control and highlight significant risks impacting the Group. The Audit Committees of the respective Boards conduct annual reviews on the adequacy of the scope of work and resources of Group Internal Audit Division.
- b. The Audit Committees of the respective Boards regularly review and hold discussions with management on the action taken on internal control issues identified by Group Internal Audit, external auditors and regulatory authorities.
- c. The Audit Committees of the respective Boards follow up and monitor the status of actions on recommendations made by the Group Internal Audit, the external auditors and regulatory authorities. In addition, it can direct investigations in respect of any specific instances or events, which are deemed to have violated internal policies pertaining to confidentiality or financial impropriety which has material impact on the Group.
- d. Shariah related findings are escalated to the Shariah Committee.
- e. GIA continuously conduct awareness programs/training on controls and compliance including controls certification programs to further strengthen staff knowledge in creating a robust control and compliance environment.

4. Risk Management & Compliance Structure

The Risk Management and Compliance Framework has been established and it is crucial in ensuring compliance with the regulatory and internal requirements. Regular reports from the Heads of key risk functions of the main operating subsidiaries that systems and procedures are in place to identify, control and report on the major risks including credit risk, operational risk, market risk, IT risk, liquidity risk and Shariah non-compliance risk are reviewed by the Board. The Risk Management framework is cascaded downwards through the Management's efforts of fostering a risk-aware and control-conscious environment across the Group.

5. Escalation Process

The channels of communication and procedures have been established for reporting immediately to the Board and appropriate levels of management of any significant control failings or weaknesses that are identified together with details of corrective action being undertaken.

6. Human Resources

- a. The professionalism and competence of the Group's human resources are maintained through various initiatives including recruitment process, training, certification and re-skilling programs to address the human capital requirement.
- b. A performance-based appraisal system has been established to evaluate and compensate/reward employees.

7. Policies & Procedures

- a. Policies and Procedures covering all functions have been developed throughout the Group and approvals have been obtained from the relevant committees and Board. The policies and procedures are updated timely to incorporate changes to systems, work environment and guidelines issued by regulators.
- b. Empowerment and Approving Authority Policies

There is a clearly defined framework and empowerment approved by the main operating subsidiaries' respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, etc.



*My Fellow
Shareholders,*

On behalf of the Board of Directors, I am honoured to present the Annual Report of AFFIN Holdings Berhad (the Group) for the financial year ended 31 December 2011.

The 2011 financial year was a volatile year for the world's financial markets despite a good start in the early part of the year due to drastic changes in investors sentiment that were mainly driven by the alternating euphoria and despair from three different continents - North America, Europe and Asia. The fear was genuine as the world economy had just recovered from the 2008 financial crisis and another shake up would have been a catastrophe to the global financial systems. It was clear that the world economic recovery would be scuttled by the continued high unemployment rate in the United States, the worsening debt crisis in Europe, social unrest in the Middle East and North Africa (MENA) countries, slower growth in "Greater China", massive tsunami in Japan, earthquakes in New Zealand, and floods in Australia and Thailand.



The Directors of AFFIN Holdings Berhad at the 35th Annual General Meeting on 18 April 2011.



Talk by Malaysian Institute of Corporate Governance and Mah Kamariyah & Phillip Koh on 27 October 2011 for participants from LTAT, Boustead and AFFIN Group.



Question and answer session during AFFIN Holdings Berhad's corporate briefing with analysts and fund managers at Menara AFFIN, Kuala Lumpur.

In Malaysia, despite the challenging external environment, the country's gross domestic product (GDP) grew by 5.2% in the fourth quarter of 2011 and 5.1% in full year 2011. BNM raised the Statutory Reserve Requirement (SRR) ratio from 3% to 4% as a measure to manage the significant build up of liquidity and kept the Overnight Policy Ratio (OPR) at 3%. A pretty good report card by any means which was partly driven by the government's stimulus package of increased household, business spending and public sector expenditure.

In the face of this challenging scenario of a fractured and subdued growth of the global markets, fuelled further by a weak and fragile consumer and business confidence, I am pleased to announce that AFFIN Group had again gained momentum in maintaining a robust, well-capitalized balance sheet, increasing capital strength through prudent and disciplined management of revenue and costs, reducing bad and doubtful debts and consolidation of funding position.

While the current financial and economic landscape remains a challenging one, looking forward, AFFIN Group is optimistic that it will further improve its performance in the coming financial year.

The Government expects the country to be able to endure external pressures with the GDP expected to grow between 5.0% and 6.0% in 2012. The first half of 2012 can still be susceptible to the backlash of Europe and US economies and the local socio-political issues at home could lead to some caution about near term prospects. However, the medium to long term picture remains very positive.

A key driver of this relatively buoyant expectation is private investment which the government expects to grow by 15.9% in 2012. Catalysts for growth in 2012 would be from the Economic Transformation Programme (ETP) that includes the roll out of large scale infrastructure works such as the mass rail transit (MRT) and the Light Rail Transit (LRT) extension projects.

The quality of our businesses, our impressive growth options and our positive longterm outlook lend us the confidence to forge ahead with providing value adding services amongst our Group, providing leadership in innovative and creative management, maintaining focus on driving productivity initiatives and constantly delivering superior returns to our shareholders.

YEAR 2011 GROUP RESULTS

Quite naturally, in light of changing conditions in a challenging economy, some of AFFIN's operating units performed better than others. However, the overall results achieved were more than satisfactory and is the best ever results achieved so far. The performance of each company within the Group in terms of profit before tax (PBT) in comparison with year 2010 results is as follows :-

	PBT2011 (RM' million)	PBT2010 (RM' million)
• AFFIN Bank Berhad (Group)	613.1	521.9
• AFFIN Islamic Bank Berhad	74.9	46.5
• AFFIN Investment Bank Berhad (Group)	88.9	87.1
• AFFIN Money Brokers Sdn Bhd	3.3	1.8
• AXA AFFIN Life Insurance Berhad	(5.3)	2.8
• AXA AFFIN General Insurance Berhad	16.7	44.3

Overall, the Group reported a record consolidated profit of RM709.1 million for year 2011 as compared to the record of RM637.5 million registered in 2010. Based on the sterling financial performance, AFFIN Holdings Berhad (AHB) paid an interim dividend of 12 sen per share (less tax) for the financial year, which is also the highest ever dividend paid so far.

At this juncture, I would like to comment in more detail how each of the operating subsidiaries and the associate company performed during the year under review.

AFFIN BANK BERHAD (ABB)

ABB had notched up another strong performance for the year ended 31 December 2011, generating an impressive PBT of RM613.1 million which represented a notable 17.5% increase from RM521.9 million in the previous year. PAT stood at RM440.0 million, a significant increase of 15.4% from the previous year. Earnings per share (EPS) grew from 26.5 sen to 30.6 sen and its ratio of gross impaired loans, advances and financing improved from 3.66% to 2.86%.



AFFIN Bank Berhad contributed RM150,000.00 to Tabung Rayuan Hari Pahlawan on 29 July 2011.

The result is attributable to ABB's response to the challenges of a crippling global financial crisis by implementing a range of specific measures to ensure that it can navigate its way successfully through the perils and pitfalls of the uncertainty of the debt and growth concerns of the global market to emerge in a position of strength and to deliver the best possible outcome for its nation, its people and the Group.



Puan Patimah Binti Suyuti won the Grand Prize, a Perodua Alza in the AFFIN Bank Credit Card Spend & Win Contest on 25 August 2011.

Among the notable achievements of ABB during the year was the reaffirmation of A1 & P1 rating by Rating Agency Malaysia. ABB launched its second saving deposit campaign called 'OMG-Its back!' in 2011 which garnered deposits of RM1.5 billion and about 71,000 new customers. ABB also launched the online banking facility called Corporate Internet Banking where clients are able to manage their accounts securely online including salary payment, foreign demand drafts, banker's cheque and other services. OMG Home Protector, a home content insurance with AXA AFFIN General Insurance Berhad was also launched during the year.

To be able to generate sustainable long term robust earnings and cash flow numbers and to provide strong returns to its shareholders, ABB will continue to focus on the effective execution of the multiple strategic priorities which include branch relocation for operational excellence, setting new establishments to capitalise on profitable growth, competing strongly by targeting markets for deposits, loans and fee-based income, refurbishment and investing in enhancing human capital.

There were six (6) new branches opened during the year with potentially high deposits base at Klang, Gemas, Jitra, Kulim, Kuching and Skudai to complement the existing branch network and five (5) branches were relocated to potentially new growth areas, i.e Alor Setar, Sandakan, Ampang, Sungai Petani and Johor Bahru. 42 ATMs were also installed at BHP stations during the year as part of the Bank's effort to leverage on the Group's network and improve its service to customers.



Contribution from AFFIN Islamic Bank Berhad to Tabung Zakat Angkatan Tentera Malaysia on 9 August 2011.

During the year, the Loan Origination System (LOS) Project, a fully integrated credit origination workflow and automation tool was launched by the Bank and its subsidiary, AFFIN Islamic Bank Berhad (AFFIN Islamic) that is capable of processing loans and financing within the same platform, i.e from credit origination to documentation.

ABB will continue to be sensitive to change in the external environment by intensifying controls on risk intakes and to put in place careful management of revenue and costs. To maintain a robust and stable platform for growth in its brand, ABB had also embarked on various branding campaigns.

Against the backdrop of an uncertain and challenging economic environment plaguing the world markets, AFFIN Islamic, the wholly owned subsidiary of the Bank is proud to announce that it again delivered the best possible outcome for the Group. AFFIN Islamic posted a record PBT of RM74.9 million for the financial year under review.

Its PBT was an impressive 60.9% increase from its 2010 posting of RM46.5 million. Its net PAT stood at RM49.8 million, a remarkable growth of 91.4% from RM26.0 million of the previous financial year.

In tandem with the higher PBT, its earnings per share (EPS) improved to 19.2 sen from its previous 10.0 sen.

The catalyst for this sterling performance was the aggressive and strategic campaigning within specific markets with emphasis on the core value of Islamic Banking principles based on moral and ethical values in accordance with the principles of Syariah laws. The campaigns were also personalised with emphasis on local flavours. As a result of packaging the campaign to cater for local conditions and needs, AFFIN Islamic saw an unprecedented growth in deposit taking and financing disbursements. During the year, AFFIN Islamic opened a new branch in Jitra, Kedah and introduced new products based on Istisna', Murabahah, Musharakah Mutanaqisah and Ijarah.

The new financing products, especially Musharakah Mutanaqisah had also spearheaded its solid performance in maintaining a strong capital position. AFFIN Islamic is also mindful of the risks in the current environment and continues to be conservative, disciplined and prudent and yet, at the same time, to compete strongly in all markets and divisions to drive productive initiatives that will deliver sustainable improvements in its Group's performance. In 2011, AFFIN Islamic launched 'Let's Talk MM', an innovative home and business premises financing product based on Musharakah Mutanaqisah concept which mitigates customers' risk on new property launches and developments.

While 2012 financial year will be another challenging one for the Group, AFFIN Islamic remains upbeat as the growth of Islamic banking in Malaysia and the world looks to be growing from strength to strength, especially backed by the recently announced Financial Sector Blueprint by Bank Negara Malaysia (BNM).

AFFIN INVESTMENT BANK BERHAD (AIBB)

AFFIN Investment Bank (AIBB) Group registered a 2.1% increase in PBT at RM88.9 million after provision for a one-off historical exceptional item of RM9.4 million. Investment Income increased by 30.0% from RM18.1 million in 2010 to RM23.5 million in 2011. This increase was however offset by lower Brokerage Income due to decline in the average gross brokerage yields and lower net interest income following contraction in net interest margin as Bank Negara Malaysia raised the Overnight Policy Rate by 25 basis points. Net impaired loan ratio improved to 0.75% while loan loss coverage stood at 132.84%.



AFFIN Investment Bank's new branch opening at Taman Midah, Cheras on 25 July 2011.

In 2011, AIBB expanded its stockbroking network to five (5) branches with the opening of two (2) new branches at Taman Midah in Cheras and Sea Park in Petaling Jaya, to strengthen AIBB's retail position as a community stockbroker catering primarily to suburban customers. AIBB's fund management arm, AFFIN Fund Management Berhad, also launched AFFIN Quantum Fund with an asset size of RM200 million which

boosted its overall Assets Under Management to RM855 million. Continued efforts were made with the banking group's strategic partner, The Bank of East Asia, Limited for business collaboration in the areas of investment banking and stockbroking.



AFFIN Fund Management Berhad launched AFFIN Quantum Fund, its 9th unit trust fund on 6 July 2011 at The Royale Chulan Kuala Lumpur.



AFFIN Investment Bank Berhad signed an agreement with Point Zone (M) Sdn Bhd, a subsidiary of KPJ Healthcare Berhad to act as the Principal Adviser and Lead Arranger for the issuance of Islamic Commercial paper/Islamic Medium Term Note (ICP/IMTN) Programme on 2 May 2011.

AIBB's regional credentials were boosted by the competitive ranking AIBB achieved in the 2011 Inaugural Wall Street Journal's Asia's Best Analysts Survey. AIBB was ranked jointly at 21st in Asia's Best Brokers category, with AIBB's Chief Analyst rated No.1 in the utilities sector in Asia. In addition, in December 2011 AIBB was accorded Lead Managers League Table 2010 Achievement Award for No.1 in Issue Count (Conventional) and No. 2 in Issue Value (Conventional) by Malaysian Rating Corporation Berhad (MARC).

AIBB is mindful that 2012 may see increased strains in global financial markets and a weak external macroeconomic environment (stemming from weakness in the US and Eurozone economies) spilling over into the Malaysian economy as external demand for Malaysian goods and services moderates. AIBB believes however these downside

risks will be partially mitigated by increased domestic demand arising from the roll-out of the numerous Entry Point Projects (as identified under the Malaysian Government's Economic Transformation Programme) and projects under the 10th Malaysia Plan. AIBB remain optimistic that sustained capital market activities will provide the Bank with ample business opportunities in fund raising, corporate finance advisory and stock broking in the new year.

AFFIN MONEYBROKERS SDN BHD (AMBSB)

AMBSB's net turnover was RM12.6 million for the year ended 31 December 2011, an increase of 35.0%, compared with RM9.4 million for the previous year. Net assets were RM10.5 million, an increase of 29.6%, compared with RM8.1 million for the previous year. AMBSB recorded a higher PAT results of RM2.4 million compared with RM1.3 million the previous year. The increase in net turnover was due to the volatility in the financial market in US and Europe. The uncertainties have increased the trading volume during the year.

The highest brokerage income contributed for the year was by SWAPS/ACU/Derivatives section of RM3.8 million representing 31.0% of total net brokerage income. The brokerage income contribution from the Foreign Exchange section was RM3.2 million which contributed 26.0% of total net brokerage income.

The Fixed Income section was the 3rd highest performer contributing RM1.9 million or 16.0% of total net brokerage income. The Money Market section contributed RM1.7 million or 14.0% of the total net brokerage income. The Islamic section contributed RM1.6 million or 13.0% of total net brokerage income. AMBSB continues to invest in the development of the business and be a highly cash generative business.

The current economic indicators point to a drastic moderation in growth with inflationary concerns, while the short-term outlook is clouded by heighten external risks. On a more positive note, the issuance of banking and finance licence by BNM to foreign financial institutions will provide more volume to the money broking industry.

The globalisation and liberalisation of financial markets, as outlined in the Financial Sector Master Plan, may see the entry of new banks in the domestic market place. Also, the entry of foreign money broking companies competing in the domestic market is a real threat. As such, competitive negotiations in the industry will inevitably continue to capture larger market share but this invariable battle of discounts will effect brokerage income.

For the Company to remain as a leading market player and retain its competitive edge, AMBSB will continue to implement the following strategic plans :-

- a) Enhancing the synergy at Group level.

- b) Establishing a strategic link with international money broking company for the transfer of technology and professional expertise. This is essential to remain successful in an international environment.
- c) Introduction of new products and providing e-broking services in the near future.



Family Day of AFFIN Moneybrokers on 16 September 2011.

AXA AFFIN LIFE INSURANCE BERHAD (AALIB)

Despite a challenging financial year in 2011, AALIB achieved strong business growth. Weighted new business premium went up by 26.0% amounting to RM97.4 million. Gross premium recorded was RM200.1 million, due mainly to the shift to more regular premium paying products as compared to a higher mix of single premium products.

AALIB posted a pretax loss of RM5.3 million as compared to a pretax profit of RM2.8 million last year, primarily due to the investment made in the current year to grow the distribution channels. Included in last year's pre tax profit was a one off realised gain from the liquidation of a subsidiary. The agency division recorded a positive growth of 68.9% in the agency force. This was made possible with comprehensive development programme and challenges planned for them. The division also ended the year with 90.6% growth in production.

Bancassurance is another distribution platform that posted 2.5% growth over 2010 amounting to RM58.4 million in weighted new business premium. Within the Bancassurance division, the Direct Marketing/Telemarketing achieved strong growth of 133.0% and recorded RM23.9% million in production.

To further create and strengthen brand awareness, AALIB had embarked on a series of marketing and corporate initiatives which capped an exciting year for AALIB. A nationwide Health campaign, themed **Health is Might** aimed at promoting the importance of healthy living was launched in May 2011. The integrated campaign generated overwhelming response from the public, customers and distributors through participation and sales. AALIB also participated in the AXA Regional Credential Campaign which was launched in September through to December 2011. The campaign benefited both life and general insurance divisions and reinforced AXA as one of the market leader in insurance in the World.

In the face of a rapidly changing domestic and international competitive environment, AALIB came up with some innovative products to optimise benefits to its discerning customers. Thus, PaySavers, a Savings and Protection plan was launched in August 2011 and Wealth Protector, an investment linked plan was launched in November 2011. These products contributed significantly to the overall growth and productivity of the business.

AALIB will continue to focus on growing its business by delivering sustainable returns, providing quality products to meet the expectations of its customers, investing in training and labour force while implementing disciplined cost management.

AXA AFFIN GENERAL INSURANCE BERHAD (AAGIB)

AAGIB closed 2011 with a higher gross written premium of RM700.4 million compared to RM592.6 million in 2010. Effective 1 January 2011, the operations of AAGIB and BH Insurance (Malaysia) were merged. Although strategies and action plans were put in place to ensure the smooth integration of the expanded entity, AAGIB faced several challenges that distracted its focus from growing the business. However, starting the third quarter of the year, it was able to consolidate its position and focus on growing its business. The net written premium increased by 5% despite 2011 being a difficult year. PBT was lower at RM16.7 million compared to RM44.3 million the previous year.



CEO Roadshow of AXA AFFIN General Insurance Berhad on 22 March 2011 to meet its regional management teams.

Having weathered the post acquisition challenges of BH Insurance in 2010 and 2011, AAGIB is confident of starting year 2012 on a positive note. It has put in place strategies and expansionary plans that are designed to focus on growth, profitability and increasing its market share. The strengthening of its reserves following the merger, provision for the negative Malaysian Motor Insurance Pool (MMIP) results, integration costs and some other minor adjustments all had a substantial impact on the profits for the year. This decision to make all the adjustments in 2011 clears the way for it to concentrate fully to deliver on its commitments in 2012 and beyond. The challenges of 2011 have made AAGIB more resilient, and as a team, AAGIB is confident that in 2012, it will reap the rewards of its commitment.

AFFIN GROUP'S CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

As AFFIN Group forges ahead with the next stage of growth, the Group believes in maintaining good relations with the community and strives to create an image of a good corporate citizen that cares for the community. Over the years, the Group has undertaken numerous corporate initiatives that take into consideration the interest of the community, employees, environment, shareholders and other stakeholders.



AXA AFFIN General Insurance Berhad held its Family Day at Sunway Lagoon Resort.



AXA AFFIN General Insurance Berhad organised a Financial Literacy Education Workshop for children and teenagers from Yayasan Sunbeams, Rumah Titian Kaseh and Tara Bhavan Children Home.

Given that AFFIN's major shareholder is Lembaga Tabung Angkatan Tentera and in line with the aspiration of the Group to improve the well-being of retired and serving Armed Forces personnel and their families, the Group contributed RM3.0 million to Yayasan Warisan Perajurit in 2011. The objective of the Yayasan is to promote and assist in the education and welfare of the members and children of the serving and retired Armed Forces personnel who are in need.

In August 2011, ABB contributed 'Bungkusan Hari Raya' of RM100,000 to Armed Forces personnel in conjunction with the Hari Raya celebration. ABB also sponsored RM218,300 for a programme called 'TrEES Young Voices for Conservation Programme 2011' to educate the public to conserve the environment. In addition, ABB also contributed more than RM100,000 to various charities and educational organisations.

AFFIN Islamic contributed RM500,000 to Tabung Zakat Angkatan Tentera Malaysia to fund its education activities and programmes in spreading the Islamic principles and teachings amongst the Armed Forces personnel. A sum of RM100,000 each was channelled to the International Islamic University Malaysia (IIUM) Endowment Fund, Yayasan Kolej Universiti Insaniah, Kedah and University Malaya Endowment Fund to assist the under-privileged and deserving students.



Majlis Berbuka Puasa by AFFIN Bank Berhad with 130 orphans and new converts on 19 August 2011.



More than 100 AFFIN Bank's staff donated blood on 24 October 2011 at Menara AFFIN, Kuala Lumpur.

During the year, AIBB conducted Teenz.fm workshop with the involvement of AIBB's employees in educating teenagers on financial management as part of AIBB's Corporate Social Responsibility programme. AIBB also made zakat contribution of RM2.58 million to various organisations.

To fulfil AALIB's corporate and moral duties of making the community a safe haven for the children, who will in time be the future leaders, AXA AFFIN My Child Safety Programme was implemented to reach out to more than 10,000 school children. The Programme was aimed to educate them on crime prevention and to equip them with street smart self-defence techniques. The programme is part of the "Community" pillar in AALIB's CSR plan.



AFFIN Holdings Berhad's staff taking part in the teambuilding exercise at Pulau Pangkor.

I would also like to extend our sincere appreciation and thanks to Bank Negara Malaysia, Bursa Malaysia, the Securities Commission, Ministry of Finance, Ministry of Defence and all other Governmental and regulatory authorities who have been of invaluable assistance to our ongoing operational success.

Thank you all.

**Gen (R) Tan Sri Dato' Seri Mohd Zahidi
bin Hj Zainuddin**
Chairman, AFFIN Holdings Berhad

ACKNOWLEDGEMENT

It is with a deep sense of gratitude and thankfulness that we should remember that in both good times and bad, there are many people who have contributed significantly to our success. On this note, I would like to take this opportunity to thank my fellow Board members and the Board members of subsidiary and associate companies, every member of the staff and Management of our well diversified operations, who have contributed enormously and worked so hard to keep our operations ticking smoothly day after day.

I would like to put on record my sincere appreciation to the invaluable contributions by two Directors of AHB, YBhg Datuk Azzat bin Kamaluddin and Maj Gen (R) Dato' Mohamed Isa bin Che Kak who retired during the year after serving AHB for 20 years. I would like to welcome Encik Abd Malik bin A Rahman and YBhg Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff who were appointed Independent Directors of AHB during the year.

I would also like to thank our shareholders, Lembaga Tabung Angkatan Tentera, Boustead Holdings Berhad and The Bank of East Asia, Limited for their trust, confidence and continuous support. Needless to say, much is owed by us to our valued clients and business partners who are, in fact, the *raison d'etre* and my sincere appreciation goes to you with the desire that the relationship would continue to flourish.

Five Year Group's Financial Record

2011

2010

2009

2008

2007

OPERATING RESULTS

**For the financial year ended 31 December
(RM Million)**

Revenue	2,660	2,273	2,009	2,115	2,185
Profit before taxation	709	638	497	404	353
Net profit attributable to equity holders of the company	508	489	372	293	252

KEY BALANCE SHEET DATA

As at 31 December (RM Million)

Loans, advances and financing	30,437	26,574	22,497	19,928	17,278
Total assets	53,736	47,004	39,954	36,828	36,133
Deposits from customers	39,363	33,247	28,599	26,935	25,559
Total liabilities	48,144	41,803	35,219	32,417	31,895
Commitments and contingencies	20,068	18,902	17,891	22,682	19,416
Paid-up capital	1,495	1,495	1,494	1,494	1,487
Shareholders' equity	5,592	5,201	4,735	4,411	4,237

SHARE INFORMATION

Per share (sen)

Earnings - Basic	33.99	32.70	24.88	19.60	19.11
- Diluted	33.99	32.70	24.88	19.60	18.99
Gross Dividends	12.0	9.0	8.5	5.0	5.0
Net assets	374	348	317	295	285
Share price - high	362	326	254	278	308
Share price - low	231	247	114	114	181
Share price as at 31 December	308	309	252	152	259
Market capitalisation (RM' Million)	4,603	4,618	3,766	2,271	3,851

SEGMENT INFORMATION

Profit before tax by activity (RM' Million)

Commercial banking & hire purchase	613	522	425	454	322
Investment banking	89	87	65	(40)	62
Insurance*	-	27	12	(5)	7
Others	7	2	(5)	(5)	(38)
	709	638	497	404	353

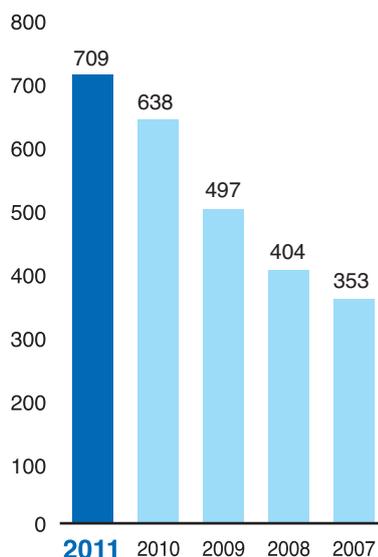
* net of tax

Paid-up Capital by Subsidiaries (RM Million)

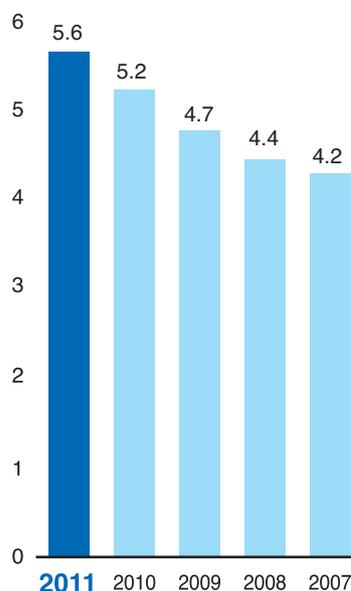
AFFIN Bank Berhad	1,439.3	1,439.3	1,439.3	1,439.3	1,439.3
AFFIN Investment Bank Berhad	222.2	222.2	222.2	222.2	222.2
AFFIN Moneybrokers Sdn Bhd	1.0	1.0	1.0	1.0	1.0
AXA AFFIN Life Insurance Berhad	266.0	252.0	252.0	237.0	218.0

Charts of the Group's Five Year Financial Record

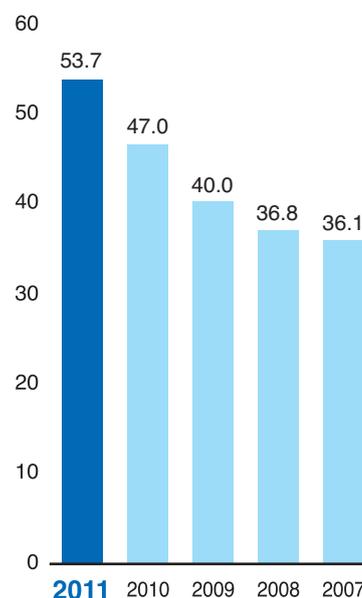
Profit before taxation
(RM Million)



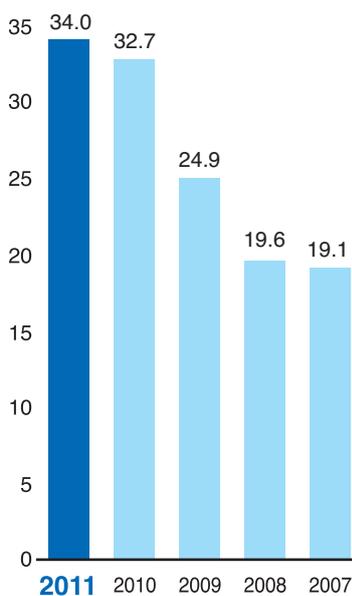
Shareholders' Equity
(RM Billion)



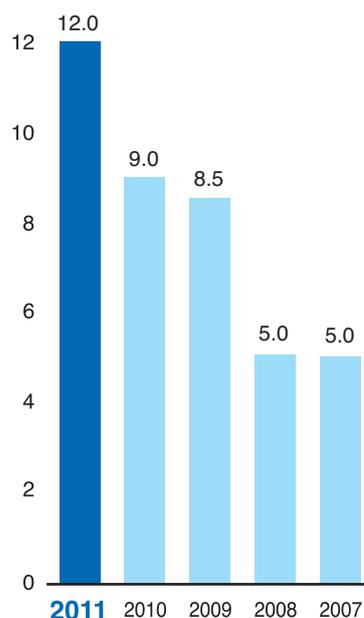
Total Assets
(RM Billion)



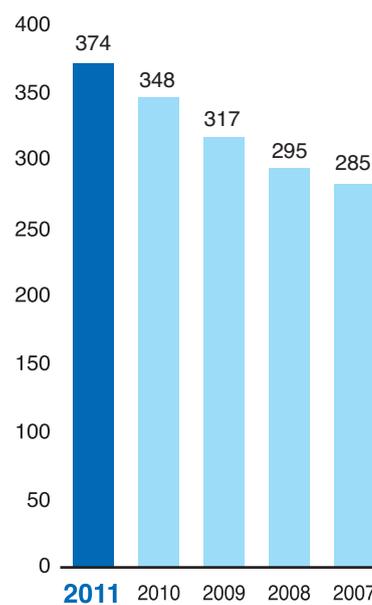
Earnings per share
(Sen)



Gross dividend per share
(Sen)



Net Assets per share
(Sen)



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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and unit trusts management.

The principal activity of the jointly controlled entities are underwriting of life insurance business and property development while the associate is principally engaged in the underwriting of general insurance business.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before taxation and zakat	709,148	240,068
Taxation and zakat	(201,153)	(18,167)
Net profit for the financial year	507,995	221,901

DIVIDENDS

The dividends on ordinary shares paid by the Company since 31 December 2010 were as follows:-

	RM'000
In respect of the financial year ended 31 December 2010:-	
Interim dividend of 9.0 sen gross per share less 25% income tax, paid on 26 January 2011	100,884
In respect of the financial year ended 31 December 2011:-	
Interim dividend of 12.0 sen gross per share less 25% income tax, paid on 30 December 2011	134,512

At the forthcoming Annual General Meeting, the directors do not propose any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The directors who have held office during the period since the date of the last report are:-

Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin
 Tan Sri Dato' Lodin bin Wok Kamaruddin
 Raja Dato' Seri Aman bin Raja Haji Ahmad
 Dato' Mustafa bin Mohamad Ali
 Dr. the Hon. Sir David Li Kwok Po
 Professor Arthur Li Kwok Cheung
 Abd Malik bin A Rahman
 Adrian David Li Man Kiu (Alternate Director to Dr. the Hon. Sir David Li Kwok Po)
 Peter Yuen Wai Hung (Alternate Director to Professor Arthur Li Kwok Cheung – Appointed on 5.9.2011)
 Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff (Appointed on 23.12.2011)
 Datuk Azzat bin Kamaludin (Retired on 13.4.2011)
 Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak (Retired on 30.10.2011)

In accordance with Article 105 of the Company's Articles of Association, Tan Sri Dato' Lodin bin Wok Kamaruddin and Raja Dato' Seri Aman bin Raja Haji Ahmad retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 111 of the Company's Articles of Association, Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff retires and being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Pursuant to section 129(6) of the Companies Act, 1965, Dato' Mustafa bin Mohamad Ali and Dr. the Hon. Sir David Li Kwok Po retire and offer themselves for re-appointment at the forthcoming Annual General Meeting.

DIRECTORS' BENEFITS

During and at end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted to directors of the Company by the Company, Boustead Holdings Berhad and Lembaga Tabung Angkatan Tentera.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at end of the financial year in shares and warrants in the Company and its related companies are as follows:-

The Company	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	At 1.1.2011	Bought	Sold	At 31.12.2011
Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin	30,000	–	–	30,000
Tan Sri Dato' Lodin bin Wok Kamaruddin	808,714*	–	–	808,714*
Raja Dato' Seri Aman bin Raja Haji Ahmad	2,000	–	2,000	–

*Shares held in trust by nominee company

DIRECTORS' INTERESTS (cont'd)

Related Companies	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	At 1.1.2011	Bought	Sold	At 31.12.2011
<u>Boustead Heavy Industries Corporation Berhad</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	2,000,000	–	–	2,000,000
Abd Malik bin A Rahman	3,000	–	–	3,000
<u>Boustead Petroleum Sdn Bhd</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	5,916,465	–	–	5,916,465
<u>Al-Hadharah Boustead REIT</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	250,000	–	–	250,000
<u>Pharmaniaga Berhad</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	–	3,184,538	–	3,184,538

Related Company	NUMBER OF ORDINARY SHARES OF 50 SEN EACH			
	At 1.1.2011	Bought	Sold	At 31.12.2011
<u>Boustead Holdings Berhad</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	26,122,599	–	111,000	26,011,599
Dato' Mustafa bin Mohamad Ali	10,000	–	10,000	–

Related Company	NUMBER OF REDEEMABLE PREFERENCE SHARES OF RM1 EACH			
	At 1.1.2011	Bought	Sold	At 31.12.2011
<u>Boustead Petroleum Sdn Bhd</u>				
Tan Sri Dato' Lodin bin Wok Kamaruddin	50	–	–	50

Other than the above, the directors in office at end of the financial year did not have any other interest in the shares in the Company or its related companies during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing-off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts had been written-off and that adequate allowances had been made for doubtful debts and financing; and
- to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their value as shown in the accounting records of the Group and the Company, have been written-down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- which would render the amounts written-off for bad debts and financing or the amount of allowances for doubtful debts and financing in the financial statements of the Group and the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Group or the Company for the financial year in which this report is made.

ULTIMATE HOLDING CORPORATE BODY

The directors regard Lembaga Tabung Angkatan Tentera, a corporate body established under the Tabung Angkatan Tentera Act, 1973, as the ultimate holding corporate body of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2012.

TAN SRI DATO' LODIN BIN WOK KAMARUDDIN
DIRECTOR

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
DIRECTOR

Kuala Lumpur
28 February 2012

Statements of Financial Position

31 December 2011

	Note	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Cash and short-term funds	2	9,740,308	8,684,235	67,333	126,186
Deposits and placements with banks and other financial institutions	3	279,458	18,093	216,396	176,633
Financial assets held-for-trading	4	149,832	149,945	–	–
Financial investments available-for-sale	5	9,122,892	8,592,533	–	–
Financial investments held-to-maturity	6	650,923	536,548	–	–
Loans, advances and financing	7	30,436,846	26,574,066	–	–
Derivative financial assets	8	47,023	51,626	–	–
Statutory deposits with Bank Negara Malaysia	9	1,410,141	275,167	–	–
Investment in subsidiaries	10	–	–	3,536,914	3,636,991
Amount due from subsidiaries	11	–	–	603,062	300,756
Investment in jointly controlled entities	12	115,430	113,311	135,660	128,520
Investment in associate	13	155,548	152,779	10,597	10,597
Amount due from associate	14	67,257	91,828	67,257	91,828
Trade receivables	15	160,239	270,012	–	–
Other assets	16	177,174	218,686	384	319
Taxation recoverable		30,445	76,291	4,519	6,181
Deferred tax assets	26	470	10,180	–	–
Property and equipment	17	178,649	176,897	895	734
Intangible assets	18	1,013,419	1,011,867	9	12
TOTAL ASSETS		53,736,054	47,004,064	4,643,026	4,478,757
LIABILITIES AND EQUITY					
Deposits from customers	19	39,363,414	33,247,279	–	–
Deposits and placements of banks and other financial institutions	20	6,867,047	6,852,598	–	–
Bills and acceptances payable		82,059	110,161	–	–
Trade payables	21	156,908	258,802	–	–
Recourse obligation on loans sold to Cagamas Berhad	22	428,459	288,891	–	–
Derivative financial liabilities	23	96,954	70,195	–	–
Other liabilities	24	442,214	557,449	5,534	106,324
Amount due to subsidiaries	25	–	–	589,313	689,348
Provision for taxation		16,401	188	–	–
Deferred tax liabilities	26	20,729	25,082	587	141
Borrowings	27	669,645	392,386	669,645	392,386
TOTAL LIABILITIES		48,143,830	41,803,031	1,265,079	1,188,199

Statements of Financial Position (cont'd)
31 December 2011

	Note	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
EQUITY					
Share capital	28	1,494,576	1,494,576	1,494,576	1,494,576
Share premium		1,400,410	1,400,410	1,400,410	1,400,410
Reserves	29	2,697,238	2,306,047	482,961	395,572
TOTAL EQUITY		5,592,224	5,201,033	3,377,947	3,290,558
TOTAL LIABILITIES AND EQUITY		53,736,054	47,004,064	4,643,026	4,478,757
COMMITMENTS AND CONTINGENCIES	43(c)	20,067,994	18,901,770	–	–

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Income Statements

For the financial year ended 31 December 2011

	Note	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	30	2,660,243	2,272,995	271,172	213,984
Interest income	31	1,972,102	1,645,809	34,629	20,616
Interest expense	32	(1,102,525)	(805,925)	–	–
Net interest income		869,577	839,884	34,629	20,616
Islamic banking income	33	198,933	177,783	–	–
		1,068,510	1,017,667	34,629	20,616
Other operating income	34	313,072	347,737	236,591	193,368
Net income		1,381,582	1,365,404	271,220	213,984
Other operating expenses	35	(658,761)	(640,161)	(8,631)	(8,644)
Operating profit before allowance for impairment on loans, advances and financing		722,821	725,243	262,589	205,340
Allowances for impairment on loans, advances and financing	37	8,331	(94,808)	–	–
Allowance for impairment on other assets	38	874	(7,296)	–	–
Operating profit		732,026	623,139	262,589	205,340
Finance cost	39	(22,521)	(12,996)	(22,521)	(12,996)
Share of results of jointly controlled entities		(4,590)	6,923	–	–
Share of results of associate		4,233	12,004	–	–
Gain on dilution of interest in associate		–	8,463	–	–
Profit before taxation and zakat		709,148	637,533	240,068	192,344
Taxation	40	(194,816)	(143,487)	(18,167)	(47,636)
Zakat		(6,337)	(5,421)	–	–
Net profit for the financial year attributable to equity holders of the Company		507,995	488,625	221,901	144,708
Earnings per share attributable to equity holders of the Company (sen)					
- Basic and fully diluted	41	33.99	32.70		

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2011

Note	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit after taxation and zakat	507,995	488,625	221,901	144,708
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	24,510	14,756	–	–
Deferred tax on revaluation of financial investments available-for-sale	(6,802)	(4,456)	–	–
Recognition of proportionate share of effects of dilution of interest in associate on AFS revaluation reserves, net of deferred tax	–	(1,133)	–	–
Other comprehensive income for the financial year, net of tax	17,708	9,167	–	–
Total comprehensive income for the financial year	525,703	497,792	221,901	144,708
Attributable to equity holders of the Company: - Total comprehensive income	525,703	497,792	221,901	144,708

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2011

GROUP	Note	Attributable to Equity Holders of the Company					Total equity RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Retained profits RM'000	
At 1 January 2011		1,494,576	1,400,410	990,543	84,631	1,230,873	5,201,033
Comprehensive income:							
- Net profit for the financial year		-	-	-	-	507,995	507,995
Other comprehensive income		-	-	-	17,708	-	17,708
Total comprehensive income for the financial year		-	-	-	17,708	507,995	525,703
Transfer to statutory reserves		-	-	137,300	-	(137,300)	-
Dividends declared and paid for the financial year	42	-	-	-	-	(134,512)	(134,512)
At 31 December 2011		1,494,576	1,400,410	1,127,843	102,339	1,467,056	5,592,224
At 1 January 2010		1,494,371	1,399,980	874,361	75,464	959,314	4,803,490
Comprehensive income:							
- Net profit for the financial year		-	-	-	-	488,625	488,625
Other comprehensive income		-	-	-	9,167	-	9,167
Total comprehensive income for the financial year		-	-	-	9,167	488,625	497,792
Issue of share capital:-							
- pursuant to the exercise of Warrant 2000/2010	28	205	430	-	-	-	635
Transfer to statutory reserves		-	-	116,182	-	(116,182)	-
Dividends declared and payable for the financial year	42	-	-	-	-	(100,884)	(100,884)
At 31 December 2010		1,494,576	1,400,410	990,543	84,631	1,230,873	5,201,033

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the financial year ended 31 December 2011

COMPANY	Note	Share capital RM'000	Non-Distributable Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2011		1,494,576	1,400,410	395,572	3,290,558
Total comprehensive income for the financial year					
- Net profit for the financial year		-	-	221,901	221,901
Dividends declared and paid for the financial year	42	-	-	(134,512)	(134,512)
At 31 December 2011		1,494,576	1,400,410	482,961	3,377,947
At 1 January 2010		1,494,371	1,399,980	351,748	3,246,099
Total comprehensive income for the financial year					
- Net profit for the financial year		-	-	144,708	144,708
Issue of share capital:-					
- pursuant to the exercise of Warrant 2000/2010	28	205	430	-	635
Dividends declared and payable for the financial year	42	-	-	(100,884)	(100,884)
At 31 December 2010		1,494,576	1,400,410	395,572	3,290,558

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	709,148	637,533
Adjustments for items not involving the movement of cash and cash equivalents:-		
Interest income from		
- financial assets held-for-trading	(64)	(320)
- financial investments available-for-sale	(266,477)	(198,828)
- financial investments held-to-maturity	(28,629)	(19,420)
Dividend income from		
- financial investments available-for-sale	(689)	(416)
- financial investments held-to-maturity	(9,705)	(2,901)
Amortisation of premium net of accretion of discount		
- financial investments available-for-sale	(24,211)	(35,315)
- financial investments held-to-maturity	(2,579)	(2,360)
Gain on disposal/redemption		
- financial assets held-for-trading	(5,466)	(3,194)
- financial investments available-for-sale	(41,252)	(42,340)
- financial investments held-to-maturity	(2,546)	(2,289)
Unrealised loss/(gain) on revaluation		
- financial assets held-for-trading	9	244
- derivatives	12,469	(4,271)
- foreign exchange	18,035	9,829
(Write-back of)/allowance for impairment loss		
- financial investments available-for-sale	(874)	3,939
- financial investments held-to-maturity	-	3,357
Depreciation of property and equipment	21,641	24,414
Property and equipment written-off	425	225
Intangible assets written-off	-	292
Gain on waiver of debts	(2,673)	(4,996)
Net gain on disposal of property and equipment	(139)	(246)
Loss/(gain) on disposal of foreclosed properties	272	(6,330)
Amortisation of intangible assets	9,779	16,980
Bad debts written-off	15,956	15,810
Share of results of jointly controlled entities	4,590	(6,923)
Share of results of associate	(4,233)	(12,004)
Gain on dilution of interest in associate	-	(8,463)
Additional/(write-back of) allowance for impairment on loans, advances and financing		
- collective impairment	69,653	(1,958)
- individual impairment	106,475	175,943
- litigation losses	40,000	78,000
Additional allowance for other impaired debts - other debtors	147	975
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	619,062	614,967

Consolidated Statement of Cash Flows (cont'd)
For the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
INCREASE/(DECREASE) IN OPERATING ACTIVITIES		
<i>(Increase)/decrease in operating assets:-</i>		
Deposits and placements with banks and other financial institutions	(261,365)	(16,276)
Financial assets held-for-trading	5,634	3,325
Loans, advances and financing	(4,054,864)	(4,242,993)
Statutory deposits with Bank Negara Malaysia	(1,134,974)	(30,185)
Trade receivables	109,773	(190,696)
Other assets	(92,339)	189,363
<i>Increase/(decrease) in operating liabilities:-</i>		
Deposits from customers	6,116,135	4,648,028
Deposits and placements of banks and other financial institutions	14,449	1,705,504
Bills and acceptances payable	(28,102)	15,896
Trade payables	(101,894)	184,472
Recourse obligation on loans sold to Cagamas Berhad	139,568	(8,325)
Other liabilities	(46,969)	(168,440)
Cash generated from operations	1,284,114	2,704,640
Tax and zakat paid	(153,722)	(169,445)
Tax refund	11,257	9,900
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,141,649	2,545,095
CASH FLOW FROM INVESTING ACTIVITIES		
Net purchase of financial investments available-for-sale	(437,831)	(248,541)
Net purchase of financial investments held-to-maturity	(109,250)	(42,969)
Proceeds from disposal of property and equipment	2,324	2,593
Proceeds from disposal/redemption of land held for sale	-	61,741
Proceeds from disposal of foreclosed properties	118,687	24,941
Purchase of property and equipment	(35,354)	(11,198)
Purchase of intangible assets	(1,986)	(1,720)
Capital injection into a jointly controlled entity	(7,140)	-
Interest received from		
- financial investments available-for-sale	266,477	198,828
- financial investments held-to-maturity	28,629	19,420
Dividend received from		
- financial investments available-for-sale	689	416
- financial investments held-to-maturity	9,705	2,901
Amount due from associate	24,571	(91,828)
NET CASH USED IN INVESTING ACTIVITIES	(140,479)	(85,416)

Consolidated Statement of Cash Flows (cont'd)
For the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	277,259	92,386
Dividends paid to shareholders of the Company	(235,396)	(95,266)
Proceeds from issue of shares pursuant to the exercise of Warrants	–	635
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	41,863	(2,245)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,043,033	2,457,434
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,632,085	6,174,651
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,675,118	8,632,085
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds (Note 2)	9,740,308	8,684,235
Adjustment for money held in trust on behalf of clients and remisiers (Note 24)	(65,190)	(52,150)
Cash and cash equivalent	9,675,118	8,632,085

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Company Statement of Cash Flows

For the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	240,068	192,344
Adjustments for items not involving the movement of cash and cash equivalents:-		
Gross dividends from subsidiaries	(236,543)	(193,368)
Depreciation of property and equipment	246	231
Amortisation of intangible assets	3	4
Gain on disposal of property and equipment	(48)	-
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL	3,726	(789)
INCREASE/(DECREASE) IN OPERATING ACTIVITIES		
<i>(Increase)/decrease in operating assets:-</i>		
Deposits and placements with banks and other financial institutions	(39,763)	(125,624)
Other assets	(65)	756
<i>Increase/(decrease) in operating liabilities:-</i>		
Other liabilities	94	(577)
Cash used in operations	(36,008)	(126,234)
Tax paid	(2,040)	-
Tax refund	1,938	-
NET CASH USED IN OPERATING ACTIVITIES	(36,110)	(126,234)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from subsidiaries	219,386	145,025
Net cash movement in amount due from/to subsidiaries	(301,064)	7,943
Proceed from disposal of property and equipment	48	-
Purchase of property and equipment	(407)	(28)
Purchase of intangible assets	-	(1)
Amount due from associate	24,571	(91,828)
Capital injection into a jointly controlled entity	(7,140)	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(64,606)	61,111
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	277,259	92,312
Dividends paid to shareholders of the Company	(235,396)	(95,266)
Proceeds from issue of shares pursuant to the exercise of Warrants	-	635
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	41,863	(2,319)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,853)	(67,442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	126,186	193,628
CASH AND CASH EQUIVALENTS AT END OF YEAR	67,333	126,186
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds (Note 2)	67,333	126,186

The accounting policies on pages 55 to 73 and the notes on pages 74 to 154 form an integral part of these financial statements.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2011

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies and in accordance with the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards for Entities Other than Private Entities and BNM Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires directors to exercise judgement in the process of applying the Group's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from these estimates.

(a) Standards, amendments to published standards and interpretations that are applicable and effective to the Group

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business combinations"
- Revised FRS 127 "Consolidated and separate financial statements"
- Amendment to FRS 7 "Financial instruments: Disclosures - improving disclosures about financial instruments"
- Amendments to FRS 1 "First-time adoption of financial reporting standards"
- Amendment to FRS 132 "Financial instruments: Presentation – Classification of rights issues"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- Improvements to FRSs (2010)

The adoption of the above revised accounting standards, amendments and improvements to published standards and interpretations did not have any significant impact to the results of the Group and Company.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to standards and interpretations in the following periods:

1. Financial year beginning on/after 1 January 2012

In the next financial year, the Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

- MFRS 139 "Financial instruments: recognition and measurement" – Bank Negara Malaysia has removed the transitional provision for banking institutions on loan impairment assessment and provisioning to comply with the MFRS 139 requirement.
- The revised MFRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
 - The name of the government and the nature of their relationship;
 - The nature and amount of each individually significant transactions; and
 - The extent of any collectively significant transactions, qualitatively or quantitatively.

1. BASIS OF PREPARATION (cont'd)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

1. Financial year beginning on/after 1 January 2012 (cont'd)

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in income statement. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in income statement.

2. Financial year beginning on/after 1 January 2013

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ("OCI"). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".
- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

1. BASIS OF PREPARATION (cont'd)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

2. Financial year beginning on/after 1 January 2013 (cont'd)

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.
- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.
- Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 July 2011) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.
- Amendment to MFRS 101 "Financial statement presentation" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ("OCI") in the statement of comprehensive income into two groups, based on whether or not they may be recycled to income statement in the future. The amendments do not address which items are presented in OCI.

The Group will apply these standards when effective.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 28 February 2012.

2. ECONOMIC ENTITIES IN THE GROUP

The consolidated financial statements include the financial statements of the Company, subsidiaries, jointly controlled entities and associates, made up to the end of the financial year.

(a) Subsidiaries

Subsidiaries are all those corporations or other entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting except for certain business combinations which were accounted for using the predecessor basis of accounting as follows:

- Subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time.
- Business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in MASB 21 "Business Combinations".

2. ECONOMIC ENTITIES IN THE GROUP (cont'd)

(a) Subsidiaries (cont'd)

- Internal group reorganisations, as defined in MASB 21, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
 - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
 - the minorities' share of net assets of the Group is not altered by the transfer.
- Combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006.

The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in income statement.

Change in accounting policy

The Group has changed its accounting policy on business combinations when it adopted the revised FRS 3 "Business combinations" and FRS 127 "Consolidated and separate financial statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

The adoption of the new policies has no impact on the results of the Group as there is no business combination during the year.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary, to ensure consistency with the policies adopted by the Group.

2. ECONOMIC ENTITIES IN THE GROUP (cont'd)

(a) Subsidiaries (cont'd)

Change in accounting policy (cont'd)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

(b) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition profits or losses of the jointly controlled entities are recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(c) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using equity method of accounting as described in Note 2 (b) above.

(d) Changes in ownership interests

When the Group ceases to have control, joint control or any significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in income statement. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Change in accounting policy

The Group has changed its accounting policy prospectively for transactions occurring on or after 1 January 2011 for transactions involving the loss of control, joint control or any significant influence when it adopted the revised FRS 127 "Consolidated and Separate Financial Statements". The revisions to FRS 127 contained consequential amendments to FRS 128 "Investment in Associates" and FRS 131 "Interests in Joint Ventures".

2. ECONOMIC ENTITIES IN THE GROUP (cont'd)

(d) Changes in ownership interests (cont'd)

Change in accounting policy (cont'd)

Previously when the Group ceased to have control, joint control or any significant influence over an entity, the carrying amount of the investment at the date control, joint control or any significant influence ceased became its cost on initial measurement as a financial asset in accordance with FRS 139.

The adoption of the new policies has no impact on the results of the Group as there is no business combination during the year.

In the Company's financial statements, the investments in subsidiaries, jointly controlled entity and associate are stated at cost less impairment losses. At each reporting date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in recoverable amount is recognised in the income statement.

On disposal of investment in subsidiaries, jointly controlled entity and associate, the difference between disposal proceed and the carrying amounts of the investments are recognised in profit or loss.

3. INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries are included in the statement of financial position as intangible assets. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicated that the goodwill may be impaired. The amount retained in the consolidated financial statements is stated at cost less accumulated impairment losses. Impairment losses on goodwill (inclusive of impairment losses recognised in a previous interim period) are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the respective subsidiaries, representing the cash-generating units ("CGUs") of the Group for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the synergies of the business combination in which goodwill arose identified according to operating segment.

Goodwill on acquisition of jointly controlled entities and associates are included in investments in jointly controlled entities and associates respectively. Such goodwill is tested for impairment as part of the overall balances.

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are three to five years and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and appropriate portion of relevant overhead.

4. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible into cash without significant risk of changes in value.

6. TRADE RECEIVABLES

Trade receivables arising from the stock-broking business are carried at cost net of impairment allowances.

The Group assesses at each reporting date whether there is objective evidence of impairment. It is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition (a 'loss event') and that loss event (or events) has an impact on the estimated collateral value.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Breach of trading accounts terms and conditions
- Significant financial difficulty
- Probability of bankruptcy
- Conduct of dealer

The Group assesses whether objective evidence of impairment exists individually for trade receivables. If the Group determines that no objective evidence of impairment exists for individual assessment, it will be collectively assessed for impairment.

The amount of the loss is measured as the difference between the carrying amount and the collateral value.

Impairment is collectively assessed based on historical loss experience, adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The collective impairment is subject to the transitional arrangement prescribed in BNM's guidelines on Classifications and Impairment Provisions for Loans/Financing issued on 17 December 2010, whereby banking institutions are required to maintain collective assessment impairment allowance of at least 1.5% of total overdue trade receivables, net of individual impairment allowance.

The impairment allowance is in conformity with the requirements of Chapter 11, Schedule 7, Rule 1104.1 of Rules of the Bursa Malaysia Securities Berhad.

7. INCOME TAX

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where the Group's subsidiaries and branch operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised on temporary differences arising on investment in subsidiaries and jointly controlled entity except where the timing of the reversal of the temporary difference can be controlled by the Group and it is possible that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

8. PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on the straight line basis to write-off the cost of the assets or their revalue amounts, to their residual values over their estimated useful lives, summarised as follows:-

Buildings on freehold land	50 years
Leasehold buildings	Over the remaining lease period
Renovation and leasehold premises	5 to 10 years or the period of the lease, whichever is greater
Furniture and equipment	3 to 10 years
Computer equipment and software	4 to 10 years
Motor vehicles	5 years

8. PROPERTY AND EQUIPMENT AND DEPRECIATION (cont'd)

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Residual value and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in the recoverable amount is recognised in the income statement.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in the income statement.

9. LEASES

Accounting by lessee:-

(i) *Finance leases*

Leases of property and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in income statement over the lease term on the same basis as the lease expense.

(ii) *Operating leases*

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in income statement when incurred.

Accounting by lessor:-

(i) *Finance leases*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

(ii) *Operating leases*

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

10. FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of cost and net realisable value.

11. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent bills and acceptances rediscounted and outstanding in the market.

12. EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ("EPF") and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contribution to the defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without any possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

13. FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised.

The liability is subsequently recognised at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

14. OTHER PROVISIONS

Provisions are recognised by the Group when all of the following conditions have been met:

- (i) the Group has a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

15. ZAKAT

This represents business zakat payable by the Group to comply with the principles of Syariah and as approved by the Syariah Supervisory Council. The Group only pays zakat on its business and does not pay zakat on behalf of depositors or shareholders. Zakat provision is calculated based on 2.5% of the net assets method.

16. DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

17. COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments contain both liability and equity elements. The Company's compound financial instruments comprise of Warrants 2000/2010. The Group has taken advantage of the exemption provided by FRS 132 "Financial Instruments: Presentation" not to reclassify compound instruments issued by the Group prior to 31 December 2006 into liability and equity components. These instruments continued to be classified according to their legal form.

18. INCOME RECOGNITION

Interest/financing income

Financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using effective interest method. Interest income is recognised using effective interest rates ('EIR'), which is the rate that exactly discounts estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

When a loan and trade receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and trade receivable are recognised using the original effective interest rate.

Islamic financing income is recognised on an accrual basis in accordance with the Syariah principles and Guidelines on Financial Reporting for Licensed Islamic Banks ("BNM/GP8-i"). Al-Ijarah Thumma Al-Bai' ("AITAB") financing income recognised using the effective income rates method over the lease terms, whilst Al-Bai' Bithaman Ajil ("BBA"), Al-Murabahah, Al-Istisnaa and Bai' Inah financing income is recognised on a monthly basis over the period of the financing contracts, based on an agreed profit at the inception of such contracts.

Interest income from securities portfolio is recognised on an accrual basis using the effective interest method. The interest income includes coupons earned/accrued and accretion/amortisation of discount/ premium on these securities.

Fees and other income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Portfolio management fees, commitment fees, guarantee fees, agency fees and commissions are recognised as income based on time apportionment.

Corporate advisory fees, project feasibility study, management and participation fees, acceptance and underwriting commissions are recognised as income where progress payments are agreed, by reference to the stage of completion.

For stock-broking business, brokerage income is recognised on execution of contract. Interest income and other fee income are recognised on an accrual basis. Where debtors are classified as doubtful or bad, interest income is suspended until it is realised on a cash basis as laid down in the Rules of the Bursa Malaysia Securities Berhad.

For fund and unit trusts management, initial service charge and management fee are recognised as income on an accrual basis at the rates stated in the prospectus of the respective unit trust funds. Distribution income from the unit trust funds is recognised on the ex-distribution date.

Dividends from securities portfolio are recognised when received.

Dividends from subsidiaries and associates are included in the income statement when the shareholders' right to receive payment is established.

Fees and other profits from Islamic banking business are recognised on an accrual basis in accordance with the principles of Syariah.

19. INTEREST, FINANCING AND RELATED EXPENSES RECOGNITION

Interest expense and attributable profit on deposits and borrowings are recognised on an accrual basis.

20. FINANCIAL ASSETS

All financial assets which include derivative financial instruments have to be recognised in the statement of financial position and measured in accordance with their assigned category.

The Group allocates financial assets to the following categories: loans, advances and financing; financial assets at fair value through profit or loss, financial investments available-for-sale; and financial investments held-to-maturity. Management determines the classification of its financial instruments at initial recognition.

a) Loans, advances and financing

Loans, advances and financing are non-derivative financial assets with fixed or determinable payments that are not quoted in active market.

Loans, advances and financing are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method, less impairment allowance.

An uncollectible loan, advance and financing or portion of a loan, advance and financing classified as bad is written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

At each reporting date, the Group assesses whether there is objective evidence that a loan or group of loans is impaired. A loan or a group of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or group of loans that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include among others:

- Past due contractual payments;
- Significant financial difficulties of borrower;
- Probability of bankruptcy or other financial re-organisation;
- Default of related borrower;
- A breach of contract;
- The lender grants a concession to the borrower in relation to the borrower's financial difficulties;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- Measurable decrease in estimated future cash flows from a group of financial assets.

The estimated period between a loss occurring and its identification varies between three months and twelve months; in exceptional cases, longer periods are warranted.

The Group first assess whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determine that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loan's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

20. FINANCIAL ASSETS (cont'd)

a) Loans, advances and financing (cont'd)

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the borrowers' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the Group and historical loss experience for loans with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The collective assessment is also subject to the transitional arrangement prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 17 December 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans, advances and financing, net of individual impairment allowance.

b) Financial assets at fair value through profit or loss

A financial asset is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments. Derivatives are recognised in the statement of financial position as 'Derivative financial assets' when their fair values are positive. Financial assets held-for-trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognised in the statement of financial position as 'Financial assets held-for-trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement.

The Group may designate certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. The fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivatives that must be separated.

Financial assets for which the fair value option is applied are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in the income statement.

20. FINANCIAL ASSETS (cont'd)

b) Financial assets at fair value through profit or loss (cont'd)

The Group may choose to reclassify a non-derivative financial assets held-for-trading out of this category where:

- in rare circumstances, it is no longer held for the purpose of selling or repurchasing in the near term or
- it is no longer held for purpose of trading, it would have met the definition of a loan and receivable on initial classification and the Group have the intention and ability to hold it for the foreseeable future or until maturity.

c) Financial investments available-for-sale

Financial investments available-for-sale are non-derivative financial assets that are either designated in this category or not classified as held-for-trading or held-to-maturity investments.

Investments in equity instruments where there is no quoted market price in an active market and whose fair value cannot be reliably measured, will be stated at cost.

Any gains or losses arising from the change in fair value adjustments are recognised directly in statement of comprehensive income except for impairment losses and foreign exchange gains or losses. When the financial asset is derecognised, the cumulative gains or loss previously recognised in statement of comprehensive income shall be transferred to the income statement.

Financial investments available-for-sale that would have met the definition of loans and receivables may only be transferred from the available-for-sale classification where the Group has the intention and the ability to hold the asset for the foreseeable future or until maturity.

Impairment of financial investments available-for-sale is assessed when there is an objective evidence of impairment. Cumulative unrealised losses that had been recognised directly in equity shall be removed and recognised in income statement even though the securities have not been derecognised. Impairment loss in addition to the above unrealised losses is also recognised in the income statement. Subsequent reversal of impairment on debt instrument in the income statement is allowed when the decrease in impairment can be related objectively to an event occurring after the impairment was recognised.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses recognised in the income statement on equity instruments shall not be reversed.

d) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Financial investments held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses are recognised in income statement when the securities are derecognised or impaired and through the amortisation process.

If, as a result of a change in intention or ability, it is no longer appropriate to classify a financial investment as held-to-maturity, the investment is reclassified as available-for-sale and re-measured at fair value, and the difference between its carrying amount and fair value shall be recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

20. FINANCIAL ASSETS (cont'd)

d) Financial investments held-to-maturity (cont'd)

Any sale or reclassification of a significant amount of financial investments held-to-maturity before maturity during the current financial year or last two preceding financial years will "taint" the entire category and result in the remaining financial investments held-to-maturity being reclassified to available-for-sale except for sales or reclassification that:

- are so close to maturity or call date that changes in the market rate of interest would not have significant effect on the financial asset's fair value;
- occur after the Group has collected substantially all of the financial asset's original principal; or
- are attributable to an isolated event that is beyond the Group's control, non-recurring and could not have been reasonably anticipated by the Group.

Impairment of financial investments held-to-maturity is assessed when there is an objective evidence of impairment. The impairment loss is measured as the difference between the financial investments' carrying amount and the present value of estimated future cash flows discounted at the financial investments' original effective interest rate. Subsequent reversal of impairment is allowed in the event of an objective decrease in impairment. Recognition of impairment losses and its reversal is made through the income statement.

e) Recognition

The Group uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for de-recognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-pledge them.

f) De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Company test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

21. FINANCIAL LIABILITIES

All financial liabilities which include derivative financial instruments have to be recognised in the statement of financial position and measured in accordance with their assigned category.

The Group's holding in financial liabilities are in financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments. Derivatives are recognised in the statement of financial position as 'Derivative financial liabilities' when their fair values are negative.

Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in the income statement.

21. FINANCIAL LIABILITIES (cont'd)

- b) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. All the financial liabilities of the Group and the Company are measured at amortised cost.

- c) De-recognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

22. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

23. CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in the statement of comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the financial asset and other changes in the carrying amount of the financial asset. Translation differences related to changes in the amortised cost are recognised in income statement, and other changes in the carrying amount are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are recognised in income statement as part of fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in the statement of comprehensive income.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are classified as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises fair value gain or loss immediately.

24. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designated certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for designated derivatives provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to income statement over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained profits until disposal of the equity security.

b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the statement of comprehensive income. The gain and loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods in which the hedged item will affect income statement (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Gains and losses on interest rate swaps, futures, forward and option contracts that qualify as hedges are deferred and amortised over the life of hedged assets or liabilities as adjustments to interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial year using the mark-to-market method and are included in the income statement.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

26. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments as well as making strategic decisions for the Group.

27. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Allowance for impairment on loans, advances and financing*

The accounting estimates and judgements related to the impairment of loans and provision for off-balance sheet positions is a critical accounting estimate because the underlying assumptions used for both the individually and collectively assessed impairment can change from period to period and may significantly affect the Group's results of operations.

In assessing assets for impairment, management judgement is required. The determination of the impairment allowance required for loans which are deemed to be individually significant often requires the use of considerable management judgement concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be a readily accessible in the market. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from the reported allowances.

(b) *Allowance for losses on loans, advances and financing*

The impairment allowance for portfolios of smaller-balance homogenous loans, such as those to individuals and small business customers of the private and retail business, and for those loans which are individually significant but for which no objective evidence of impairment exists, is determined on a collective basis. The collective impairment allowance is calculated on a portfolio basis using statistical models which incorporate numerous estimates and judgements, and therefore is subject to estimation uncertainty. The Group performs regular review of the models and underlying data and assumptions as far as possible to reflect the current economic circumstances. The probability of default, loss given defaults, and loss identification period, amongst other things, are all taken into account during this review.

(c) *Estimated impairment of goodwill*

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash-generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

Notes to the Financial Statements

31 December 2011

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are commercial banking, Islamic banking business, investment banking and stock-broking, money-broking, fund and unit trusts management. The principal activities of the jointly controlled entities are underwriting of life insurance business and property development while the associate is principally engaged in general insurance business.

The number of employees in the Group and the Company as at 31 December 2011 was 3,790 (2010: 3,580) and 22 (2010: 25) employees respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities Berhad.

2. CASH AND SHORT-TERM FUNDS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances with banks and other financial institutions	213,581	191,246	34	45
Money at call and deposits placements maturing within one month	9,526,727	8,492,989	67,299	126,141
	9,740,308	8,684,235	67,333	126,186

Included in cash and short-term funds of the Group is RM64,438,980 (2010: RM54,601,630) related to accounts maintained for clients and remisiers.

3. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed banks	279,458	18,093	216,396	176,633

Included in deposits placed with banks and other financial institutions of the Group and the Company is RM2,492,000 (2010: RM2,419,000) pledged with licensed banks for term loan facilities of the Group and Company.

4. FINANCIAL ASSETS HELD-FOR-TRADING

<u>At fair value</u>	GROUP	
	2011 RM'000	2010 RM'000
Bank Negara Malaysia Notes	149,832	99,853
Negotiable Instruments of Deposit	–	50,092
Total financial assets held-for-trading	149,832	149,945

5. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

At fair value	GROUP	
	2011 RM'000	2010 RM'000
Malaysian Government Securities	675,045	1,529,606
Malaysian Government Treasury Bills	39,421	166,566
Malaysian Government Investment Issuance	3,846,939	2,233,111
Cagamas Bonds	181,510	222,915
Bank Negara Malaysia Sukuk	–	32,017
Khazanah Bonds	14,262	13,250
Bankers' Acceptance and Islamic Acceptance Bills	–	556,994
Bank Negara Malaysia Notes	174,620	1,006,592
Negotiable Instruments of Deposit and Islamic Debt Certificate	102,121	141,072
	5,033,918	5,902,123
Quoted securities		
- Shares in Malaysia	47,762	58,669
- Private Debt Securities in Malaysia	2,167	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,124	4,124
Unquoted securities		
- Shares in Malaysia	123,146	108,073
- Private Debt Securities in Malaysia	3,115,720	2,095,775
- Private Debt Securities outside Malaysia	872,823	511,858
	9,199,660	8,682,789
Allowance for impairment of securities	(76,768)	(90,256)
Total financial investments available-for-sale	9,122,892	8,592,533

6. FINANCIAL INVESTMENTS HELD-TO-MATURITY

At amortised cost	GROUP	
	2011 RM'000	2010 RM'000
Quoted securities		
- Private Debt Securities in Malaysia	34,623	38,123
Unquoted securities		
- Private Debt Securities in Malaysia	704,232	586,104
- Redeemable Convertible Unsecured Loan Stock in Malaysia	12,919	13,340
	751,774	637,567
Allowance for impairment of securities	(100,851)	(101,019)
Total financial investments held-to-maturity	650,923	536,548

7. LOANS, ADVANCES AND FINANCING

By Type	GROUP	
	2011 RM'000	2010 RM'000
Overdrafts	1,856,907	1,971,364
Term loans/financing		
- Housing loans/financing	4,544,089	3,885,327
- Syndicated term loans/financing	1,625,076	1,394,211
- Hire purchase receivables	8,869,439	7,835,986
- Other term loans/financing	10,448,342	8,240,501
Bills receivables	42,928	39,077
Trust receipts	374,449	266,050
Claims on customers under acceptance credits	694,365	659,074
Staff loans/financing (of which RM Nil to directors)	155,279	160,557
Credit/charge cards	93,116	101,682
Revolving credit	2,318,313	2,566,889
Margin financing	45,056	40,955
Factoring	12,318	3,185
Gross loans, advances and financing	31,079,677	27,164,858
Less: Allowance for impairment		
- Collective impairment	(462,953)	(405,085)
- Individual impairment	(179,878)	(185,707)
Total net loans, advances and financing	30,436,846	26,574,066

Included in term loans are housing loans amounting to RM428,459,000 (2010: RM288,891,000) sold to Cagamas Berhad with recourse.

Included in other term loans/financing is a term financing of RM23.3 million (2010: RM13.5 million) granted by AFFIN Islamic Bank Berhad to a jointly controlled entity, namely AFFIN-i Goodyear Sdn Bhd.

	GROUP	
	2011 RM'000	2010 RM'000
BY MATURITY STRUCTURE		
Maturing within one year	6,170,676	6,951,917
One year to three years	3,801,004	2,808,471
Three years to five years	5,516,248	4,475,504
Over five years	15,591,749	12,928,966
Total	31,079,677	27,164,858

BY TYPE OF CUSTOMER

Domestic banking institutions	949	—
Domestic non-banking institutions		
- Stock-broking companies	—	270
- Others	2,078,889	2,146,330
Domestic business enterprises		
- Small medium enterprise	7,605,717	6,833,345
- Others	7,940,697	6,284,713
Government and statutory bodies	65,487	75,394
Individuals	12,961,182	11,549,238
Other domestic entities	164,857	45,584
Foreign entities	261,899	229,984
Total	31,079,677	27,164,858

7. LOANS, ADVANCES AND FINANCING (cont'd)

	GROUP	
	2011	2010
	RM'000	RM'000
<u>BY INTEREST/PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	289,374	292,884
- Hire purchase receivables	8,869,438	7,834,034
- Other fixed rate loans/financing	4,484,845	3,975,266
- Margin financing	45,056	31,356
Variable rate		
- BLR plus	11,271,790	10,210,602
- Cost plus	6,119,174	4,820,716
	31,079,677	27,164,858
<u>BY ECONOMIC PURPOSE</u>		
Construction	1,634,872	824,650
Purchase of landed property of which		
- Residential	4,654,475	4,014,078
- Non-residential	3,791,366	2,637,636
Purchase of securities	176,302	357,881
Purchase of transport vehicles	9,112,854	7,869,187
Fixed assets other than land and building	326,549	339,184
Personal use	827,086	731,288
Credit card	93,116	101,682
Consumer durable	958	1,067
Merger and acquisition	98,651	4,867
Working capital	9,901,757	9,912,895
Others	461,691	370,443
	31,079,677	27,164,858
<u>BY SECTOR</u>		
Primary agriculture	539,364	532,442
Mining and quarrying	431,334	373,899
Manufacturing	2,294,794	1,834,288
Electricity, gas and water supply	172,860	215,707
Construction	2,553,635	2,494,920
Real estate	3,095,024	2,410,269
Wholesale and retail trade and restaurants and hotels	1,466,419	1,244,657
Transport, storage and communication	1,946,061	1,084,086
Finance, insurance and business services	4,288,464	4,421,179
Education, health and others	1,146,839	855,655
Household	13,092,597	11,654,880
Others	52,286	42,876
	31,079,677	27,164,858

7. LOANS, ADVANCES AND FINANCING (cont'd)

	GROUP	
	2011 RM'000	2010 RM'000
BY GEOGRAPHICAL DISTRIBUTION		
Perlis	56,604	27,648
Kedah	942,274	902,980
Pulau Pinang	1,525,797	1,271,331
Perak	917,610	853,633
Selangor	9,524,022	7,753,378
Wilayah Persekutuan	9,399,510	9,114,769
Negeri Sembilan	753,916	721,564
Melaka	696,178	663,856
Johor	2,631,232	2,027,324
Pahang	633,914	623,000
Terengganu	580,189	567,382
Kelantan	268,161	256,176
Sarawak	1,072,628	806,070
Sabah	1,272,938	1,173,362
Labuan	262,731	277,901
Outside Malaysia	541,973	124,484
	31,079,677	27,164,858

IMPAIRED LOANS, ADVANCES AND FINANCING

Movements of impaired loans, advances and financing

Balance at beginning of financial year	989,769	1,143,127
Classified as impaired during the financial year	535,462	689,486
Reclassified as non-impaired during the financial year	(343,790)	(313,634)
Amount recovered	(186,621)	(234,926)
Amount written-off	(111,862)	(282,920)
Amount converted to financial investments held-for-trading	-	(11,364)
Balance at end of financial year	882,958	989,769

Impaired loans, advances and financing by economic purpose

Construction	63,547	63,407
Purchase of landed property of which:		
- Residential	382,814	407,763
- Non-residential	34,354	44,744
Purchase of securities	3,000	3,020
Purchase of transport vehicles	106,606	81,586
Fixed assets other than land and building	17,758	3,633
Personal use	12,699	16,373
Credit card	499	636
Consumer durable	33	34
Working capital	260,129	368,356
Others	1,519	217
	882,958	989,769

7. LOANS, ADVANCES AND FINANCING (cont'd)

	GROUP	
	2011	2010
	RM'000	RM'000
<u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	7,855	11,937
Mining and quarrying	–	50
Manufacturing	48,663	99,831
Electricity, gas and water supply	1,928	2,360
Construction	190,682	253,827
Real estate	4,159	8,263
Wholesale and retail trade and restaurants and hotels	50,369	65,303
Transport, storage and communication	5,086	4,633
Finance, insurance and business services	51,926	15,108
Education, health and others	8,547	8,301
Household	510,089	520,156
Others	3,654	–
	882,958	989,769

Impaired loans, advances and financing by geographical distribution

Perlis	332	840
Kedah	24,835	40,612
Pulau Pinang	25,585	30,120
Perak	23,884	16,202
Selangor	424,290	445,219
Wilayah Persekutuan	123,066	185,921
Negeri Sembilan	39,790	37,483
Melaka	16,229	15,854
Johor	65,744	88,097
Pahang	11,840	17,013
Terengganu	5,776	8,009
Kelantan	7,193	6,171
Sarawak	7,694	6,614
Sabah	15,533	14,387
Labuan	15	45
Outside Malaysia	91,152	77,182
	882,958	989,769

Movements in allowance for impairment on loans, advances and financing**Collective impairment**

Balance at beginning of financial year	405,085	458,245
Allowance (net of write-back) made during the financial year	69,632	(2,012)
Amount written-off during the financial year	(12,118)	(49,850)
Exchange difference	354	(1,298)
Balance at end of financial year	462,953	405,085

7. LOANS, ADVANCES AND FINANCING (cont'd)

	GROUP	
	2011	2010
	RM'000	RM'000
Individual impairment		
Balance at beginning of financial year	185,707	261,477
Allowance made during the financial year	120,585	200,097
Amount recovered during the financial year	(13,696)	(23,799)
Amount converted to financial investments held-for-trading	–	(11,364)
Amount written-off during the financial year	(98,012)	(234,152)
Unwinding discount of allowance	(14,706)	(6,552)
	179,878	185,707

8. DERIVATIVE FINANCIAL ASSETS

	<----- GROUP -----> 2011		<----- GROUP -----> 2010	
	Contract/ Notional Amount RM'000	Assets RM'000	Contract/ Notional Amount RM'000	Assets RM'000
At fair value:-				
Foreign exchange derivatives:				
- Currency forwards	246,290	2,433	240,549	2,381
- Cross currency swaps	859,504	16,097	1,326,525	33,029
Interest rate derivatives				
- Interest rate swaps	396,178	28,493	560,092	16,216
	1,501,972	47,023	2,127,166	51,626

9. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentages of total eligible liabilities.

10. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2011	2010
	RM'000	RM'000
Unquoted shares at cost	3,536,914	3,640,443
Allowance for impairment losses	–	(3,452)
	3,536,914	3,636,991

10. INVESTMENT IN SUBSIDIARIES (cont'd)

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name	Principal activities	Issued and paid up share capital RM'000	Effective percentage of equity held	
			2011 %	2010 %
(1) AFFIN Bank Berhad	Provision of commercial banking and hire purchase services	1,439,285	100	100
- AFFIN Islamic Bank Bhd	Provision of Islamic banking services	260,000	100	100
- ABB Trustee Berhad #	Trustee management services	500	100	100
- PAB Properties Sdn Bhd	Property management services	8,000	100	100
- ABB Nominee (Tempatan) Sdn Bhd	Nominee services	40	100	100
- ABB Nominee (Asing) Sdn Bhd	Nominee services	@	100	100
- AFFIN Factors Sdn Bhd	Dormant	10,000	100	100
- PAB Property Development Sdn Bhd	Dormant	250	100	100
- PAB Property Management Services Sdn Bhd	Dormant	30	100	100
- ABB Venture Capital Sdn Bhd	Dormant	@	100	100
- AFFIN Futures Sdn Bhd	Dormant	13,000	100	100
- ABB IT & Services Sdn Bhd	Dormant	2,000	100	100
- BSNCB Nominees (Tempatan) Sdn Bhd	Dormant	500	100	100
- BSNC Nominees (Tempatan) Sdn Bhd	Dormant	10	100	100
- BSN Merchant Nominees (Tempatan) Sdn Bhd	Dormant	10	100	100
- BSN Merchant Nominees (Asing) Sdn Bhd	Dormant	10	100	100
- AFFIN Recoveries Berhad	Dormant	125,000	100	100
- ABB Asset Management (M) Berhad	Dormant	@	100	100
- AFFIN-ACF Nominees (Tempatan) Sdn Bhd	Dormant	25	100	100

10. INVESTMENT IN SUBSIDIARIES (cont'd)

The subsidiaries, all of which are incorporated in Malaysia, are as follows:- (cont'd)

Name	Principal activities	Issued and paid up share capital RM'000	Effective percentage of equity held	
			2011 %	2010 %
(2) AFFIN Investment Bank Berhad	Provision of investment banking services	222,246	100	100
- AFFIN Fund Management Berhad	Asset management and management of unit trust	12,000	100	100
- AFFIN Nominees (Tempatan) Sdn Bhd	Nominees services	@	100	100
- AFFIN Nominees (Asing) Sdn Bhd	Nominees services	@	100	100
- Classic Precision Sdn Bhd	Investment holding	10	67	67
- Merchant Nominees (Tempatan) Sdn Bhd	In members' voluntary winding-up	–	100	100
- Merchant Nominees (Asing) Sdn Bhd	In members' voluntary winding-up	–	100	100
(3) AFFIN Moneybrokers Sdn Bhd	Money-broking	1,000	100	100
(4) AFFIN-ADB Sdn Bhd	In members' voluntary winding-up	–	100	100
(5) AFFIN Capital Sdn Bhd	In members' voluntary winding-up	–	100	100
- AFFIN Securities Sdn Bhd	Dissolved on 7 January 2012	–	100	100
(6) AFFIN-ACF Holdings Sdn Bhd	Investment holding	338,382	100	100
- AFFIN-ACF Capital Sdn Bhd	Dormant	498,589	100	100
- AFFIN Leasing Sdn Bhd	In members' voluntary winding-up	–	100	100
- AFFIN.Com Sdn Bhd	Dissolved on 4 February 2012	–	100	100
- AFFIN-ACF Management Services Sdn Bhd	In members' voluntary winding-up	–	100	100

80% held by directors of AFFIN Bank Berhad, in trust for AFFIN Bank Berhad
@ Subsidiaries with issued and paid up share capital of RM2 each

11. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
10-year subordinated term loan to a licensed bank subsidiary (a)	300,672	300,682
10-year subordinated term loan II to a licensed bank subsidiary (b)	301,178	–
Other receivables (c)	1,212	74
	603,062	300,756

- (a) The 10-year subordinated term loan to a licensed bank subsidiary is unsecured and carries interest rates ranging from 3.77% to 4.11% per annum during the financial year. The term loan has a bullet repayment on 10 March 2019.
- (b) The 10-year subordinated term loan II to a licensed bank subsidiary is unsecured and carries interest rates ranging from 4.34% to 4.36% per annum during the financial year. The term loan has a bullet repayment on 25 May 2021.
- (c) The other receivables from subsidiaries are unsecured, interest-free and have no fixed term of repayment.

On 16 January 2012, the Company has granted another 10-year subordinated loan of RM300 million to AFFIN Bank Berhad, financed by another term loan from a licensed bank of the same amount on the same day.

12. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares at cost	136,160	129,020	135,660	128,520
Group's share of post acquisition losses	(20,730)	(15,709)	–	–
	115,430	113,311	135,660	128,520

	GROUP	
	2011 RM'000	2010 RM'000
Group's share of net assets	115,430	113,311

	GROUP	
	2011 RM'000	2010 RM'000
The summarised financial information of jointly controlled entities are as follows:-		
Revenue	200,140	286,671
Profit after tax	(6,448)	1,609
Total assets	913,688	802,208
Total liabilities	684,609	582,567
Capital commitment for property and equipment	–	–

12. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (cont'd)

The jointly controlled entities were incorporated in Malaysia and the details are as follows:-

Name	Principal activities	Issued and paid up share capital RM'000	Percentage of equity held	
			2011 %	2010 %
AXA AFFIN Life Insurance Berhad*	Underwriting of life insurance business	266,000	51	51
AFFIN-i Goodyear Sdn Bhd#	Property development	1,000	50	50

* Shareholding of AXA AFFIN Life Insurance Berhad held directly by the Company.

Shareholding of AFFIN-i Goodyear Sdn Bhd held directly by AFFIN Islamic Bank Berhad.

13. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares at cost	10,597	10,597	10,597	10,597
Group's share of post acquisition reserves	144,951	142,182	–	–
	155,548	152,779	10,597	10,597

	GROUP	
	2011 RM'000	2010 RM'000
Group's share of net assets	156,074	153,305
Discount on acquisition	(526)	(526)
	155,548	152,779

	GROUP	
	2011 RM'000	2010 RM'000
Revenue	717,744	615,594
Profit after tax	9,185	24,534
Total assets	1,432,329	1,604,814
Total liabilities	959,900	1,137,705
Capital commitment for property and equipment	3,736	3,459

The summarised financial information of associate are as follows:-

Revenue	717,744	615,594
Profit after tax	9,185	24,534
Total assets	1,432,329	1,604,814
Total liabilities	959,900	1,137,705
Capital commitment for property and equipment	3,736	3,459

13. INVESTMENT IN ASSOCIATE (cont'd)

The associate was incorporated in Malaysia and the details are as follows:-

Name	Principal activities	Issued and paid up share capital RM'000	Percentage of equity held	
			2011 %	2010 %
AXA AFFIN General Insurance Berhad*	Underwriting of general insurance business	119,048	33.6	33.6

* Shareholding held directly by the Company

14. AMOUNT DUE FROM ASSOCIATE

	GROUP AND COMPANY	
	2011 RM'000	2010 RM'000
3-year senior loan (a)	–	24,573
10-year subordinated loan (b)	67,255	67,255
Other receivable (c)	2	–
	67,257	91,828

(a) The 3-year senior loan to associate is unsecured and carries a fixed interest rate of 6.0% per annum during the financial year. The senior loan had been fully repaid on 10 May 2011.

(b) The 10-year subordinated loan to associate is unsecured and carries a fixed interest rate of 8.00% per annum during the financial year. The subordinated loan has a bullet repayment on 28 April 2020.

(c) The amount due from associate is unsecured, interest-free and has no fixed term of repayment.

15. TRADE RECEIVABLES

	GROUP	
	2011 RM'000	2010 RM'000
Management fees receivable on fund management	974	896
Amount due from stock-broking clients (a)	99,296	107,966
Amount due from Bursa Securities Clearing Sdn Bhd	63,752	165,326
	164,022	274,188
Allowance for impairment (b)		
- collective impairment	(211)	(190)
- individual impairment	(3,572)	(3,986)
	160,239	270,012
(a) Movements of impaired amount due from clients are as follows:-		
Balance at beginning of financial year	3,986	4,341
Amount classified as impaired during the financial year	210	128
Amount recovered	(624)	(483)
	3,572	3,986

15. TRADE RECEIVABLES (cont'd)

	GROUP	
	2011	2010
	RM'000	RM'000
(b) Movements in allowance for impairment on trade receivables:-		
<u>Collective impairment</u>		
Balance at beginning of financial year	190	136
Allowance made during the financial year	21	177
Amounts recovered	-	(123)
Balance at end of financial year	211	190
<u>Individual impairment</u>		
Balance at beginning of financial year	3,986	4,341
Allowance made during the financial year	210	128
Amounts recovered	(624)	(483)
Balance at end of financial year	3,572	3,986

16. OTHER ASSETS

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Clearing accounts	104,755	4,160	-	-
Foreclosed properties (a)	40,950	161,261	-	-
Other debtors, deposits and prepayments (b)	28,722	50,520	382	319
Amount due from jointly controlled entities (c)	2,747	2,745	2	-
	177,174	218,686	384	319

	GROUP	
	2011	2010
	RM'000	RM'000
(a) <u>Foreclosed properties</u>		
As at beginning of the financial year	161,261	180,329
Amount arising during the financial year	1,190	1,370
Reclassification from land held for sale	-	613
Disposal during the financial year	(118,959)	(18,611)
	43,492	163,701
Provision for diminution in value of foreclosed properties	(2,542)	(2,440)
As at end of the financial year	40,950	161,261

16. OTHER ASSETS (cont'd)

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(b) <u>Other debtors, deposits and prepayments</u>				
Other debtors, deposits and prepayments	38,644	60,382	382	319
Less: Allowance for bad and doubtful debts	(9,922)	(9,862)	–	–
	28,722	50,520	382	319

(c) Amount due from jointly controlled entities

The amount due from jointly controlled entities are unsecured, interest-free and have no fixed term of repayment.

17. PROPERTY AND EQUIPMENT

<-- Leasehold land -->

GROUP	Freehold land RM'000	50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovations RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Computers RM'000	Total RM'000
2011											
Cost											
At 1 January	24,287	12,862	5,380	33,211	89,069	108,537	57,933	6,563	1,617	85,245	424,704
- Additions	-	-	-	-	-	11,621	4,966	1,647	11,469	5,651	35,354
- Disposals	(1,476)	-	-	(1,198)	-	(805)	(309)	(531)	-	(1,287)	(5,606)
- Write-off	-	-	-	-	-	(1,347)	(1,342)	-	-	(2,330)	(5,019)
- Reclassification	-	-	-	-	-	-	-	-	-	-	-
- Reclassification to intangible assets (Note 18)	-	-	-	-	-	217	1,039	-	(11,210)	607	(9,347)
At 31 December	22,811	12,862	5,380	32,013	89,069	118,223	62,287	7,679	1,876	87,886	440,086

Accumulated depreciation

At 1 January	-	1,811	1,332	13,273	19,793	94,291	40,861	4,781	-	71,665	247,807
- Charge for the financial year	-	112	120	535	1,789	7,517	3,481	864	-	7,223	21,641
- Disposals	-	-	-	(542)	-	(799)	(304)	(486)	-	(1,286)	(3,417)
- Write-off	-	-	-	-	-	(1,181)	(1,179)	-	-	(2,234)	(4,594)
- Reclassification	-	-	-	-	-	-	-	-	-	-	-
At 31 December	-	1,923	1,452	13,266	21,582	99,828	42,859	5,159	-	75,368	261,437
Net book value											
At 31 December	22,811	10,939	3,928	18,747	67,487	18,395	19,428	2,520	1,876	12,518	178,649

17. PROPERTY AND EQUIPMENT (cont'd)

GROUP	←--- Leasehold land ---→										Total RM'000	
	Freehold land RM'000	50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovations RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Computers RM'000		
2010												
Cost												
At 1 January	25,087	13,470	5,694	33,480	89,549	107,477	58,091	6,381	2,251	82,581	424,061	
- Additions	-	-	-	-	-	1,753	1,465	824	3,559	3,597	11,198	
- Disposals	(800)	(608)	(314)	(269)	(480)	(694)	(62)	(622)	-	(343)	(4,192)	
- Write-off	-	-	-	-	-	(52)	(1,648)	(20)	-	(554)	(2,274)	
- Reclassification to intangible assets (Note 18)	-	-	-	-	-	53	87	-	(104)	(36)	-	
	-	-	-	-	-	-	-	-	(4,089)	-	(4,089)	
At 31 December	24,287	12,862	5,380	33,211	89,069	108,537	57,933	6,563	1,617	85,245	424,704	
Accumulated depreciation												
At 1 January	-	1,757	1,227	12,810	18,078	87,233	38,563	4,560	-	63,059	227,287	
- Charge for the financial year	-	111	122	552	1,789	7,692	3,854	856	-	9,438	24,414	
- Disposals	-	(57)	(17)	(89)	(74)	(598)	(50)	(617)	-	(343)	(1,845)	
- Write-off	-	-	-	-	-	(36)	(1,511)	(18)	-	(484)	(2,049)	
- Reclassification	-	-	-	-	-	-	5	-	-	(5)	-	
At 31 December	-	1,811	1,332	13,273	19,793	94,291	40,861	4,781	-	71,665	247,807	
Net book value												
At 31 December	24,287	11,051	4,048	19,938	69,276	14,246	17,072	1,782	1,617	13,580	176,897	

17 PROPERTY AND EQUIPMENT (cont'd)

COMPANY	Renovations RM'000	Furniture and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
2011					
Cost					
At 1 January	565	571	262	399	1,797
- Additions	–	3	6	398	407
- Write-off	–	(4)	(7)	–	(11)
- Disposal	–	–	–	(250)	(250)
At 31 December	565	570	261	547	1,943
Accumulated depreciation					
At 1 January	248	293	181	341	1,063
- Charge for the financial year	57	61	32	96	246
- Write-off	–	(4)	(7)	–	(11)
- Disposal	–	–	–	(250)	(250)
At 31 December	305	350	206	187	1,048
Net book value					
At 31 December	260	220	55	360	895
2010					
Cost					
At 1 January	562	565	243	399	1,769
- Additions	3	6	19	–	28
At 31 December	565	571	262	399	1,797
Accumulated depreciation					
At 1 January	192	230	141	269	832
- Charge for the financial year	56	63	40	72	231
At 31 December	248	293	181	341	1,063
Net book value					
At 31 December	317	278	81	58	734

18. INTANGIBLE ASSETS

GROUP	Goodwill RM'000	Computer Software RM'000	Total RM'000
2011			
Cost			
At 1 January	989,741	120,112	1,109,853
Reclassification from property and equipment (Note 17)	–	9,347	9,347
Additions	–	1,986	1,986
Write-off	–	(4)	(4)
Disposal	–	(23)	(23)
At 31 December	989,741	131,418	1,121,159
Accumulated amortisation and impairment losses			
At 1 January	–	97,986	97,986
Charge for the financial year	–	9,779	9,779
Write-off	–	(3)	(3)
Disposal	–	(22)	(22)
At 31 December	–	107,740	107,740
Net book value			
At 31 December	989,741	23,678	1,013,419
GROUP			
2010			
Cost			
At 1 January	989,741	114,921	1,104,662
Reclassification from property and equipment (Note 17)	–	4,089	4,089
Additions	–	1,720	1,720
Write-off	–	(618)	(618)
At 31 December	989,741	120,112	1,109,853
Accumulated amortisation and impairment losses			
At 1 January	–	81,332	81,332
Charge for the financial year	–	16,980	16,980
Write-off	–	(326)	(326)
At 31 December	–	97,986	97,986
Net book value			
At 31 December	989,741	22,126	1,011,867

18. INTANGIBLE ASSETS (cont'd)

COMPANY	Computer Software	
	2011 RM'000	2010 RM'000
Cost		
At 1 January	20	19
Additions	–	1
At 31 December	20	20
Accumulated amortisation		
At 1 January	8	4
Charge for the financial year	3	4
At 31 December	11	8
Net book value		
At 31 December	9	12

Goodwill

The carrying amount of goodwill has been allocated to the respective subsidiaries (based on their principal activities), representing the cash-generating units (“CGUs”) of the Group as follows:-

Cash generating units	Carrying amount RM'000	Discount rate %
Commercial banking	829,478	11.73
Investment banking	97,346	14.98
Stock-broking	51,797	15.88
Money-broking	11,120	12.39
	989,741	

Goodwill is allocated to the Group's CGU which are expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flow projections based on 5 years financial budgets of the respective subsidiaries, which were approved by directors. The cash flow beyond the fifth year are assumed to grow at 5% on perpetual basis.

The cash flow projections are derived based on a number of key factors including past performance and management's expectations of the market developments. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable (“WACC”), at the date of assessment of the CGUs.

No impairment charge was required for goodwill arising from all the CGUs. The directors are of the view that any reasonable possible changes to the assumptions applied are not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount.

19. DEPOSITS FROM CUSTOMERS

	GROUP	
	2011	2010
	RM'000	RM'000
By type of deposits		
Money market deposit	528,435	707,411
Demand deposits	6,166,557	5,063,061
Savings deposits	1,526,891	1,400,535
Fixed deposits	25,029,568	22,302,750
Negotiable instruments of deposit ("NID")	5,289,049	3,131,351
Special investment deposits	822,914	642,171
	39,363,414	33,247,279
Maturity structure of fixed deposits and NID are as follows:-		
Due within six months	24,666,976	22,157,063
Six months to one year	5,256,389	3,203,556
One year to three years	113,977	50,362
Three years to five years	281,275	23,120
	30,318,617	25,434,101
By type of customers		
Government and statutory bodies	7,650,536	5,581,922
Business enterprise	12,983,379	11,108,695
Individuals	6,763,627	5,027,100
Others	11,965,872	11,529,562
	39,363,414	33,247,279

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP	
	2011	2010
	RM'000	RM'000
Licensed banks	3,851,379	5,425,724
Licensed investment banks	978,487	279,224
Bank Negara Malaysia	794,523	308,497
Other financial institutions	1,242,658	839,153
	6,867,047	6,852,598
Maturity structure of deposits are as follows:-		
Due within six months	6,458,729	6,590,941
Six months to one year	408,318	261,657
	6,867,047	6,852,598

21. TRADE PAYABLES

	GROUP	
	2011 RM'000	2010 RM'000
Amount due to stock-broking clients	156,908	258,802

The trade payables represent amount payable under outstanding sales contracts in relation to the stock-broking business.

22. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

In the normal course of banking operations, the banking subsidiaries sell loans and advances to Cagamas Berhad with recourse to the banking subsidiaries at values equivalent to the unpaid principal balances of loans and advances due from mortgages.

The banking subsidiaries are liable in respect of housing loans and hire purchase portfolio sold directly and indirectly to Cagamas Berhad, under the condition that the banking subsidiaries undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on agreed prudential criteria. Such financing transactions and the obligations to buy back the loans are reflected as a liability in the reporting date.

23. DERIVATIVE FINANCIAL LIABILITIES

	←----- GROUP -----> 2011		←----- GROUP -----> 2010	
	Contract/ Notional Amount RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Liabilities RM'000
At fair value:-				
Foreign exchange derivatives:				
- Currency forwards	466,576	6,313	487,922	19,025
- Cross currency swaps	1,465,194	33,904	340,850	22,715
Interest rate derivatives				
- Interest rate swap	1,950,454	56,737	919,193	28,455
	3,882,224	96,954	1,747,965	70,195

24. OTHER LIABILITIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	36,071	43,009	–	–
Amount due to other shareholders of a subsidiary	529	10,541	–	–
Margin and collateral deposits	72,793	65,191	–	–
Trust accounts for clients and remisers	65,190	52,150	–	–
Clearing accounts	–	44,616	–	–
Defined contribution plan (a)	11,595	12,616	–	–
Accrued employee benefits (b)	1,638	896	77	57
Other creditors and accruals	245,852	218,114	5,457	5,383
Provision for zakat	8,546	9,432	–	–
Dividends payable	–	100,884	–	100,884
	442,214	557,449	5,534	106,324

(a) Defined contribution plan

The Group contributes to the Employees Provident Fund (“EPF”), the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Accrued employee benefits

This refers to the accruals for short-term employee benefits for leave entitlement. Under employment contract, employees earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period.

25. AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries is unsecured, interest-free and has no fixed term of repayment.

26. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and current tax liabilities and when the deferred tax related to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax assets				
- to be recovered after more than 12 months	(122)	(2,472)	–	–
- to be recovered within 12 months	592	12,652	–	–
	470	10,180	–	–
Deferred tax liabilities				
- to be recovered after more than 12 months	(6,099)	(2,966)	–	(90)
- to be recovered within 12 months	(14,630)	(22,116)	(587)	(51)
	(20,729)	(25,082)	(587)	(141)
	(20,259)	(14,902)	(587)	(141)

26. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of the financial year	(14,902)	34,518	(141)	(166)
(Charged)/credited to income statements (Note 40)	1,231	(47,088)	(446)	25
Charged to equity*	(6,588)	(2,332)	-	-
At end of the financial year	(20,259)	(14,902)	(587)	(141)

The movements in deferred tax assets and liabilities during the financial year are as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of the financial year	(14,902)	34,518	(141)	(166)
(Charged)/credited to income statements (Note 40)	1,231	(47,088)	(446)	25
- property and equipment	(89)	1,217	(47)	24
- intangible assets	(394)	2,864	1	1
- general allowance on loans, advances and financing	-	(85,842)	-	-
- collective allowances (transitional provision) for bad and doubtful financing	(8,961)	9,178	-	-
- provision for other liabilities	(486)	3,510	-	-
- revaluation gain on forex	-	13,507	-	-
- revaluation gain on derivatives	-	2,301	-	-
- amortisation of premium less accretion of discounts	1,511	674	-	-
- accumulated impairment loss on securities	(11,528)	(19)	-	-
- others	21,178	5,522	(400)	-
Charged to equity*	(6,588)	(2,332)	-	-
At end of the financial year	(20,259)	(14,902)	(587)	(141)

* Excludes the deferred tax of RM214,000 (2010: RM2,124,000) on revaluation of financial investments available-for-sale of associate and jointly controlled entity.

26. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Subject to income tax:-				
Deferred tax assets (before offsetting):-				
Provision for other liabilities	5,277	5,763	-	-
Collective allowances (transitional provision) for bad and doubtful financing	217	9,178	-	-
Accumulated impairment loss on securities	2	11,530	-	-
Others	14,747	12	-	-
	20,243	26,483	-	-
Offsetting	(19,773)	(16,303)	-	-
Deferred tax assets (after offsetting)	470	10,180	-	-
Deferred tax liabilities (before offsetting):-				
Property and equipment	(6,017)	(5,928)	(185)	(138)
Intangible assets	(5,884)	(5,490)	(2)	(3)
AFS revaluation reserves	(28,203)	(21,615)	-	-
Accretion of discounts less amortisation of premium	-	(1,511)	-	-
Others	(398)	(6,841)	(400)	-
	(40,502)	(41,385)	(587)	(141)
Offsetting	19,773	16,303	-	-
Deferred tax liabilities (after offsetting)	(20,729)	(25,082)	(587)	(141)

The amount of unused tax losses for which no deferred tax assets is recognised in the reporting are as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax losses	104,171	105,595	-	-

27. BORROWINGS

	GROUP AND COMPANY	
	2011	2010
	RM'000	RM'000
Unsecured long-term borrowings		
- 5-year floating rate term loan (a)	301,830	301,562
- 5-year floating rate term loan ("Term Loan II") (b)	301,244	–
- 5-year fixed rate term loan (c)	66,571	66,329
- 3-year floating rate term loan (d)	–	24,495
	669,645	392,386

(a) 5-year floating rate term loan

The 5-year floating rate term loan is unsecured and carries interest rates ranging from 3.52% to 3.84% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 11 May 2009.

(b) 5-year floating rate term loan ("Term Loan II")

The 5-year floating rate term loan is unsecured and carries interest rates ranging from 4.09% to 4.11% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 26 May 2016.

(c) 5-year fixed rate term loan

The 5-year fixed rate term loan is unsecured and carries a fixed interest rate of 5.32% per annum during the financial year. The term loan has a bullet repayment on 30 April 2015.

(d) 3-year floating rate term loan

The 3-year floating rate term loan is unsecured and carries interest rates ranging from 4.10% to 4.30% per annum during the financial year. The term loan had been fully repaid on 10 May 2011.

28. SHARE CAPITAL

Group and Company	NUMBER OF ORDINARY SHARES OF RM1.00 EACH		AMOUNT	
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Authorised:-				
Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid up:-				
Ordinary shares of RM1 each				
At 1 January	1,494,576	1,494,371	1,494,576	1,494,371
Issue of share capital pursuant to:				
- the exercise of Warrants 2000/2010 (a)	–	205	–	205
At 31 December	1,494,576	1,494,576	1,494,576	1,494,576

(a) Warrants 2000/2010

On 8 July 2000, the Company issued 153,775,702 new warrants ("AFFIN Warrants 2000/2005") at no cost together with the right issue exercise on the basis of 1 new AFFIN Warrant 2000/2005 for every four ordinary shares held. The exercise price of AFFIN Warrants 2000/2005 was RM3.10 and was to expire on 7 July 2005. On 26 November 2004, the shareholders of the Company and the holders of AFFIN Warrant 2000/2005 approved the extension of the exercise period for a further 5 years and a Supplemental Deed Poll dated 26 November 2004 was executed to reflect the extension of the exercise period of the AFFIN Warrants 2000/2005 to expire on 7 July 2010 ("AFFIN Warrants 2000/2010"). The exercise price of the AFFIN Warrants 2000/2010 remain at RM3.10.

29. RESERVES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Retained profits	1,467,056	1,230,873	482,961	395,572
AFS revaluation reserves	102,339	84,631	–	–
Statutory reserves	1,127,843	990,543	–	–
	2,697,238	2,306,047	482,961	395,572

- (a) A single tier company tax was introduced effective 1 January 2008. Under this single tier system, tax on a company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with Section 108 tax credit balance are given an option to elect to move to a single tier system immediately or allowed to use the Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013.

The Company has elected to use its Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013. The Section 108 balance of the Company as at 31 December 2007 will be frozen and can only be adjusted downwards for any tax discharged, remitted or refunded during the 6 years period.

As at 31 December 2011, the Company has a tax credit balance of RM43,530,217 under Section 108 of the Income Tax Act, 1967 and tax exempt account balance of RM49,040,478 under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.

- (b) The statutory reserves of the Group are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and Islamic Banking Act, 1983 and are not distributable as cash dividends.
- (c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments available-for-sale. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.

30. REVENUE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross interest income (Note 31)	1,972,102	1,645,809	34,629	20,616
Other operating income:-				
Fee income	188,495	183,761	–	–
Income from financial instruments	49,780	55,513	–	–
Dividend income	–	–	236,543	193,368
Foreign exchange gains				
- realised	74,440	82,713	–	–
- unrealised	(18,035)	(9,829)	–	–
Miscellaneous operating income	3,698	9,574	–	–
	298,378	321,732	236,543	193,368
Income from Islamic operations:-				
Income derived from investment of depositors' funds and others	368,911	287,402	–	–
Income derived from the investment of Islamic Banking Capital funds	20,852	18,052	–	–
	389,763	305,454	–	–
TOTAL OPERATING REVENUE	2,660,243	2,272,995	271,172	213,984

31. INTEREST INCOME

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans, advances and financing	1,432,876	1,232,652	–	–
Money at call and deposits with financial institutions	145,019	109,521	8,924	5,388
Financial assets held-for-trading	64	320	–	–
Financial investments available-for-sale	266,477	198,828	–	–
Financial investments held-to-maturity	28,629	19,420	–	–
Derivatives	72,134	47,216	–	–
Subordinated term loan	–	–	25,705	15,228
Others	113	177	–	–
	1,945,312	1,608,134	34,629	20,616
Amortisation of premium less accretion of discount	26,790	37,675	–	–
	1,972,102	1,645,809	34,629	20,616
The above interest income includes interest/income earned on impaired loans, advances and financing - unwinding of discount of allowance (Net)	12,663	9,032		

32. INTEREST EXPENSE

	GROUP	
	2011 RM'000	2010 RM'000
Deposits and placements of banks and other financial institutions	110,397	110,004
Deposits from customers	886,026	607,457
Loans sold to Cagamas Berhad	14,913	14,559
Derivatives	81,967	65,392
Others	9,222	8,513
	1,102,525	805,925

33. ISLAMIC BANKING INCOME

	GROUP	
	2011 RM'000	2010 RM'000
Income derived from investment of depositors' funds and others	368,911	287,402
Less: Income attributable to depositors	(190,830)	(127,671)
	178,081	159,731
Income derived from investment of shareholders' funds	20,852	18,052
	198,933	177,783

34. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fee income:-				
Fees on loans, advances and financing	1,056	352	-	-
Net brokerage	59,991	58,268	-	-
Underwriting fees	1,326	2,339	-	-
Portfolio management fees	10,083	8,431	-	-
Corporate advisory fees	6,421	7,129	-	-
Commission	13,178	12,295	-	-
Service charges and fees	52,107	47,955	-	-
Guarantee fees	25,783	27,392	-	-
Arrangement fees	9,187	9,849	-	-
Agency fees	1,995	2,043	-	-
Other fee income	7,368	7,708	-	-
	188,495	183,761	-	-
Income from financial instruments:-				
Gains arising on financial assets held-for-trading				
- net gain on disposal	5,466	3,194	-	-
- unrealised losses	(9)	(244)	-	-
Gains/(losses) on derivatives				
- realised	2,600	346	-	-
- unrealised	(12,469)	4,271	-	-
Gains arising on financial investments available-for-sale				
- net gain on disposal	41,252	42,340	-	-
- gross dividend income	689	416	-	-
Gains arising on financial investments held-to-maturity				
- net gain on redemption	2,546	2,289	-	-
- gross dividend income	9,705	2,901	-	-
	49,780	55,513	-	-
Other income:-				
Foreign exchange gains/(losses)				
- realised	74,440	82,713	-	-
- unrealised	(18,035)	(9,829)	-	-
Rental income	1,952	1,834	-	-
Gains on disposal of property and equipment	139	246	48	-
Gains/(losses) on disposal of foreclosed properties	(272)	6,330	-	-
Gains on arising from waiver of debts	2,673	4,996	-	-
Gross dividends received from subsidiaries	-	-	236,543	193,368
Other non-operating income	13,900	22,173	-	-
	74,797	108,463	236,591	193,368
Total other operating income	313,072	347,737	236,591	193,368

35. OTHER OPERATING EXPENSSES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Personnel costs				
Wages, salaries and bonus	281,195	284,459	2,859	2,814
Defined contribution plan	45,372	44,396	497	490
Other personnel costs	43,138	35,929	519	493
	369,705	364,784	3,875	3,797
Promotion and marketing-related expenses				
Business promotion and advertisement	10,181	5,855	—	—
Entertainment	3,065	2,551	—	—
Travelling and accommodation	4,425	4,133	—	—
Dealer's handling fees	1,760	1,047	—	—
Commission	109	21	—	—
Others	2,140	1,749	—	—
	21,680	15,356	—	—
Establishment-related expenses				
Rental of premises	26,710	25,564	696	696
Equipment rental	1,054	944	6	6
Repair and maintenance	30,685	27,585	76	76
Depreciation of property and equipment	21,641	24,414	246	231
Amortisation of intangible assets	9,779	16,980	3	4
IT consultancy fee	57,272	54,659	—	—
Dataline rental	3,477	5,014	—	—
Security services	10,461	9,228	—	—
Others	18,523	18,134	22	20
	179,602	182,522	1,049	1,033
General and administrative expenses				
Telecommunication expenses	6,934	6,359	33	34
Auditors' remuneration	2,191	2,813	185	185
Professional fees	13,872	21,650	99	49
Provision for litigation loss	9,371	—	—	—
Property and equipment written-off	425	225	—	—
Intangible assets written-off	—	292	—	—
Postage and courier charges	3,895	4,513	5	6
Stationery and consumables	9,908	7,511	22	17
Subscription fees	1,602	1,626	17	11
Subsidies and allowances	925	1,037	—	—
Transaction levy	1,577	1,435	—	—
Commissioned dealers representative performance incentive	2,998	3,967	—	—
Others	34,076	26,071	3,346	3,512
	87,774	77,499	3,707	3,814
Total other operating expenses	658,761	640,161	8,631	8,644

35. OTHER OPERATING EXPENSES (cont'd)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
The above expenditure includes the following statutory disclosures :-				
Directors' remuneration (Note 36)	1,913	1,581	1,261	1,092
Auditors' remuneration:-				
- Statutory	1,250	1,138	159	159
- (Over)/under provision prior year	(4)	12	-	-
- Audit related fees	209	354	26	26
- Non audit fees	736	1,309	-	-

36. DIRECTORS' REMUNERATION

The directors of the Company in office during the year were as follows:-

Non-executive directors

Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin
 Tan Sri Dato' Lodin bin Wok Kamaruddin
 Raja Dato' Seri Aman bin Raja Haji Ahmad
 Dato' Mustafa bin Mohamad Ali
 Dr. the Hon. Sir David Li Kwok Po
 Professor Arthur Li Kwok Cheung
 Abd Malik bin A Rahman
 Adrian David Li Man Kiu (*Alternate Director to Dr. the Hon. Sir David Li Kwok Po*)
 Peter Yuen Wai Hung (*Alternate Director to Professor Arthur Li Kwok Cheung – Appointed on 5.9.2011*)
 Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff (*Appointed on 23.12.2011*)
 Datuk Azzat bin Kamaludin (*Retired on 13.4.2011*)
 Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak (*Retired on 30.10.2011*)

The aggregate amount of emoluments receivables by directors of the Company during the financial year were as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-executive directors				
- fees	1,597	1,295	1,052	893
- other emoluments	276	265	169	178
- estimated money value of benefits-in-kind	40	21	40	21
Total directors' remuneration	1,913	1,581	1,261	1,092
Total directors' remuneration excluding estimated money value of benefits-in-kind	1,873	1,560	1,221	1,071

Other emoluments comprise mainly fixed allowances and meeting allowances paid by the Group and Company during the year.

36. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration (including benefits-in-kind) received from the Group falls into the following remuneration bands:-

	GROUP			
	←----- 2011 ----->	←----- 2011 ----->	←----- 2010 ----->	←----- 2010 ----->
Remuneration band:-	Number of non-executive directors	Number of executive directors	Number of non-executive directors	Number of executive directors
RM1 – RM50,000	1	–	–	–
RM50,001 – RM100,000	3	–	2	–
RM100,001 – RM200,000	2	–	2	–
RM200,001 – RM300,000	2	–	2	–
RM300,001 – RM400,000	1	–	2	–
RM400,001 – RM500,000	1	–	2	–

37. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	GROUP	
	2011 RM'000	2010 RM'000
Collective impairment		
- written-back during the financial year	69,653	(1,958)
Individual impairment		
- made during the financial year	120,795	200,225
- written-back during the financial year	(14,320)	(24,282)
Bad debts		
- recovered	(240,562)	(173,962)
- written-off	15,956	15,810
Provision for litigation loss	40,000	78,000
Additional allowance for impaired debts		
- other debtors	147	975
	(8,331)	94,808

38. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

	GROUP	
	2011 RM'000	2010 RM'000
Allowance made for impairment loss		
- Financial investments available-for-sale	945	4,012
- Financial investments held-to-maturity	–	3,900
Write-back of allowance for impairment loss		
- Financial investments available-for-sale	(1,819)	(73)
- Financial investments held-to-maturity	–	(543)
	(874)	7,296

Allowance for impairment loss on financial investments available-for-sale and financial investments held-to-maturity were made by certain subsidiaries to write-down the carrying value of the securities to the recoverable amount.

39. FINANCE COST

	GROUP AND COMPANY	
	2011	2010
	RM'000	RM'000
Interest expenses		
- Term loans	22,521	12,905
Upfront fees	–	91
	22,521	12,996

40. TAXATION

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:-				
- Current tax	179,105	90,638	17,718	48,379
- Deferred tax (Note 26)	(1,231)	47,088	446	(25)
	177,874	137,726	18,164	48,354
Under/(over) provision in prior years	16,942	5,761	3	(718)
	194,816	143,487	18,167	47,636

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and of the Company is as follows:-

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit before tax	709,148	637,533	240,068	192,344
Tax on current year's profit based on statutory tax rate in Malaysia of 25% (2010: 25%)	177,287	159,383	60,017	48,086
Tax effect in respect of:-				
Non-allowable expenses	17,013	13,902	1,546	268
Non-taxable income	(4,587)	(8,647)	(43,399)	–
Recognition of deferred tax previously not recognised	(5,949)	(1,195)	–	–
Effect of different tax rate	(5,788)	(2,682)	–	–
Utilisation of previously unrecognised tax losses	(102)	(62)	–	–
Reversal of deferred taxation due to changes in tax treatment	–	(22,973)	–	–
Under/(over) provision in prior years	16,942	5,761	3	(718)
Tax expense for the financial year	194,816	143,487	18,167	47,636

Tax losses are analysed as follows:-

	GROUP	
	2011	2010
	RM'000	RM'000
Tax savings as a result of utilisation of tax losses brought forward from previous years from which the related credit is recognised during the financial year	102	62

41. EARNINGS PER SHARE

The basic and diluted earnings per share of the Group has been calculated based on the net profit attributable to the equity holders of the company of RM507,995,000 (2010: RM488,625,000) divided by the weighted average number of ordinary shares in issue of 1,494,575,806 (2010: 1,494,474,095) during the financial year.

	GROUP	
	2011	2010
	RM'000	RM'000
Net profit attributable to equity holders of the Company	507,995	488,625
Weighted average number of ordinary shares in issue	1,494,576	1,494,474
Basic and diluted earnings per share (sen)	33.99	32.70

42. DIVIDENDS

Dividends declared for the financial year are as follows:-

	GROUP AND COMPANY			
	2011		2010	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Ordinary shares				
- Interim dividend	12.0	134,512	9.0	100,884

At the forthcoming Annual General Meeting, the directors do not propose any final dividend in respect of the current financial year.

Dividends recognised as distribution to ordinary equity holders of the Company:-

	GROUP AND COMPANY			
	2011		2010	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Ordinary shares				
- Interim dividend	12.0	134,512	9.0	100,884

43. COMMITMENTS AND CONTINGENCIES

	GROUP	
	2011 RM'000	2010 RM'000
(a) <u>Capital commitments</u>		
Property and equipment:-		
Authorised capital expenditure contracted but not provided for	12,261	4,163
Capital expenditure approved by the Board but not contracted for	8,000	14,550
	20,261	18,713

(b) Lease commitments

The Group has lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases are as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Within one year	27,520	25,976	808	702
Between one to five years	93,106	80,575	1,620	23

43. COMMITMENTS AND CONTINGENCIES (cont'd)**(c) Other commitments and contingencies**

In the normal course of the business, the Group makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	2011			2010		
	PRINCIPAL AMOUNT RM'000	POSITIVE FAIR VALUE OF DERIVATIVE CONTRACTS RM'000	RISK-WEIGHTED AMOUNT* RM'000	PRINCIPAL AMOUNT RM'000	POSITIVE FAIR VALUE OF DERIVATIVE CONTRACTS RM'000	RISK-WEIGHTED AMOUNT* RM'000
GROUP						
Direct credit substitutes	455,606	-	441,960	408,608	-	299,520
Transaction related contingent items	2,375,506	-	1,129,992	2,387,456	-	1,022,073
Short-term self-liquidating trade related contingencies	973,727	-	159,463	1,232,752	-	140,554
Obligation under underwriting commitments	49,370	-	630	19,691	-	1,969
Foreign exchange related contracts						
- less than one year	2,987,564	15,087	17,625	2,214,726	25,839	19,949
- one year to less than five years	50,000	-	600	181,120	7,419	6,326
Interest rate related contracts						
- less than one year	133,140	-	67	93,784	-	3
- one year to less than five years	1,739,469	2,552	11,098	940,228	1,757	7,242
- five years and above	474,023	14,304	10,295	445,273	7,079	8,842
Irrevocable commitments to extend credit						
- maturity more than one year	3,534,201	-	646,321	4,256,209	-	-
- maturity less than one year	7,105,886	-	1,128,748	6,127,819	-	-
Unutilised credit card lines	189,502	-	28,463	594,104	-	89,026
	20,067,994	31,943	3,575,262	18,901,770	42,094	1,595,504

* The credit equivalent amount and risk-weighted amount are derived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

44. LITIGATION AGAINST THE GROUP

- (a) A syndicate of lenders, including AFFIN Bank Berhad (the 'Bank'), had granted facilities of RM62.5 million (the 'Facilities') to a Borrower to, inter alia, finance a development project. At borrower's request, the Facilities were restructured in 1999 but in July 2000, continued drawdown under the restructured Facilities was refused as borrower had failed to comply with conditions precedent for such drawdown. The lenders and borrower negotiated to resolve the default and the Facilities were restructured again in 2003. Further financing was also granted in 2004 and the Project was completed with certificate of fitness in January 2005.

Subsequent to the completion of the project, borrower brought a claim against the lead banker, as the agent of the syndicate lenders, for loss and damage arising from alleged breach of duty and obligations owed by the lead banker to the borrower in relation to various actions taken or omitted to be taken in disbursements and transactions under the Facilities. The lead banker filed an action against the borrower and its guarantor of the Facilities, for recovery of the amounts outstanding under the Facilities.

The 2 actions were consolidated and heard together at full trial. On 6 May 2009, the High Court granted judgment in favour of borrower against the lead banker, as an agent of the lenders, and dismissed the lenders' action for recovery of the Facilities. The judgment against the lead banker included a sum of RM115.5 million to be paid, as well as further damages to be assessed and an immediate release of all security granted by the borrower and its guarantors for the Facilities. The award of damages of RM115.5 million was made despite parties' agreement that the trial proceed only on issue of liability and no evidence of damage/loss was produced. If the judgment of 6 May 2009 is maintained, lead banker will seek contribution from the lenders, including the Bank.

The lead banker and the lenders have appealed to the Court of Appeal against the said High Court decision of 6 May 2009 and the appeal is fixed for hearing on 10 February 2012. The Court of Appeal welcomed and agreed to the parties' intention for the matter to go through Court Mediation on 9 March 2012 instead of proceeding with the hearing of the appeal.

The solicitors for the lead banker and the lenders have expressed the view that the lead banker and the lenders have a more than even chance of success in their appeal against the Judgment.

- (b) There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM42.8 million (31 December 2010: RM86.3 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

45. CAPITAL MANAGEMENT

The Group actively manages its capital to counter underlying risks in its business activities and to enable future business growth. The Group's capital management strategy is to continue to maximise shareholders and stakeholders values via efficient capital structure, whilst ensuring compliance with regulatory capital requirements. The allocation of capital resources forms part of the Group's strategic planning review and is subject to the approval of the Board of Directors.

The regulatory capital of requirements banking subsidiaries are determined based on Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework and all banking subsidiaries have complied with the minimum regulatory capital adequacy requirement of 8.0% (2010: 8.0%) for the risk-weighted capital ratio.

The components of the Group's capital base and capital adequacy ratios are disclosed in Note 46.

46. CAPITAL ADEQUACY

The components of the Group's Tier I and Tier II capital are that of the banking subsidiaries, namely AFFIN Bank Berhad, AFFIN Islamic Bank Berhad and AFFIN Investment Bank Berhad as follows:-

	GROUP	
	2011	2010
	RM'000	RM'000
Tier I capital		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	693,709	551,422
Statutory reserve	1,178,992	1,041,692
	4,084,891	3,805,304
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets	(3,882)	(5,650)
Total Tier I capital (a)	3,890,625	3,609,270
Tier II capital		
Subordinated loans	600,000	300,000
Collective impairment #	193,834	162,870
Total Tier II capital (b)	793,834	462,870
Total capital (a) + (b)	4,684,459	4,072,140
Less:-		
Investment in capital instruments of other banking institutions	(79,121)	(56,216)
Investment in subsidiaries	(41,140)	(41,180)
Capital base	4,564,198	3,974,744

Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

46. CAPITAL ADEQUACY (cont'd)

The risk-weighted assets of the Group are derived by aggregating the risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various categories of risk-weights are as follows:-

	GROUP	
	2011 RM'000	2010 RM'000
Credit risk	33,108,976	26,157,944
Market risk	223,011	125,094
Operational risk	2,376,456	2,276,503
Total risk-weighted assets	35,708,443	28,559,541

The capital adequacy ratios of the Group are as follows:-

	GROUP	
	2011 RM'000	2010 RM'000
Before deducting proposed dividends:-		
Core capital ratio	10.90%	12.64%
Risk-weighted capital ratio	12.78%	13.92%
After deducting proposed dividends:-		
Core capital ratio	10.66%	12.33%
Risk-weighted capital ratio	12.55%	13.61%

The Group implemented the Basel II – Risk Weighted Assets Computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk computation.

Pursuant to Bank Negara Malaysia's circular, 'Recognition of Deferred Tax Asset ("DTA") and Treatment of DTA for RWCR Purposes' dated 8 August 2003, deferred tax income/(expenses) is excluded from the calculation of Tier I capital and DTA is excluded from the calculation of risk-weighted assets.

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of business, the Group and the Company undertakes various transactions with its ultimate holding corporate body, subsidiaries, jointly controlled entity, associate, substantial shareholder and other related companies, which comprise subsidiaries and associated companies of Lembaga Tabung Angkatan Tentera ("LTAT Group").

The related parties that have transactions and relationship with the Group and the Company are as follows:-

Related parties	Relationship
Subsidiaries of the Company as disclosed in Note 10	Subsidiaries
Lembaga Tabung Angkatan Tentera ("LTAT")	Ultimate holding corporate body
AXA AFFIN Life Insurance Berhad & AFFIN-i Goodyear Sdn Bhd	} Jointly controlled entities
AXA AFFIN General Insurance Berhad	Associate
Subsidiaries and associates of LTAT	Subsidiaries and associated companies of the ultimate holding corporate body
The Bank of East Asia, Limited	Substantial shareholder
Key management personnel	The key management personnel of the Group and Company consists of: <ul style="list-style-type: none"> - Directors of the Company - Chief Executive Officer/Managing Director of banking subsidiaries - Members of senior management team of banking subsidiaries
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel includes the directors of the Company in office during the year and their remuneration for the financial year are disclosed in Note 36.

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Interest rates on fixed and short-term deposits were at normal commercial rates.

(a) The significant transactions of the Group and Company with the related parties

	Ultimate holding corporate body		Other related companies		Jointly controlled entities / Associate		Substantial shareholder		Key management personnel	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income										
Interest income on advances	-	-	30,478	5,627	6,932	5,406	-	-	-	-
Interest income on private debt securities	-	-	-	-	-	-	3,146	3,149	-	-
Fee income	113	104	5,416	6,308	-	-	1,800	-	-	-
Brokerage income	5,813	4,598	1,441	78	-	-	-	-	-	-
Commission income	-	-	-	-	5,720	5,720	-	-	-	-
Others	-	-	9,562	-	1	-	91	-	4	-
	5,926	4,702	46,897	12,013	12,653	11,126	5,037	3,149	4	-
Expenses										
Interest expenses:-										
- deposits and placements of banks and other financial institutions	-	-	-	-	-	2,449	-	-	-	-
- deposits from other customers	15,034	5,062	4,864	22,914	4,539	-	-	-	-	-
Rental of premises	613	613	17,729	17,355	-	-	-	-	-	-
Insurance premium	-	-	-	-	88	34,909	-	-	-	-
Other expenses	-	-	2,781	3,033	-	-	-	-	-	-
	15,647	5,675	25,374	43,302	4,627	37,358	-	-	-	-

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(a) The significant transactions of the Group and Company with the related parties (cont'd)

	Ultimate holding corporate body		Subsidiaries		Other related companies		Jointly controlled entities / Associate		Key management personnel	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
COMPANY										
Income										
Interest income:-										
- money at call and deposits with financial institutions	-	-	8,907	5,377	-	-	-	-	-	-
- subordinated term loan/senior loan	-	-	19,884	10,633	-	-	5,820	4,596	-	-
	-	-	28,791	16,010	-	-	5,820	4,596	-	-
Expenses										
Professional fees	-	-	134	65	-	-	-	-	-	-
Rental of premises	-	-	-	-	696	696	-	-	-	-
Other expenses	-	-	-	-	212	175	-	104	-	-
	-	-	134	65	908	871	-	104	-	-

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(b) Related parties balances

	Ultimate holding corporate body		Other related companies		Jointly controlled entities / Associate		Substantial shareholder		Key management personnel	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from										
Loans and advances	-	-	855,026	482,343	26,108	13,504	-	-	-	-
Rental deposits	98	200	4,394	4,235	-	-	-	-	-	-
Purchase of securities by Lembaga Tabung Angkatan Tentera	-	954	-	-	-	-	-	-	-	-
Management fees receivable	113	27	51	20	-	-	-	-	-	-
Subordinated/senior loan	-	-	-	-	67,255	91,828	-	-	-	-
Other assets	-	187	2,328	168	2,749	2,745	-	-	-	-
Financial investments available-for-sale	-	-	3,033	-	-	-	49,884	67,013	-	-
	211	1,368	864,832	486,766	96,112	108,077	49,884	67,013	-	-
Amount due to										
Deposits from customers	312,046	415,412	212,069	283,378	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	150,333	88,926	-	-	-	-
Sales of securities	-	9,739	-	-	-	-	-	-	-	-
Current accounts	95,998	112,803	145,184	84,391	14,997	(1,405)	156	191	1,615	502
Premium payable	-	-	-	-	-	2,778	-	-	-	-
Other liabilities	-	7	-	-	-	-	-	-	-	-
	408,044	537,961	357,253	367,769	165,330	90,299	156	191	1,615	502

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(b) Related parties balances (cont'd)

COMPANY	Ultimate holding corporate body		Subsidiaries		Other related companies		Jointly controlled entities / Associate		Key management personnel	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from										
Cash and bank balances with banks and other financial institutions	-	-	17	26	-	-	-	-	-	-
Money at call and deposits placements maturing within one month	-	-	67,299	126,141	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	213,905	174,215	-	-	-	-	-	-
Subordinated/senior loan	-	-	601,850	300,682	-	-	67,255	91,828	-	-
Other assets	-	-	1,212	74	201	184	4	-	-	-
	-	-	884,283	601,138	201	184	67,259	91,828	-	-
Amount due to										
Interest-free advances	-	-	589,313	689,348	-	-	-	-	-	-
Other liabilities	-	-	3,730	3,674	-	-	-	-	-	-
	-	-	593,043	693,022	-	-	-	-	-	-

47. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(c) Key management personnel compensation

The remuneration of key management personnel of the Group and Company during the year are as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' fees	1,052	893	1,052	893
Directors' other emoluments	169	178	169	178
Salaries	12,270	12,278	–	–
Bonuses	13,590	12,849	–	–
Defined contribution plan ("EPF")	4,211	4,244	–	–
Other employee benefits	1,842	2,149	–	–
Benefits-in-kind	536	528	40	21
	33,670	33,119	1,261	1,092

Included in the above are Directors' remuneration as disclosed in Note 36.

48. SEGMENT ANALYSIS

The segment analysis is presented based on the principal activities of the subsidiaries. The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments have been presented.

The format of the segment analysis is based on the internal financial reporting system which reflect the Group's management reporting structure. The Group comprises the following main segments:-

Commercial Banking

The Commercial Banking segment focuses on business of banking in all aspects which includes Islamic Banking operations. Its activities are generally structured into two key areas, Consumer Banking and Enterprise Banking Services.

Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as vehicle loans (i.e. hire purchase), housing loans, overdrafts and personal loans, credit cards, unit trusts and bancassurance products.

Enterprise Banking provides a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans, project and equipment financing and short-term credit such as overdrafts and trade financing, and other fee-based services.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking, fund and unit trusts management.

This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to variety of funds and capital market investment products to both corporate and institutional investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on Bursa Malaysia Securities Berhad, investment management and research services.

48. SEGMENT ANALYSIS (cont'd)**Insurance**

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking and other related financial services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

The segment analysis of the Group by activities in 2011 and 2010 are as follows:

	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
2011						
Segment revenue	2,351,268	291,454	–	11,683	–	2,654,405
Intersegment revenue	7,109	5,142	–	1,445	(13,696)	–
Unallocated revenue	–	–	–	5,838	–	5,838
Revenue	2,358,377	296,596	–	18,966	(13,696)	2,660,243
Segment results	613,275	88,855	–	3,848	28,657	734,635
Unallocated expenses	–	–	–	(25,130)	–	(25,130)
Share of results of jointly controlled entities (net of tax)	–	–	(4,380)	(210)	–	(4,590)
Share of results of associate (net of tax)	–	–	4,233	–	–	4,233
Profit before taxation and zakat						709,148
Taxation and zakat						(201,153)
Net profit for the financial year						507,995
Segment assets	49,360,679	4,014,573	–	13,052	–	53,388,304
Investment in jointly controlled entities	–	–	115,140	290	–	115,430
Investment in associate	–	–	155,548	–	–	155,548
Unallocated assets	–	–	–	76,772	–	76,772
Total segment assets						53,736,054
Segment liabilities	44,008,424	3,460,369	–	4,190	–	47,472,983
Unallocated liabilities	–	–	–	670,847	–	670,847
Total segment liabilities						48,143,830
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Unallocated RM'000	Group RM'000
Non-cash items						
Capital expenditure	34,611	1,872	–	450	407	37,340
Depreciation of property and equipment	18,872	2,417	–	106	246	21,641
Amortisation of intangible assets	9,366	406	–	4	3	9,779
Allowances for impairment on loans, advances and financing	211,000	5,128	–	–	–	216,128
Other non-cash items*	(174,796)	(162,879)	147	(58)	(48)	(337,634)

* Other non-cash income refers to net income earned from financial assets held-for-trading, financial investments available-for-sale and held-to-maturity.

48. SEGMENT ANALYSIS (cont'd)

2010	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Segment revenue	2,017,239	242,531	–	8,619	–	2,268,389
Intersegment revenue	2,004	4,588	–	1,165	(7,757)	–
Unallocated revenue	–	–	–	4,606	–	4,606
Revenue	2,019,243	247,119	–	14,390	(7,757)	2,272,995
Segment results	521,904	87,074	–	2,178	15,945	627,101
Unallocated expenses	–	–	–	(16,958)	–	(16,958)
Share of results of a jointly controlled entity (net of tax)	–	–	6,923	–	–	6,923
Share of results of associate (net of tax)	–	–	12,004	–	–	12,004
Gain on dilution of interest in associate	–	–	8,463	–	–	8,463
Profit before taxation and zakat						637,533
Taxation and zakat						(148,908)
Net profit for the financial year						488,625
Segment assets	42,563,623	4,060,262	–	15,192	–	46,639,077
Investment in jointly controlled entities	–	–	112,811	500	–	113,311
Investment in associate	–	–	152,779	–	–	152,779
Unallocated assets	–	–	–	98,897	–	98,897
Total segment assets						47,004,064
Segment liabilities	37,964,282	3,341,569	–	1,999	–	41,307,850
Unallocated liabilities	–	–	–	495,181	–	495,181
Total segment liabilities						41,803,031
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Unallocated RM'000	Group RM'000
<u>Non-cash items</u>						
Capital expenditure	10,651	2,221	–	17	29	12,918
Depreciation of property and equipment	20,071	3,974	–	138	231	24,414
Amortisation of intangible assets	16,474	494	–	8	4	16,980
Allowances for impairment on loans, advances and financing	252,310	(325)	–	–	–	251,985
Other non-cash items*	(173,045)	(115,510)	(27,390)	–	–	(315,945)

* Other non-cash income refers to net income earned from financial assets held-for-trading, financial investments available-for-sale and held-to-maturity.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted with in its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of the customer or counterparty to settle the financial and contractual obligation to the Group. Exposure to credit risks for the Group arises primarily from lending activities by its banking subsidiaries. Credit risk arises mainly from corporate and consumer loans, advances and financing and loan commitments arising from such lending activities, but also arise from credit enhancement provided, such as financial guarantees, letters of credit and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and trading exposures, including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties.

The management of credit in the Group is governed by a set of credit policies approved by the Board of Directors. Approval authorities are delegated to Senior Management and the Group Management Loan Committee to implement the credit policies and ensure sound credit granting standards.

An independent Group Risk Management ('GRM') function with a direct reporting line to Board Risk Management Committee ('BRMC') is in place to ensure adherence to risk standards and discipline. Portfolio management risk reports are submitted regularly to BRMC.

Lending guidelines and credit strategies are formulated and incorporated in the Annual Credit Plan. New businesses are governed by the risk acceptance criteria and customer qualifying criteria/fitness standards prescribed in the Credit Plan. The Credit Plan is reviewed at least annually and approved by the BRMC.

Credit Risk measurement

i) Loans, advances and financing

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group's underwriting criteria and the ability of the Group to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Group has developed internal rating models to support the assessment and quantification of credit risk.

For consumer mass market products, statistically developed application scorecards are used by the Business to assess the risks associated with the credit application. The scorecards are used as a decision support tool at loan origination.

ii) Over-the-Counter ('OTC') Derivatives

The OTC Derivatives credit exposure is computed using the Current Exposure Method. Under the Current Exposure Method, computation of credit equivalent exposure for interest rate and exchange rate related contracts is derived from the summation of the two elements; the replacement costs (obtained by marking-to-market) of all contracts and the potential future exposure of outstanding contracts (Add On charges depending on the specific remaining tenor to maturity).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit Risk (cont'd)

Risk limit control and mitigation policies

The Group employs various policies and practices to control and mitigate credit risk.

i) Lending limits

The Group establishes internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties, and geographical and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivative and loan books is managed as part of the overall lending limits with customers together with potential exposure from market movements.

ii) Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk. The main collateral types accepted and given value by the Group are:

- Mortgage over residential properties;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business premises, inventory and accounts receivable; and
- Charges over financial instruments such as marketable equities.

iii) Financing covenants (for credit related commitments and loans books)

The primary purpose of these instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitment to extend credit represents unutilized portion of approved credit in the form of loans, guarantees or letters of credit. In terms of credit risk, the Group is potentially exposed to loss in an amount equal to the total unutilized commitments. However, the potential amount of loss is less than the total unutilized commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Credit Risk monitoring

Retail credits are actively monitored and managed on a portfolio basis by product type. A new collection management system has been implemented with a dedicated team in place to promptly identify, monitor and manage delinquent accounts at early stages of delinquency.

Corporate credits and large individual accounts are reviewed by the Business Units at least once a year against updated information. This is to ensure that the credit grades remain appropriate and detect any signs of weaknesses or deterioration in the credit quality. Remedial action is taken where evidence of deterioration exists.

Early Alert Process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning non-performing. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)Credit Risk culture

The Group recognize that learning is a continuous journey and is committed to enhance the knowledge and required skills of its staff. It places strong emphasis in creating and enhancing risk awareness in the organization.

For effective and efficient staff learning, the Group has implemented an E-Learning Program with an online Learning Management System ('LMS'). The LMS provides staff with a progressive self-learning alternative at own pace.

Group Risk Management commenced an Internal Credit Certification ('ICC') Programme for both Business Banking and Consumer Credit in July 2009 and August 2009 respectively. In October 2010, the Group introduced ICC-Market Risk with the Diagnostic Assessment conducted through the LMS.

The aim of the ICCs is to assist the core credit related group of personnel in the Group achieve a minimum level of knowledge and analytical skills required to make sound corporate and commercial loans to customers. It is envisaged that the core credit related group of personnel would all be certified within 2 to 3 years.

a) Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if guarantee were to be called upon. For loan commitments and other commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Company are subject to credit risk except for cash in hand, equity securities held as financial assets held-for-trading or financial investments available-for-sale, as well as non-financial assets.

The exposure to credit risk of the Group and the Company equals their carrying amount in the statement of financial position as at reporting date, except for the following:-

		GROUP		COMPANY	
		Carrying Value	Maximum Credit Exposure	Carrying Value	Maximum Credit Exposure
		RM'000	RM'000	RM'000	RM'000
2011					
<u>Credit risk exposures of on-balance sheet assets</u>					
Cash and short-term funds	*	9,740,308	9,598,815	67,333	67,332
Financial investments available-for-sale	#	9,122,892	8,980,533	—	—
Trade receivables		160,239	160,450	—	—
Other assets	^	177,174	113,015	384	110
		19,200,613	18,852,813	67,717	67,442
<u>Credit risk exposure of off-balance sheet items</u>					
Financial guarantees		2,831,112	1,643,359	—	—
Loan commitments and other credit related commitments		17,187,512	2,501,143	—	—
Obligation under underwriting agreement		49,370	3,150	—	—
		20,067,994	4,147,652	—	—
Total maximum credit risk exposure		39,268,607	23,000,465	67,717	67,442

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit Risk (cont'd)

a) Maximum exposure to credit risk (cont'd)

		GROUP		COMPANY	
		Carrying Value RM'000	Maximum Credit Exposure RM'000	Carrying Value RM'000	Maximum Credit Exposure RM'000
2010					
<u>Credit risk exposures of on-balance sheet assets</u>					
Cash and short-term funds	*	8,684,235	8,578,647	126,186	126,185
Financial investments available-for-sale	#	8,592,533	8,466,001	–	–
Trade receivables		270,012	270,203	–	–
Other assets	^	218,686	33,581	319	61
		17,765,466	17,348,432	126,505	126,246
<u>Credit risk exposure of off-balance sheet items</u>					
Financial guarantees		2,796,064	1,602,337	–	–
Loan commitments and other credit related commitments		16,086,015	501,804	–	–
Obligation under underwriting agreement		19,691	9,845	–	–
		18,901,770	2,113,986	–	–
Total maximum credit risk exposure		36,667,236	19,462,418	126,505	126,246

* including cash in-hand.

including equity securities.

^ including prepayment and refundable deposits.

Whilst the Group and the Company's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

The financial effect of collateral held for loans, advances and financing is 63% as at 31 December 2011 (2010 : 59%). The financial effects of collateral for the other financial assets are insignificant.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit Risk (cont'd)

a) Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The following tables analyse the Group's and the Company's financial assets and commitments and contingencies by industry concentration as at the reporting date:-

	Short-term funds							On balance sheet total RM'000	Commitments and contingencies RM'000
	and placements with banks and other financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	Derivative financial assets RM'000		
GROUP									
2011									
Agriculture	-	-	49,324	-	537,014	-	462	586,800	42,645
Mining and quarrying	-	-	-	-	431,334	-	-	431,334	37,417
Manufacturing	-	-	-	205,992	2,284,082	382	1,232	2,491,688	657,355
Electricity, gas and water	-	-	397,124	-	171,830	96	-	569,050	289
Construction	-	-	70,445	204,721	2,427,602	236	10	2,703,014	997,931
Real estate	-	-	20,638	-	3,093,154	238	-	3,114,030	369,397
General commerce	-	-	81,620	20,537	1,453,488	740	316	1,556,701	538,453
Transport, storage and communication	-	-	184,454	145,356	1,946,060	2,189	238	2,278,297	195,039
Finance, insurance and business services	858,836	149,832	3,306,201	27,362	4,265,860	2,909	44,765	8,655,765	681,831
Government and government agencies	9,019,438	-	4,736,026	16,186	61,386	346	-	13,833,382	119,731
Purchase of landed property, securities and vehicles	-	-	-	-	44,934	158,087	-	203,021	-
Others	-	-	134,701	30,769	14,183,053	108,242	-	14,456,765	507,564
Total	9,878,274	149,832	8,980,533	650,923	30,899,797*	273,465^	47,023	50,879,847	4,147,652

* Not inclusive of collective allowance amounting to RM463 million.

^ Inclusive of trade receivables.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances in Note 43.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit Risk (cont'd)

b) Credit risk concentrations (cont'd)

GROUP	2010	Short-term funds and placements with banks and other financial institutions							Commitments and contingencies	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Agriculture	–	–	15,278	–	526,663	–	–	3	541,944	31,535
Mining and quarrying	–	–	–	–	373,899	–	–	244	374,143	1,053
Manufacturing	–	–	43,987	159,677	1,800,665	240	–	838	2,005,407	212,361
Electricity, gas and water	–	–	258,558	–	199,128	–	–	13	457,699	57
Construction	–	–	15,671	207,108	2,418,680	108	–	154	2,641,721	652,610
Real estate	–	–	15,065	–	2,401,148	93	–	–	2,416,306	185,829
General commerce	–	–	59,383	24,037	1,208,032	1,568	–	836	1,293,856	140,172
Transport, storage and communication	–	–	160,581	71,768	1,014,963	15,406	–	107	1,262,825	30,976
Finance, insurance and business services	308,877	149,945	2,750,494	27,361	4,415,793	9,035	–	49,279	7,710,784	236,660
Government and government agencies	8,287,864	–	4,967,893	16,186	75,394	95	–	–	13,347,432	135,825
Purchase of landed property, securities and vehicles	–	–	–	–	40,833	268,011	–	–	308,844	–
Others	–	–	179,091	30,411	12,503,953	9,228	–	152	12,722,835	486,908
Total	8,596,741	149,945	8,466,001	536,548	26,979,151*	303,784 [^]	–	51,626	45,083,796	2,113,986

* Not inclusive of collective allowance amounting to RM405 million.

[^] Inclusive of trade receivables.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances in Note 43.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Credit Risk (cont'd)****b) Credit risk concentrations (cont'd)**

COMPANY	Short-term funds and placements with banks and other financial institutions RM'000	Other assets RM'000	Total on-balance sheet RM'000
2011			
Finance, insurance and business services	283,729	–	283,729
Others	–	110	110
	283,729	110	283,839
2010			
Finance, insurance and business services	302,819	–	302,819
Others	–	61	61
	302,819	61	302,880

c) Collateral

The main types of collateral obtained by the Group are as follows:-

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For car loans, charges over the vehicles financed; and
- For other loans, charges over business assets such as premises, inventories, trade receivables or deposits.

d) Total loan, advances and financing - credit quality

All loans, advances and financing are categorised into “neither past due nor impaired”, “past due but not impaired” and “impaired”. Past due loans refer to loans that are overdue by one day or more. Impaired loans are loans with months-in-arrears more than 90 days or with impairment allowances.

i) Distribution of loans, advances and financing by credit quality

	GROUP	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	27,349,626	22,923,611
Past due but not impaired	2,847,093	3,251,478
Impaired	882,958	989,769
	31,079,677	27,164,858
Gross loans, advances and financing		
Less: Allowance for impairment		
- individual impairment	(179,878)	(185,707)
- collective impairment	(462,953)	(405,085)
	30,436,846	26,574,066

Past due but not impaired includes accounts within grace period amounting to RM0.9 billion (2010: RM1.2 billion).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit Risk (cont'd)

d) **Total loan, advances and financing - credit quality (cont'd)**

ii) Loans neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	GROUP	
	2011	2010
	RM'000	RM'000
Quality classification:-		
Satisfactory *	22,891,692	19,086,537
Special mention #	4,457,934	3,837,074
	27,349,626	22,923,611

* Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Exposures require varying degrees of special attention and default risk is of greater concern.

iii) Loans past due but not impaired

Certain financing, advances and other loans are past due but not impaired as the collateral values of these loans are in excess of the principal and profit outstanding. Allowances for these loans may have been set aside on a portfolio basis. The Group's financing, advances and other loans which are past due but not impaired are as follows:

	GROUP	
	2011	2010
	RM'000	RM'000
Past due up to 30 days	1,472,098	1,768,351
Past due 30-60 days	948,649	996,340
Past due 60-90 days	426,346	486,787
	2,847,093	3,251,478

iv) Loans that are individually determined to be impaired as at reporting date

	GROUP	
	2011	2010
	RM'000	RM'000
Analysis of impaired assets:		
Gross impaired loans	882,958	989,769
Individually impaired loans	125,951	449,856

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Credit Risk (cont'd)****d) Total loan, advances and financing - credit quality (cont'd)****v) Collateral and other credit enhancements obtained**

During the year, the Group obtained assets by taking possession of collateral held as security or calling upon other credit enhancements as follows:

	GROUP	
	Carrying Amount	2010
	2011	2010
	RM'000	RM'000
Nature of assets:		
Condominium	1,190	–
Vacant industrial land	–	1,370
	<hr/>	<hr/>

Foreclosed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The carrying amount of foreclosed properties held by the Group as at reporting date has been classified as other assets as disclosed in Note 16.

e) Private debt securities, treasury bills and derivatives

Private debt securities, treasury bills and other eligible bills included in financial assets held-for-trading and financial investments available-for-sale are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group mainly uses external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency:

GROUP	AAA	AA- to	A- to A+	Lower	Unrated	Impaired*	Total
	RM'000	AA+		than A-			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011							
Financial assets held-for-trading:-							
- Bank Negara Malaysia Notes	–	–	–	–	149,832	–	149,832
Financial investments available-for-sale:-							
- Malaysian Government Securities	–	–	–	–	675,045	–	675,045
- Malaysian Government Treasury Bills	–	–	–	–	39,421	–	39,421
- Malaysian Government Investment Issuance	–	–	–	–	3,846,939	–	3,846,939
- Cagamas Bonds	181,510	–	–	–	–	–	181,510
- Bank Negara Malaysia Notes	–	–	–	–	174,620	–	174,620
- Others	–	–	–	–	116,383	–	116,383
- Quoted and Unquoted Shares in Malaysia	–	–	–	–	138,111	4,326	142,437
- Private debt securities	2,215,898	580,189	631,809	226,598	288,459	3,490	3,946,443
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	–	–	–	–	94	–	94
Financial investments held-to-maturity:-							
- Private debt securities	–	–	27,361	–	512,766	110,796	650,923
Total	<hr/> 2,397,408	<hr/> 580,189	<hr/> 659,170	<hr/> 226,598	<hr/> 5,941,670	<hr/> 118,612	<hr/> 9,923,647

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Credit Risk (cont'd)****e) Private debt securities, treasury bills and derivatives (cont'd)**

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency (cont'd):

GROUP	AAA	AA- to		Lower	Unrated	Impaired*	Total
	RM'000	AA+ RM'000	A- to A+ RM'000	than A- RM'000	RM'000	RM'000	RM'000
2010							
Financial assets held-for-trading:-							
- Bank Negara Malaysia Notes	-	-	-	-	99,853	-	99,853
- Negotiable Instruments of Deposits	-	-	-	-	50,092	-	50,092
Financial investments available-for-sale:-							
- Malaysian Government Securities	-	-	-	-	1,529,606	-	1,529,606
- Malaysian Government Treasury Bills	-	-	-	-	166,566	-	166,566
- Malaysian Government Investment Issuance	-	-	-	-	2,233,111	-	2,233,111
- Cagamas Bonds	222,915	-	-	-	-	-	222,915
- Bank Negara Malaysia Sukuk	-	-	-	-	32,017	-	32,017
- Bank Negara Malaysia Notes	-	-	-	-	1,006,592	-	1,006,592
- Others	-	-	-	-	611,219	-	611,219
- Quoted and Unquoted Shares in Malaysia	-	-	-	-	115,731	10,870	126,601
- Private debt securities	1,077,174	520,897	789,344	134,209	136,377	5,812	2,663,813
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	-	-	-	-	93	-	93
Financial investments held-to-maturity:-							
- Private debt securities	-	-	27,361	-	388,922	120,265	536,548
Total	1,300,089	520,897	816,705	134,209	6,370,179	136,947	9,279,026

* Net of allowance for impairment

Collateral is not generally obtained directly from the issuers of debt securities. Certain debt securities may be collateralised by specifically identified assets that would be obtainable in the event of default.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Market Risk**

Market risk is defined as the risk of losses to the Group's portfolio positions arising from movements in market prices. The Group's market risk management objective is to ensure that market risk is appropriately identified, measured, controlled, managed and reported.

The Group's exposure to market risk stems primarily from interest rate risk and foreign exchange rate risk. Interest rate risk arises mainly from differences in timing between the maturities or re-pricing of assets, liabilities and derivatives. The Group is also exposed to basis risk when there is a mismatch between the change in price of a hedge and the change in price of the assets it hedges. Foreign exchange rate risk arises from unhedged positions of customers' requirements and proprietary positions.

Market risk is primarily controlled through the imposition of Cut-loss, Value-at-Risk (VaR) and Net Open Position Limits which are approved by both the Asset Liability Management Committee ('ALCO') and Board Risk Management Committee ('BRMC') in accordance with the Group's risk appetite. These limits are set and reviewed regularly according to a number of factors, including liquidity and the Group's business strategy. In addition, the Group conducts periodic stress test of its respective portfolios to ascertain the market risk under abnormal market conditions. For the asset liability mismatch position in the statement of financial position, the risk is measured using Net Interest Income simulations based on projected interest rate scenarios managed through limits set over time buckets together with an Overall Risk Tolerance Limit.

The Group's Management, ALCO and BRMC are regularly kept informed of its risk profile and positions.

a) Value at risk ('VaR')

Value-at-Risk ('VaR') is used to compute the maximum potential loss amount over a specified holding period of a Trading Portfolio. It measures the risk of losses arising from potential adverse movements in interest rates and foreign exchange rates that could affect values of financial instruments.

The Variance-Covariance Parametric methodology is adopted to compute the potential loss amount. This is a statistically defined, probability-based approach that uses volatilities and correlations to quantify price risks. Under this methodology, a matrix of historical volatilities and correlations is computed from the past 100 business days' market data. VaR is then computed by applying these volatilities and correlations to the outstanding Trading Portfolio valued at current price levels.

The table below sets out a summary of the Group's VaR profile by financial instrument types and fixed income for the Trading Portfolio:-

GROUP	Balance RM'000	Average for the year RM'000	Minimum RM'000	Maximum RM'000
2011				
Instruments:				
FX swap	773	261	73	938
Government securities	4	–	–	7
2010				
Instruments:				
FX swap	201	241	134	437
Government securities	–	1	–	11
Private debt securities	–	1	–	18
Fixed income:				
Proprietary trading	–	101	–	1,283

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Market Risk (cont'd)****a) Value at risk ('VaR') (cont'd)**Other Risk Measures

i) Mark-to-Market

Mark-to-Market valuation tracks the current market value of the outstanding financial instruments.

ii) Stress testing

Stress tests are conducted to attempt to quantify market risk arising from low probability, abnormal market movements. The stress tests measure the change in value arising from a range of extreme movements in the interest rates and foreign exchange rates based on past experience and simulated stress scenarios.

iii) Sensitivity/Dollar Duration

Sensitivity/Dollar Duration is an additional measure of interest rate risk that is computed on a daily basis. It measures the change in value of a portfolio resulting from a 0.01% increase in interest rates. This measure identifies the Group's interest rate exposures that are most vulnerable to interest rate changes and it facilitates the implementation of hedging strategies.

Net interest income sensitivity

The table below shows the pre-tax net interest income sensitivity for the non-trading financial assets and financial liabilities held as at reporting date. The sensitivity has been measured using the Repricing Gap Simulation methodology based on parallel shifts in the interest rate.

GROUP	2011		2010	
	+100 basis points RM million	-100 basis points RM million	+100 basis points RM million	-100 basis points RM million
Impact on net interest income	(29.4)	29.4	(44.0)	44.0
As percentage of net interest income	-2.8%	2.8%	-4.3%	4.3%

Foreign exchange risk sensitivity analysis

GROUP	Open position			
	US Dollar equivalent amount '000	Ringgit Malaysia equivalent amount '000	Ringgit Malaysia equivalent amount for 1% fall in US Dollar '000	Impact of 1% fall in US Dollar exchange Rate '000
2011				
US Dollar	(4,771)	(15,158)	(15,006)	(147)
Others	(11,621)	(36,921)	(36,551)	(241)
2010				
US Dollar	(8,834)	(27,240)	(26,968)	(272)
Others	(1,072)	(3,305)	(3,271)	(32)

The impact on the outstanding foreign exchange position as at 31 December 2011 for a one percent change in USD exchange rate from 3.1770 to 3.1452 was a decrease of about RM387,147.

2010

US Dollar	(8,834)	(27,240)	(26,968)	(272)
Others	(1,072)	(3,305)	(3,271)	(32)

The impact on the outstanding foreign exchange position as at 31 December 2010 for a one percent change in USD exchange rate from 3.0835 to 3.0527 was a decrease of about RM304,360.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

b) Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table summarises the Group's exposure to foreign currency exchange rate risk as at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
2011							
Assets							
Cash and short-term funds	87,801	382,752	32,630	2,692	982	22,997	529,854
Deposits and placements of banks and other financial institutions	—	324,626	81,085	—	32,085	—	437,796
Financial investments available-for-sale	—	307,862	358,104	49,736	65,031	92,091	872,824
Loans, advances and financing	338	1,105,888	—	97,872	473	1,619	1,206,190
Derivative financial assets	—	2,166	1,098	25	—	183	3,472
Total financial assets	88,139	2,123,294	472,917	150,325	98,571	116,890	3,050,136
Liabilities							
Deposits from customers	149,869	125,418	16,251	9,643	96	3,269	304,546
Deposits and placements of banks and other financial institutions	—	1,367,491	119,152	—	31,948	12,193	1,530,784
Other liabilities	—	2,589	70	—	—	—	2,659
Derivative financial liabilities	—	9,036	947	1,315	—	1,213	12,511
Total financial liabilities	149,869	1,504,534	136,420	10,958	32,044	16,675	1,850,500
Net on-balance sheet financial position	(61,730)	618,760	336,497	139,367	66,527	100,215	1,199,636
Off-balance sheet credit commitments	633,166	1,446,411	32,180	31,477	287,601	23,668	2,454,503

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

b) Foreign exchange risk (cont'd)

GROUP	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
2010							
Assets							
Cash and short-term funds	3,205	163,867	2,049	2,058	3,114	33,399	207,692
Deposits and placements of banks and other financial institutions	–	147,276	15,685	–	29,604	7	192,572
Financial investments available-for-sale	–	334,828	39,823	46,893	59,302	30,184	511,030
Loans, advances and financing	271	752,572	–	113	356	1,147	754,459
Derivative financial assets	–	1,988	96	20	–	1,522	3,626
Total financial assets	3,476	1,400,531	57,653	49,084	92,376	66,259	1,669,379
Liabilities							
Deposits from customers	7,660	208,383	9,973	8,488	25,619	4,155	264,278
Deposits and placements of banks and other financial institutions	–	668,128	4,166	–	29,655	–	701,949
Other liabilities	–	3,748	34	–	–	67	3,849
Derivative financial liabilities	–	8,478	98	3,410	–	374	12,360
Total financial liabilities	7,660	888,737	14,271	11,898	55,274	4,596	982,436
Net on-balance sheet financial position	(4,184)	511,794	43,382	37,186	37,102	61,663	686,943
Off-balance sheet credit commitments	1,093,230	2,115,824	25,235	65,866	328,457	68,370	3,696,982

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. Included in the tables are the Group's and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the interest/profit rate sensitive commitments and contingencies.

GROUP	Non-trading Book				Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000					
2011									
Assets									
Cash and short-term funds	9,516,049	-	-	-	-	224,259	-	9,740,308	2.86
Deposits and placements of banks and other financial institutions	5,041	59,102	1,913	188,696	20,000	4,706	-	279,458	3.34
Financial assets held-for-trading	-	-	-	-	-	-	149,832	149,832	3.01
Financial investments available-for-sale	58,945	326,161	598,385	6,514,000	1,404,625	220,776	-	9,122,892	3.89
Financial investments held-to-maturity	225,518	-	64,229	258,322	16	102,838	-	650,923	5.16
Loans, advances and financing	17,603,770	1,337,490	2,303,849	6,926,912	2,024,698	(462,953)*	-	29,733,766	4.97
- non-impaired	-	-	-	-	-	703,080^	-	703,080	
- impaired	-	-	-	-	-	-	-	-	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,410,141	-	1,410,141	
Other assets ⁽¹⁾	-	-	-	66,310	-	1,847,973	31,371	1,945,654	
Total assets	27,409,323	1,722,753	2,968,376	13,954,240	3,449,339	4,050,820	181,203	53,736,054	

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk (cont'd)

GROUP	Non-trading Book					Trading book RM'000	Total RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000			
2011								
Liabilities								
Deposits from customers	17,740,934	10,442,305	8,281,850	394,853	-	-	39,363,414	3.22
Deposits and placements of banks and other financial institutions	4,505,891	2,048,662	299,559	-	-	-	6,867,047	3.09
Bills and acceptances payable	-	-	-	-	-	-	82,059	-
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	425,133	-	-	428,459	4.77
Borrowings	600,000	-	-	66,310	-	-	669,645	3.28
Other liabilities ⁽²⁾	-	-	-	-	-	57,182	733,206	-
Total liabilities	22,846,825	12,490,967	8,581,409	886,296	-	57,182	48,143,830	
Shareholders' funds	-	-	-	-	-	-	5,592,224	-
Total liabilities and shareholders' funds	22,846,825	12,490,967	8,581,409	886,296	-	57,182	53,736,054	
On-balance sheet interest sensitivity gap	4,562,498	(10,768,214)	(5,613,033)	13,067,944	3,449,339	124,021	-	-
Off-balance sheet interest sensitivity gap	605,163	764,268	34,550	(1,392,942)	(11,039)	-	-	-
Total interest sensitivity gap	5,167,661	(10,003,946)	(5,578,483)	11,675,002	3,438,300	124,021	(4,822,555)	-

* The negative balance represents collective allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for impaired loans, advances and financing.

[^] Net of individual allowance.

(1) Other assets include derivative financial assets, investment in associate, amount due from associate, investment in jointly controlled entities, trade receivables, property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

(2) Other liabilities include derivative financial liabilities, trade payables, provision for taxation, deferred tax liabilities and other liabilities.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk (cont'd)

GROUP	Non-trading Book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000				
2010									
Assets									
Cash and short-term funds	8,520,578	-	-	-	-	163,657	-	8,684,235	2.76
Deposits and placements of banks and other financial institutions	551	-	17,537	-	-	5	-	18,093	2.83
Financial assets held-for-trading	-	-	-	-	-	92	149,853	149,945	2.81
Financial investments available-for-sale	436,716	970,463	786,749	5,566,677	642,024	189,904	-	8,592,533	3.75
Financial investments held-to-maturity	24,037	207,108	-	216,238	16	89,149	-	536,548	5.09
Loans, advances and financing - non-impaired	12,625,122	1,060,363	2,466,732	7,529,323	2,493,549	(405,085)*	-	25,770,004	4.97
- impaired	-	-	-	-	-	804,062^	-	804,062	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	275,167	-	275,167	
Other assets ⁽¹⁾	-	-	-	90,624	-	2,073,110	9,743	2,173,477	
Total assets	21,607,004	2,237,934	3,271,018	13,402,862	3,135,589	3,190,061	159,596	47,004,064	

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk (cont'd)

GROUP	Non-trading Book				Trading book RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	Over 5 years RM'000		
2010						
Liabilities						
Deposits from customers	16,889,720	8,466,152	5,477,866	–	–	2.99
Deposits and placements of banks and other financial institutions	3,444,164	3,326,336	–	67,131	–	2.80
Bills and acceptances payable	–	–	–	–	–	–
Recourse obligation on loans sold to Cagamas Berhad	–	–	–	286,370	–	5.00
Borrowings	324,314	–	–	66,310	–	3.30
Other liabilities ⁽²⁾	–	–	–	–	17,448	–
Total liabilities	20,658,198	11,792,488	5,477,866	492,790	17,448	41,803,031
Shareholders' funds	–	–	–	–	–	5,201,033
Total liabilities and shareholders' funds	20,658,198	11,792,488	5,477,866	492,790	17,448	47,004,064
On-balance sheet interest sensitivity gap	948,806	(9,554,554)	(2,206,848)	12,910,072	3,135,589	(5,375,213)
Off-balance sheet interest sensitivity gap	299,637	455,305	(5,193)	(704,458)	(45,291)	–
Total interest sensitivity gap	1,248,443	(9,099,249)	(2,212,041)	12,205,614	3,090,298	(5,375,213)
						142,148

* The negative balance represents collective allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for impaired loans, advances and financing.
^ Net of individual allowance.

(1) Other assets include derivative financial assets, investment in associate, amount due from associate, investment in jointly controlled entities, trade receivables, property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

(2) Other liabilities include derivative financial liabilities, trade payables, provision for taxation, deferred tax liabilities and other liabilities.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk (cont'd)

COMPANY	Non-trading Book				Over 5 Years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 Years RM'000					
2011									
Assets									
Cash and short-term funds	67,209	-	-	-	-	124	-	67,333	3.28
Deposits and placements with banks and other financial institutions	567	211,784	3,712	-	-	333	-	216,396	3.33
Investment in subsidiaries	-	-	-	-	-	3,536,914	-	3,536,914	4.2
Amount due from subsidiaries	600,000	-	-	-	-	3,062	-	603,062	
Investment in jointly controlled entities	-	-	-	-	-	135,660	-	135,660	
Investment in associate	-	-	-	-	-	10,597	-	10,597	
Amount due from associate	-	-	-	66,310	-	947	-	67,257	5.32
Other assets (Note 1)	-	-	-	-	-	5,807	-	5,807	
Total assets	667,776	211,784	3,712	66,310	-	3,693,444	-	4,643,026	
Liabilities									
Amount due to subsidiaries	-	-	-	-	-	589,313	-	589,313	
Other liabilities	-	-	-	-	-	5,534	-	5,534	
Deferred tax liabilities	-	-	-	-	-	587	-	587	
Borrowings	600,000	-	-	66,310	-	3,335	-	669,645	
Total liabilities	600,000	-	-	66,310	-	598,769	-	1,265,079	
Shareholders' funds	-	-	-	-	-	3,377,947	-	3,377,947	
Total liabilities and shareholders' funds	600,000	-	-	66,310	-	3,976,716	-	4,643,026	
On-balance sheet interest sensitivity gap	67,776	211,784	3,712	-	-	(283,272)	-	-	
Total interest sensitivity gap	67,776	211,784	3,712	-	-	(283,272)	-	-	

Note 1: Other assets include property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Market Risk (cont'd)

c) Interest/profit rate risk (cont'd)

COMPANY	Non-trading Book				Trading book RM'000	Weighted Average Rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	Over 5 years RM'000		
2010						
Assets						
Cash and short-term funds	125,998	-	-	-	-	3.00
Deposits and placements with banks and other financial institutions	551	172,204	3,657	-	-	3.05
Investment in subsidiaries	-	-	-	-	-	3.47
Amount due from subsidiaries	300,000	-	-	-	-	
Investment in jointly controlled entities	-	-	-	-	-	
Investment in associate	-	-	-	-	-	
Amount due from associate	-	-	-	90,624	-	5.07
Other assets (Note 1)	-	-	-	-	-	
Total assets	426,549	172,204	3,657	90,624	-	4,478,757
Liabilities						
Amount due to subsidiaries	-	-	-	-	-	689,348
Other liabilities	-	-	-	-	-	106,324
Deferred tax liabilities	-	-	-	-	-	141
Borrowings	324,314	-	-	66,310	-	392,386
Total liabilities	324,314	-	-	66,310	-	1,188,199
Shareholders' funds	-	-	-	-	-	3,290,558
Total liabilities and shareholders' funds	324,314	-	-	66,310	-	4,478,757
On-balance sheet interest sensitivity gap	102,235	172,204	3,657	24,314	-	(302,410)
Total interest sensitivity gap	102,235	172,204	3,657	24,314	-	(302,410)

Note 1: Other assets include property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Operational Risk

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents estimates of fair values as at reporting date.

Quoted market prices, when available, are used as the measure of fair values. For financial instruments, without quoted market prices, fair values are estimated using net present value or other valuation techniques. These techniques involve a certain degree of uncertainty depending on the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in these assumptions could materially affect these estimates and the resulting fair value.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of FRS132 which requires fair values to be disclosed. This includes property and equipment, statutory deposits with Bank Negara Malaysia, investment in subsidiaries, other assets, tax recoverable, deferred tax and intangible assets.

Liquidity Risk

Liquidity risk is the risk of loss due to failure to access funds at reasonable cost to fund the Group's operations and meet its liabilities when they fall due. Liquidity risk arises from the Group's funding activities and the management of its assets.

To measure and manage net funding requirements, the Group adopts BNM's New Liquidity Framework ('NLF'). The NLF ascertains the liquidity condition based on the contractual and behavioural cash-flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realisable cash value of the eligible liquefiable assets.

The Group employs liquidity risk indicators as an early alert of any structural change for liquidity risk management. The risk is measured monthly using internal and external qualitative and quantitative liquidity risk indicators. The Group also conducts liquidity stress tests to gauge the Group's resilience in the event of a funding crisis. In addition, the Group has in place the Contingency Funding Plan to deal with liquidity crisis and emergencies.

The BRMC is responsible for the Group's liquidity policy although the strategic management of liquidity has been delegated to the ALCO. The BRMC is however, informed regularly of the liquidity situation in the Group.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk (cont'd)

i) Liquidity risk disclosure table based on contractual undiscounted cash flow:-

GROUP	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2011						
Deposits from customers	18,582,151	10,251,776	9,676,112	1,188,472	-	39,698,511
Deposits and placements of banks and other financial institutions	4,323,009	1,780,638	408,337	475,662	139,207	7,126,853
Bills and acceptances payable	82,059	-	-	-	-	82,059
Recourse obligation on loans sold to Cagamas Berhad	3,172	5,545	26,189	456,743	-	491,649
Trade payables	156,908	-	-	-	-	156,908
Other liabilities	345,551	14,774	73,140	10,783	110	444,358
Borrowings	261	6,535	20,488	731,096	-	758,380
Total financial liabilities	23,493,111	12,059,268	10,204,266	2,862,756	139,317	48,758,718
2010						
Deposits from customers	19,161,213	8,529,946	5,626,074	73,198	-	33,390,431
Deposits and placements of banks and other financial institutions	3,587,510	3,232,688	59,748	176,435	-	7,056,381
Bills and acceptances payable	110,161	-	-	-	-	110,161
Recourse obligation on loans sold to Cagamas Berhad	3,226	3,106	19,021	310,879	-	336,232
Trade payables	258,802	-	-	-	-	258,802
Other liabilities	518,466	14,161	26,875	9,992	1,580	571,074
Borrowings	294	3,485	11,337	434,408	-	449,524
Total financial liabilities	23,639,672	11,783,386	5,743,055	1,004,912	1,580	42,172,605

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Liquidity Risk (cont'd)**

i) Liquidity risk disclosure table based on contractual undiscounted cash flow (cont'd):-

COMPANY	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2011						
Other liabilities	248	587	968	3,731	—	5,534
Amount due to subsidiaries	—	—	—	—	589,313	589,313
Borrowings	261	6,535	20,488	731,096	—	758,380
Total financial liabilities	509	7,122	21,456	734,827	589,313	1,353,227
2010						
Other liabilities	101,083	617	950	3,674	—	106,324
Amount due to subsidiaries	—	—	—	—	689,348	689,348
Borrowings	294	3,485	11,337	434,408	—	449,524
Total financial liabilities	101,377	4,102	12,287	438,082	689,348	1,245,196

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk (cont'd)

ii) Derivatives financial liabilities based on contractual undiscounted cash flow:-

GROUP	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2011						
<u>Derivatives settled on a net basis</u>						
Interest rate derivative	(998)	(2,920)	(2,832)	(8,441)	(1,416)	(16,607)
<u>Derivatives settled on a gross basis</u>						
Foreign exchange derivatives:						
Outflow	(1,368,790)	(763,020)	(860,055)	(70,000)	-	(3,061,865)
Inflow	1,367,630	760,402	859,550	70,000	-	3,057,582
	(1,160)	(2,618)	(505)	-	-	(4,283)
2010						
<u>Derivatives settled on a net basis</u>						
Interest rate derivative	(1,098)	(1,353)	(9,658)	(33,596)	(12,799)	(58,504)
<u>Derivatives settled on a gross basis</u>						
Foreign exchange derivatives:						
Outflow	(278,479)	(207,640)	(229,901)	(115,560)	-	(831,580)
Inflow	278,466	205,907	229,397	115,560	-	829,330
	(13)	(1,733)	(504)	-	-	(2,250)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Liquidity Risk (cont'd)**

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities:-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities:-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows:-

GROUP	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011						
Assets						
Cash and short-term funds	9,740,308	-	-	-	-	9,740,308
Deposits and placements with banks and other financial institutions	570	-	1,920	256,962	20,006	279,458
Financial assets held-for-trading	149,832	-	-	-	-	149,832
Financial investments available-for-sale	72,371	358,981	717,129	6,532,485	1,441,926	9,122,892
Financial investments held-to-maturity	121,156	1,085	64,590	259,355	204,737	650,923
Loans, advances and financing	2,310,912	815,912	1,119,831	9,036,373	17,153,818	30,436,846
Derivative financial assets	11,735	10,901	7,197	2,886	14,304	47,023
Statutory deposit with Bank Negara Malaysia	1,410,141	-	-	-	-	1,410,141
Other assets (Note 1)	275,598	5,932	20,744	91,705	1,504,652	1,898,631
Total assets	14,092,623	1,192,811	1,931,411	16,179,766	20,339,443	53,736,054

Note 1:

Other assets include investment in associate, amount due from associate, investment in jointly controlled entities, trade receivables, property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk (cont'd)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd):-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows (cont'd):-

GROUP	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2011						
Liabilities						
Deposits from customers	20,190,911	10,426,328	8,350,944	395,231	-	39,363,414
Deposits and placements of banks and other financial institutions	4,516,770	2,064,135	286,142	-	-	6,867,047
Bills and acceptances payable	82,059	-	-	-	-	82,059
Recourse obligation on loans sold to Cagamas Berhad	1,426	1,900	-	425,133	-	428,459
Derivative financial liabilities	20,130	16,716	15,200	28,597	16,311	96,954
Other liabilities	502,506	17,772	87,311	8,434	20,229	636,252
Borrowings	261	3,074	-	666,310	-	669,645
Total liabilities	25,314,063	12,529,925	8,739,597	1,523,705	36,540	48,143,830
On-balance sheet gap	(11,221,440)	(11,337,114)	(6,808,186)	14,656,061	20,302,903	5,592,224
Off-balance sheet credit commitments	(89,974)	-	13,493,662	(1,549)	-	13,402,139
Derivatives	573,777	195,782	490,331	(33,068)	-	1,226,822
Net maturity mismatch	(10,737,637)	(11,141,332)	7,175,807	14,621,444	20,302,903	20,221,185

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Liquidity Risk (cont'd)**

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd):-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows (cont'd):-

GROUP	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010						
Assets						
Cash and short-term funds	8,684,235	-	-	-	-	8,684,235
Deposits and placements with banks and other financial institutions	584	-	17,509	-	-	18,093
Financial assets held-for-trading	149,945	-	-	-	-	149,945
Financial investments available-for-sale	459,275	992,929	888,070	5,586,606	665,653	8,592,533
Financial investments held-to-maturity	-	111,113	361	217,950	207,124	536,548
Loans, advances and financing	2,405,184	814,898	1,722,140	7,525,985	14,105,859	26,574,066
Derivative financial assets	12,856	15,994	5,818	9,879	7,079	51,626
Statutory deposit with Bank Negara Malaysia	275,167	-	-	-	-	275,167
Other assets (Note 1)	296,389	616	105,044	29,561	1,690,241	2,121,851
Total assets	12,283,635	1,935,550	2,738,942	13,369,981	16,675,956	47,004,064

Note 1:

Other assets include investment in associate, amount due from associate, investment in jointly controlled entities, trade receivables, property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk (cont'd)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd):-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows (cont'd):-

GROUP	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2010						
Liabilities						
Deposits from customers	19,128,855	8,519,648	5,525,294	73,482	–	33,247,279
Deposits and placements of banks and other financial institutions	3,451,324	3,333,550	67,724	–	–	6,852,598
Bills and acceptances payable	110,161	–	–	–	–	110,161
Recourse obligation on loans sold to Cagamas Berhad	1,488	1,033	–	286,370	–	288,891
Derivative financial liabilities	22,738	–	15,372	25,164	6,921	70,195
Other liabilities	769,363	9,735	26,474	7,633	28,316	841,521
Borrowings	200	1,562	–	390,624	–	392,386
Total liabilities	23,484,129	11,865,528	5,634,864	783,273	35,237	41,803,031
On-balance sheet gap	(11,200,494)	(9,929,978)	(2,895,922)	12,586,708	16,640,719	5,201,033
Off-balance sheet credit commitments	(9,845)	–	13,700,237	–	–	13,690,392
Derivatives	318,479	67,119	195,759	(32,263)	–	549,094
Net maturity mismatch	(10,891,860)	(9,862,859)	11,000,074	12,554,445	16,640,719	19,440,519

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Liquidity Risk (cont'd)**

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd):-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows (cont'd):-

COMPANY	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011						
Assets						
Cash and short-term funds	67,333	-	-	-	-	67,333
Deposits and placements with banks and other financial institutions	570	212,096	3,730	-	-	216,396
Investment in subsidiaries	-	-	-	-	3,536,914	3,536,914
Amount due from subsidiaries	1,212	1,178	672	-	600,000	603,062
Investment in jointly controlled entities	-	-	-	-	135,660	135,660
Investment in associates	-	-	-	-	10,597	10,597
Amount due from associate	947	-	-	66,310	-	67,257
Other assets (Note 1)	2	-	4,519	-	1,286	5,807
Total assets	70,064	213,274	8,921	66,310	4,284,457	4,643,026
Liabilities						
Amount due to subsidiaries	-	-	-	-	589,313	589,313
Other liabilities	248	587	968	3,731	-	5,534
Deferred tax liabilities	-	-	587	-	-	587
Borrowings	261	3,074	-	666,310	-	669,645
Total liabilities	509	3,661	1,555	670,041	589,313	1,265,079
On-balance sheet gap	69,555	209,613	7,366	(603,731)	3,695,144	3,377,947
Off-balance sheet credit commitments	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Net maturity mismatch	69,555	209,613	7,366	(603,731)	3,695,144	3,377,947

Note 1:

Other assets include property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk (cont'd)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd):-

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows (cont'd):-

COMPANY	Up to 1 month	>1-3 months	>3-12 months	>1-5 Years	Over 5 Years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010						
Assets						
Cash and short-term funds	126,186	-	-	-	-	126,186
Deposits and placements with banks and other financial institutions	554	172,405	3,674	-	-	176,633
Investment in subsidiaries	-	-	-	-	3,636,991	3,636,991
Amount due from subsidiaries	74	682	-	-	300,000	300,756
Investment in jointly controlled entities	-	-	-	-	128,520	128,520
Investment in associates	-	-	-	-	10,597	10,597
Amount due from associate	1,204	-	-	24,314	66,310	91,828
Other assets (Note 1)	121	-	6,181	-	944	7,246
Total assets	128,139	173,087	9,855	24,314	4,143,362	4,478,757
Liabilities						
Amount due to subsidiaries	-	-	-	-	689,348	689,348
Other liabilities	99,520	2,180	950	1,874	1,800	106,324
Deferred tax liabilities	-	-	51	90	-	141
Borrowings	200	1,562	-	390,624	-	392,386
Total liabilities	99,720	3,742	1,001	392,588	691,148	1,188,199
On-balance sheet gap	28,419	169,345	8,854	(368,274)	3,452,214	3,290,558
Off-balance sheet credit commitments	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Net maturity mismatch	28,419	169,345	8,854	(368,274)	3,452,214	3,290,558

Note 1:

Other assets include property and equipment, intangible assets, tax recoverable, deferred tax assets and other assets.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents estimates of fair values as at reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of FRS 132 which requires the fair value information to be disclosed. These include property and equipment, investments in subsidiaries, jointly controlled entities and associate, deferred tax, land held for sale and intangible assets.

The fair value of the financial assets and financial liabilities of the Group and the Company approximated to their respective carrying value as at reporting date, except for the following:-

	Group		Company	
	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
2011				
Financial assets				
Financial investments held-to-maturity	650,923	847,294	–	–
Loans, advances and financing	30,436,846	30,860,385	–	–
Financial liabilities				
Deposits from customers	39,363,414	39,282,742	–	–
Recourse obligation on loans sold to Cagamas Berhad	428,459	450,380	–	–
Borrowings	669,645	669,527	669,645	669,527
2010				
Financial assets				
Financial investments held-to-maturity	536,548	752,330	–	–
Loans, advances and financing	26,574,066	26,868,273	–	–
Financial liabilities				
Deposits from customers	33,247,279	33,214,978	–	–
Recourse obligation on loans sold to Cagamas Berhad	288,891	303,270	–	–
Borrowings	392,386	392,154	392,386	392,154

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

The fair values of the financial assets and liabilities are based on the following methodologies and assumptions:

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturities of less than six months, the carrying amount is a reasonable estimate of the fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made with similar risks and maturity profile.

Financial assets held-for-trading, financial investments available-for-sale and financial investments held to-maturity

The fair values of financial assets held-for-trading, financial investments available-for-sale and financial investments held-to-maturity are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

Loans, advances and financing

Loans and advances of the Group comprise of floating rate loans and fixed rate loans. For performing floating rate loans, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of individual and collective allowances, being the reasonable estimate of recoverable amount.

Deposits from customers, banks and other financial institutions

Bills and acceptances payable

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, approximates carrying amount which represents the amount repayable on demand.

Recourse obligation on loans sold to Cagamas Berhad

For floating rate loans sold to Cagamas Berhad, the carrying value is generally a reasonable estimate of their fair values.

The fair values of fixed rate loans sold to Cagamas Berhad are arrived at using the discounted cash flow methodology at prevailing market rates of similarly profiled loans.

Borrowings

For fixed rate borrowings, the estimate of fair value is based on discounted cash flow model using prevailing lending rates for borrowings with similar risks and remaining term to maturity.

For floating rate borrowings, the carrying value is generally a reasonable estimate of their fair values.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

The fair values of the financial assets and liabilities are based on the following methodologies and assumptions (cont'd):

Derivative financial instruments

The fair value of exchange rate and interest rate contracts is the estimated amount the Group would receive or pay to terminate the contracts at the reporting date.

Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2011				
Assets				
Financial assets held-for-trading	–	149,832	–	149,832
Financial investments available-for-sale*				
- Private debt securities	–	5,607,580	–	5,607,580
- Equity securities	21,521	–	120,916	142,437
- BNM and government securities	–	3,372,875	–	3,372,875
Derivative financial assets	–	47,023	–	47,023
	21,521	9,177,310	120,916	9,319,747
Liabilities				
Derivative financial liabilities	–	96,954	–	96,954
2010				
Assets				
Financial assets held-for-trading	–	149,945	–	149,945
Financial investments available-for-sale*				
- Private debt securities	–	4,475,058	–	4,475,058
- Equity securities	20,720	–	105,881	126,601
- BNM and government securities	–	3,990,874	–	3,990,874
Derivative financial assets	–	51,626	–	51,626
	20,720	8,667,503	105,881	8,794,104
Liabilities				
Derivative financial liabilities	–	70,195	–	70,195

* Net of allowance for impairment

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)Fair value measurements (cont'd)

Financial instruments that are valued using quoted prices in active market are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded.

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate private debt securities, corporate notes and most of the Group's OTC derivatives.

The Group classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Group may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group uses models that are widely accepted by the industry.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3.

The following table present the changes in Level 3 instruments for the financial year ended:-

Group	2011 RM'000	2010 RM'000
Opening	105,881	25,331
Profit/(loss)	200	–
Sales	(300)	–
AFS revaluation reserves	15,173	79,900
Allowance for impairment	(38)	–
Transfer in	–	650
Closing	120,916	105,881

Effect of changes in significant unobservable assumptions to reasonably possible alternative

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.

51. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTSRealised and unrealised unappropriated profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all listed issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group and Company into realised and unrealised profits as at reporting date is disclosed as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained profits of AFFIN Holdings Berhad and its subsidiaries:-				
- Realised	1,193,538	957,829	483,548	395,713
- Unrealised				
- deferred tax recognised in the income statement	7,941	6,713	(587)	(141)
- other items of income and expenses	26,176	26,858	-	-
	1,227,655	991,400	482,961	395,572
Total share of retained profits in associate:-				
- Realised	134,411	130,303	-	-
- Unrealised	2,578	2,453	-	-
Total share of accumulated profits/(losses) in jointly controlled entities:-				
- Realised	(22,564)	(18,184)	-	-
- Unrealised	-	-	-	-
	1,342,080	1,105,972	482,961	395,572
Add: Consolidation adjustments	124,976	124,901	-	-
Total Group retained profits as per consolidated financial statements	1,467,056	1,230,873	482,961	395,572

The breakdown of realised and unrealised retained profits is determined 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 unrealised retained profits of the Group as disclosed above do not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

Statement by Directors

Pursuant to Section 169(15) of the Companies ACT, 1965

We, Tan Sri Dato' Lodin bin Wok Kamaruddin and Raja Dato' Seri Aman bin Raja Haji Ahmad, two of the directors of AFFIN Holdings Berhad, state that, in the opinion of the directors, the accompanying financial statements set out on pages 45 to 154 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the MASB Approved Accounting Standards for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2012.

TAN SRI DATO' LODIN BIN WOK KAMARUDDIN
DIRECTOR

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
DIRECTOR

Kuala Lumpur
28 February 2012

Declaration

Pursuant to Section 169(16) of the Companies ACT, 1965

I, Lee Yoke Kiow, the officer primarily responsible for the financial management of AFFIN Holdings Berhad, do solemnly and sincerely declare that in my opinion, the financial statements set out on pages 45 to 154 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE YOKE KIOW

Subscribed and solemnly declared by the above named Lee Yoke Kiow at Kuala Lumpur in Malaysia on 28 February 2012, before me.

COMMISSIONER FOR OATHS



Independent Auditors' Report to the Members of AFFIN Holdings Berhad

(Incorporated in Malaysia) (Company No. 23218-W)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AFFIN Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Note 1 to Note 50 on pages 45 to 153.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 51 on page 154 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/13 (J))
Chartered Accountant

Kuala Lumpur
28 February 2012

Additional Disclosure

Pursuant to Listing Requirements

The information set out below is disclosed in accordance with the Listing Requirements of Bursa Malaysia Sdn Bhd ('BMSB'):

1. Utilisation of proceeds from corporate proposal

Not applicable.

2. Share buy-backs during the financial year

The Company did not carry out any share buy-backs exercise during the financial year ended 31 December 2011.

3. Options, warrants or convertible securities exercised

No options, warrants or convertible securities were issued by the Company or exercised during the financial year ended 31 December 2011.

4. Sanctions / penalties

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2011.

5. Non-audit fees

Non-audit fees paid to external auditors for the financial year ended 31 December 2011

GROUP RM'000	COMPANY RM'000
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736	–
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6. Variation in result

There were no profit estimate, forecast and projection issued by AFFIN Holdings Berhad and its subsidiaries during the financial year ended 31 December 2011.

7. Profit guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2011.

8. Revaluation policy of landed properties

The Group does not revalue its landed properties classified as Property, Plant and Equipment.

9. Material contracts

There were no material contracts outside the ordinary course of business entered by AFFIN Holdings Berhad and its subsidiaries during the financial year.

10. Recurrent related party transactions of a revenue or trading nature

At the Annual General Meeting held on 18 April 2011, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practise Note No. 12 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2011 pursuant to the Shareholders' Mandate are disclosed as follows:

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
AFFIN Holdings Berhad (AHB)	Boustead Management Services Sdn Bhd	Provision of share registrar services to AHB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	49
	Irat Hotels & Resorts Sdn Bhd (Irat)	Rental payment by AHB for rental of office premises, car park and utilities charges payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	723
	Boustead Travel Services Sdn Bhd (Boustead Travel)	Provision of traveling related services to AHB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	–
	Boustead Hotel & Resorts Sdn Bhd (Boustead Hotel & Resorts)	Hotel facilities and refreshment provided to AHB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	104

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
AHB	Boustead Advertising Sdn Bhd (Boustead Advertising)	Artwork and material charges for printing of annual report and other services provided to AHB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	18
	Tricor Investor Services Sdn Bhd	Special registrar services provided to AHB	<u>Interested Directors</u> Dr. The Hon. Sir David Li Kwok Po, Professor Arthur Li Kwok Cheung and Adrian David Li Man Kiu <u>Interested Major Shareholder</u> The Bank of East Asia, Limited	2
	Boustead Information Technology Sdn Bhd (Boustead Information Technology)	Provision for information technology support services and facility for external storage	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1
	Boustead Holdings Bhd (Boustead)	Provision of training for directors and staff in the Group	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	15
AFFIN Bank Berhad (ABB)	Perbadanan Perwira Niaga Malaysia (Perwira Niaga)	Rental payment by ABB for rental of office premises payable monthly for a lease term renewable every two (2) years (Lumut Branch) rental payment ATM at Tentera Laut Diraja Malaysia Teluk Sepanggar, Kota Kinabalu every three (3) years, rental payment for ATM machine at PUSASDA, Port Dickson every one (1) year and rental of office premises for Gemas Branch every two (2) years.	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	108

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
ABB (continued)	Boustead Travel	Provision of traveling related services to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1,000
	Boustead Properties Sdn Bhd (Boustead Properties)	Rental payment to ABB for rental of office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	11,082
	Lembaga Tabung Angkatan Tentera (LTAT)	Rental payment to ABB for rental of office premises and car park payable monthly for a lease term renewable every three (3) years	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	613
	Boustead Curve Sdn Bhd (Boustead Curve)	Rental payment to ABB for rental of office premises payable monthly for a lease term renewable every three (3) years (The Curve)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	317
	Boustead Hotel & Resorts	Hotel accommodation and training for staff provided to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	226

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
ABB (continued)	Boustead Advertising	Advertisement in media services provided to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin	19
	Boustead Petroleum Marketing	LED airtime charges	<u>Interested Major Shareholders</u> LTAT and Boustead <u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin	40
AFFIN Islamic Bank Berhad (AFFIN Islamic)	Boustead Travel	Provision of traveling related services to AFFIN Islamic	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	148
	Boustead Hotel and Resorts	Hotel facilities and refreshment for training provided to AFFIN Islamic	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	—
AFFIN Investment Bank Berhad (AFFIN Investment)	Boustead Travel	Provision of traveling related services to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	751
	Boustead Realty Sdn Bhd (Boustead Realty)	Rental payment for rental of office premises and car park fees payable monthly for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1,664

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
AFFIN Investment (continued)	Boustead Petroleum	Petrol consumption	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	25
	Boustead Curve	Rental payment for rental of office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	343
	Boustead Advertising	Design artwork, marketing advertisement, signing ceremonies backdrop and other related services provided to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	44
	Irat	Rental payment by AFFIN Investment for rental of office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	2,611
	Boustead Hotel & Resorts	Hotel facilities and refreshment for training provided to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	134
	Boustead	Rental of conference room meeting by AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	2

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
AFFIN Fund Management Berhad (AFFIN Fund)	Boustead Realty	Rental payment for rental of office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	485
	LTAT	Management fees by LTAT to AFFIN Fund	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	113
	Boustead REIT	Management fees by Boustead REIT to AFFIN Fund	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	51
AFFIN Money brokers	Boustead Realty	Rental payment for rental of office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	331
	Boustead Advertising	Artwork and material charges for printing of annual report provided to AFFIN Moneybrokers	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	2

10. Recurrent related party transactions of a revenue or trading nature (cont'd)

Name of company	Related company	Nature of transaction	Interested Directors / Major Shareholders / persons(s) connected to interested Directors or interested Major Shareholders	Value of Transaction RM'000
AFFIN Money brokers (continued)	Boustead Travel	Provision of traveling related services to AFFIN Moneybrokers	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	36
AXA AFFIN Life Insurance Berhad (AXA AFFIN Life)	Irat	Rental payment by AXA AFFIN Life for rental of office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1,439
	AXA Asia Pacific Ltd	Provision of information technology support services by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	5,062
	AXA Asia Pacific Ltd	Provision of other support services by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	3,683
	AXA Asia Pacific Ltd	Software development and license fees by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	6,352
	Boustead Travel	Provision of traveling related services to AXA AFFIN Life	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	315
	Boustead Hotel & Resorts	Hotel facilities and refreshment for training provided to AXA AFFIN Life	<u>Interested Director</u> Tan Sri Dato' Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	87
Total				37,995

Particulars of Properties

as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
1	HS(M) 6367, PT 7485 Mukim of Chenor District of Maran	Nadi Kota, Bandar Pusat Jengka 26400 Jengka Pahang	Single storey bungalow / Branch premises (Jengka) CRC	Leasehold 99 years Expiry: 21/08/2091	L: 20,056 B: -	21	437,185
2	HS(D) 39216, K1 PT 2068 Mukim and District of Petaling	No. 1, Jln TK 1/11A Tmn Kinrara Section 1, Batu 7 1/2 Jln Puchong 58200 Selangor	3 storey basement shop office / Branch premises (Kinrara) CRC	Leasehold Expiry: 27/08/2091	L: 3,900 B: 15,600	17	1,492,793
3	Town Lease No. 017541374 & 017541383 Lots 82 & 83, Blok K Mukim of Karamunsing District of K. Kinabalu	Lot 19 & 20 Sadong Jaya Complex Jalan Juara Ikan 3 Karamunsing 88300 K. Kinabalu Sabah	4 storey shop office / Branch premises (Kota Kinabalu) CRC	Leasehold 999 years Expiry: 21/01/2901	L: 2,780 B: 10,144	18	2,310,253
4	PT 3686 & 3687 HS(D) 5167 & 5168 Mukim 1 District of Seberang Perai Tengah Penang	No. 10 Jln Todak 1 Pusat Bandar Seberang Jaya 13700 Perai Penang	4 storey shop office / Branch premises (Seberang Jaya) CRC	Leasehold 99 years Expiry: 21/10/2092	L: 3,681 B: 13,716	15	1,859,268
5	HS(D) 52849, 52850, 52988 & 52989 PT 2, 3, 6620 & 6621 Mukim of Batu District of W. Persekutuan	No. 81, 83 & 85 Jalan 2/3A Pusat Pasar Borong KM 12, Jalan Ipoh 68100 Batu Caves Kuala Lumpur	3 units 4 storey shop office / Branch premises (Selayang) CRC	Leasehold 99 years Expiry: 01/01/2086	L: 4,950 B: 16,733	16	1,050,993
6	Lot 2387 & 2388 Block 5 District of Miri	Lot 2387 & 2388 Jalan Boulevard 1A Boulevard Commercial Centre 3km, Jalan Miri-Pujut 98000 Miri, Sarawak	2 units 3 storey shop office / Branch premises (Miri) CRC/HPC	Leasehold 60 years Expiry: 21/01/2050	L: 3,190 B: 8,371	15	882,736
7	HS(D) 143324, PT 18, Seksyen 14 Bandar Shah Alam Selangor	a) Commercial Land Precint 3.4 Pusat Bandar Shah Alam b) Bangunan AFFIN Bank	16 storey building with 4 storey Basement Building/Bangunan AFFIN Bank Shah Alam	Leasehold 99 years Expiry: 11/05/2100	L: 32,561 B: 81,400	12	43,755,493

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
8	HS(M) 14862 & 14863 PT 21350 & 21351 Tempat Bukit Raja Mukim of Kapar District of Klang	No. 29 & 31 Jalan Tiara 3 Bandar Baru Kelang 41150 Kelang Selangor	2 units 4 storey shop office / Branch premises (Klang Utara) CRC	Leasehold 99 years Expiry: 08/05/2093	L: 3,300 B: 13,200	14	2,771,296
9	Sub-Lot 13, Lot 3060 District of Bintulu	Sub Lot 13 Off Lot 3299 Bintulu Town District Off Jalan Diwarta 97000 Bintulu Sarawak	1 unit 3 storey shop office / Branch premises (Bintulu) CRC	Leasehold 60 years Expiry: 29/03/2055	L: 3,240 B: 9,720	14	672,557
10	PTD 62642 & 62643 HS (D) 227069 & 227070 Mukim of Pulai District of Johor Bahru	No. 49 & 51 Jalan Sri Perkasa 2/1 Taman Tampoi Utama 81200 Tampoi Johor Bahru, Johor	2 adjacent lots / 3 storey shop office / Branch premises (Tampoi) CRC	Leasehold 99 years Expiry: 13/04/2094	L: 5,468 B: 10,710	14	1,308,919
11	Lot 27/28, Seksyen 1 No. Hakmilik 980/981 Mukim of Pekan Batu	No. 840 & 842, Bt 4 1/2 Jalan Ipoh 51200 Kuala Lumpur	4 1/2 storey building (with basement) / Branch premises (Batu Cant.) CRC	Leasehold 60 years Expiry: 13/01/2037	L: 3,081 B: 9,243	26	1,645,975
12	HS(D) 96849 (30438 [New]) Lot/PT 6536 (28035 [New]) Mukim of Setapak District & State of Wilayah Persekutuan	No. 2, Jln 1/27F KLSC Wangsa Maju, 53300 Kuala Lumpur [C7/50/86-1, C7/50/86-2, C7/50/86-4 & C7/50/86-3]	4 storey shop office (Corner Unit)	Leasehold 99 years Expiry: 19/4/2083	L: 4,480 B: 14,920	13	2,651,004
	HS(D) 96848 (30437 [New]) Lot/PT 6537 (28034 [New]) Mukim of Setapak District & State of Wilayah Persekutuan	No. 4, Jln 1/27F KLSC Wangsa Maju, 53300 Kuala Lumpur [C7/50/85-1, C7/50/85-3]	3 storey shop office Branch premises (Wangsa Maju) CRC	Leasehold 99 years Expiry: 19/4/2083	L: 1,920 B: 5,760		
13	PTD 112746, HS(D) 380770 PTD 112747, HS(D) 380771 Mukim of Plentong District of Johor Bahru, Johor	No. 40 & 41 Pasir Gudang Business Centre Jalan Bandar 81700 Pasir Gudang Johor	2 units 2 storey shop office / unoccupied Branch premises (Pasir Gudang) vacant	Leasehold 99 years Expiry: 20/09/2084	L: 2,800 B: 4,327	16	606,307

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
14	Developer's Lot S03 & S04 PT 72, HS(D) 7295 District of Port Dickson Negeri Sembilan	No. 3 & 4 Jalan Aman Kawasan Penambakan Laut 71000 Port Dickson Negeri Sembilan	2 units 3 storey shop office / Branch premises (Port Dickson) CRC	Leasehold 99 years Expiry: 31/01/2085	L: 3,532 B: 9,900	15	806,376
15	Lots 436 & 437 Geran No. 12256 & 12257 Section 13 District of Kota Bharu, Kelantan New Title: HS(D) KB. 4/98 No. PT 136 & HS(D) KB. 5/98 No. PT 134 Section 13 District of Kota Bharu	No. 3788 H & 3788 I Section 13 Jalan Sultan Ibrahim 15050 Kota Bharu Kelantan	2 units 3 storey shop office / Branch premises (Kota Bharu) CRC	Leasehold 66 years Expiry: 09/03/2064	L: 3,200 B: 9,152	26	902,861
16	HS(M) 6836 P.T. 14531 Mukim of Damansara District of Petaling Jaya	No. 101, 201, 301, 401 & 501, Block C, Menara Glomac, Kelana Business Centre 97, Jalan 227/2 47301 Kelana Jaya Selangor	Branch premises (Kelana Jaya) CRC	Leasehold 99 years Expiry: 21/11/2092	Not stated	11	8,253,536
17	HS(D) 103053 Lot No. 770 Section 11 District of Petaling Town of Shah Alam HS(D) 103053 Lot No. 770 Section 11 District of Petaling Town of Shah Alam	No. 11, Kompleks Perdagangan Umno Persiaran Damai 40000 Shah Alam Selangor Darul Ehsan No. 12, Kompleks Perdagangan Umno Persiaran Damai 40000 Shah Alam Selangor Darul Ehsan	1 unit 4 storey shop office / Branch premises 1 unit 4 storey shop office / Branch premises	Leasehold 99 years Expiry: 12/5/2095 Leasehold 99 years Expiry: 12/5/2095	L: 1,650 B: 8,000 L: 1,650 B: 8,000	11	2,048,319
18	HS(D) 9980 PT 4370 Mukim & District of Port Dickson New Title:- Lot No. 287 PN 2474 / M1 / 3/48 Mukim Bandar Port Dickson District of Port Dickson	Corus Lagoon Apartment Unit B-L3-06 Batu 2, Jalan Pantai 71000 Port Dickson Negeri Sembilan	Holiday resort apartment	Leasehold 99 years Expiry: 06/07/2087	L: Not Applicable B: 792 73.58 Sq Mtr	11	149,519

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA		NET BOOK VALUE AS AT 31.12.2011 (RM)	
					L: LAND AREA	B: BUILT-UP AREA		
19	HS(D) 1772 PT 2851 Mukim of Kijal District of Kemaman	Awana Kijal Beach Resort Apartment (2 Rooms), 13B Baiduri Apartment KM 28, Jalan Kemaman-Dungun 24100 Kijal Terengganu	Holiday resort apartment	Leasehold 99 years Expiry: 27/11/2091	–		11	324,785
	HS(D) 1772 PT 2851 Mukim of Kijal District of Kemaman	Awana Kijal Beach Resort Apartment (3 Rooms), 19A Baiduri Apartment KM 28, Jalan Kemaman-Dungun 24100 Kijal Terengganu						
20	Lot 1894 Title No. 1289 & Lot 1895 Title No. 1290 Daerah & Bandar Kuala Terengganu Negeri Terengganu	63 & 63A Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu	3 storey shop office / Branch premises (Kuala Terengganu) CRC	Leasehold 99 years Expiry: 18/12/2048	L: 4,171 B: N/A		11	1,604,487
	21	HS(D) 4705 & 4706 District of Melaka Tengah	No. 200 & 201 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka	2 units 3 storey shop office / Branch premises (Melaka Raya) CRC/HPC	Leasehold 90 years Expiry: 19/12/2075	L: 4,430 B: 10,031	31	503,772
22	Lot 247 & 248, Section 49 Lease of State Land	Lots 247 & 248 Section 49, KTLD Jalan Tunku Abdul Rahman 93100 Kuching	2 units 4 storey shop office / Branch premises (Kuching) CRC/HPC	Leasehold 56 years Expiry: 24/07/2044	L: 2,500		25	985,826
23	Lot (PT) 34827 HS(M) 18, 32987 Mukim of Ampang District of Ulu Langat (Held under, corner unit HS(D) 16878, PT. 20871, & Intermediate Unit, HS(D) 16879, PT. 20872, Mukim of Ampang District of Ulu Langat State of Selangor	No. 1 & 3 Jalan Pandan Indah 4/2 Pandan Indah 55100 Kuala Lumpur	2 units 3 ½ storey shop office / Branch premises Pandan Indah vacant	Leasehold 99 years Expiry: 14/04/2087	L : 4,843 B : 16,227		18	3,260,912

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
24	HS(D) 5217 PT 90 Section 1 Town of P. Swethenham District of Klang	No. 1, Jln Berangan 42000 Port Klang Selangor	4 storey shop office / Branch premises (Port Klang) CRC	Freehold	L: 3,000 B: 12,768	30	473,904
25	HS(D) 892 PT 6727/24, Mukim of Kuala Kuantan District of Kuantan Pahang	No. 1 Jln Tun Ismail 25740 Kuantan Pahang	3 1/2 storey shop office / Branch premises (Kuantan) CRC	Freehold	L: 3,367 B: 12,800	20	556,892
26	Lot 119, Section 14, PT 15727 & 15728 GRN 62485 HS(D) 11547 & 11548 Mukim of Ampang Town of Ampang District of Ulu Langat Selangor	No. 11 & 11A Jln Mamanda 7/1 Ampang Point 68000 Ampang Selangor Darul Ehsan	5 storey shop office (Grd Flr & 1st Flr) / Branch premises (Ampang Jaya) CRC	Freehold	L: 3,261 B: 5,658.4	15	1,123,976
27	Plots 65 & 66 HS(D) 7570 & 7571 Also known as HS(D) 14249 & HS(D) 14250 Lot 8552 & 8553 Mukim 12 South West District Penang	No. 124 & 126 Jalan Mayang Pasir Tmn Sri Tunas 11950 Bayan Lepas Penang	2 units 3 storey shop office / Branch premises (Bayan Baru) CRC	Freehold	L: 3,080 B: 8,360	19	1,094,098
28	HS(D) 2874 & PTB 4161 T/ship of Kluang District of Kluang Johor	No. 503 Jln Mersing 86000 Kluang Johor	3 storey shop office / Branch premises (Kluang) CRC/HPC	Freehold	L: 6,000 B: 9,944	18	487,630
29	HS(D) 9406, Lot 8226 & PT 4045 HS(D) 9407, Lot 8227 & PT 4046 Mukim of Damansara District of Petaling Selangor	No. 7 & 9 Jln SS15/8A 47500 Subang Jaya Selangor	2 units 4 storey shop office / Branch premises (Subang Jaya) CRC	Freehold	L: 3,520 B: 9,944	18	1,006,595

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
30	Lot 51412 & 51413 HS(D) 23844 & 23843 PT 3479 & 3480 Mukim of Kuala Lumpur District of W. Persekutuan	No. 4 & 6 Jalan Telawi 3 Bangsar Baru 59100 Kuala Lumpur	2 units 3 storey shop office / Branch premises (Bangsar) CRC	Freehold	L: 4,659 B: 11,858	20	3,380,721
31	HS(M) 4961 & HS(M) 4962 PT 457 & PT 458 Mukim of Kajang District of Hulu Langat Selangor	No. 2 & 3, Jln Saga Tmn Sri Saga Off Jln Sg Chua 43000 Kajang Selangor	2 units 3 1/2 storey shop office / Branch premises (Kajang) CRC	Freehold	L: 3,510 B: 11,136	16	228,365
32	GM 2251 & 2252 Lots 3991 & 3992 Mukim 5 District Seberang Perai Utara Pulau Pinang	No. 1317 & 1318 Taman Sepakat Off Jln Butterworth 13200 Kepala Batas Seberang Perai Utara Pulau Pinang	2 units 3 storey shop office / Branch premises (Kepala Batas) CRC	Freehold	L: 2,390 B: 6,920	16	530,605
33	HS(D) 73618 & 73619 PT 5733 & 5734 Mukim of Labu District of Seremban Negeri Sembilan	No. 5733 & 5734 Jln TS 2/1, Tmn Semarak Phase II 71800 Nilai Negeri Sembilan	2 units 3 storey shop office / Branch premises (Nilai) CRC	Freehold	L: 3,600 B: 10,800	17	723,405
34	PTD 48474 & 48475 HS(D) 86046 & 86047 Mukim of Plentong District of Johor Bharu, Johor	No. 130 & 132 Jln Rosmerah 2/17 Tmn Johor Jaya 81100 Johor Bahru Johor	2 units 3 storey shop office / Branch premises (Johor Jaya) CRC	Freehold	L: 4,773 B: 14,319	17	1,531,256
35	HS(D) 67773 & 67774 Lots 29427 & 29428 Mukim of Kuala Lumpur District & State of Wilayah Persekutuan	No. 47 & 49 Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur	2 units 3 storey shop office / Branch premises (TTDI) CRC	Freehold	L: 5,138 B: 11,250	20	3,644,054
36	Lots 14127 & 14128 GRN 7792 & 7793 Mukim of Setapak District of Kuala Lumpur Federal Territory of Kuala Lumpur	No. 159 & 161 Jln Genting Kelang 53000 Setapak Kuala Lumpur	2 units 3 Storey with Basement / shop office / Branch Premises (Setapak) CRC	Freehold	L: 4,306 B: 17,224	23	1,839,592
37	PTD 100479 & 100480 Mukim of Plentong District of Johor Bahru, Johor	No. 23 & 25 Jalan Permas 10/2 Permas Jaya 81750 Masai Johor Bahru, Johor	2 units 4 storey shop office / Branch premises (Permas Jaya) CRC	Freehold	L: 3,840 B: 13,440	18	1,849,074

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
38	HS(D) 16728, PTD 9887 & HS(D) 16729 PTD 9888 Mukim of Simpang Kanan District of Batu Pahat	No. 3 & 4 Jalan Merah Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	2 units 3 storey shop office / Branch premises (Batu Pahat) CRC	Freehold	L: 3,080 B: 16,227	21	770,383
39	HSD 41955 & 41954 PT 24179 & 24178 Mukim of Cheras District Ulu Langat Selangor	No. 39 & 41 Taming Permai Business Park Off Jalan Balakong 43300 Balakong Selangor	2 units 3 storey shop office with basement / unoccupied Branch premises (Balakong)	Freehold	L: 5,565 B: 15,288	14	2,437,870
40	Lots 175 & 176 PT 1386 & 1387 GRN 6787 Mukim of Kuah District of Langkawi Kedah	No. 149-A, 149-B, 149-C & 151-A, 151-B, 151-C Persiaran Bunga Raya, Langkawi Mall 07000 Kuah Langkawi Kedah	2 units 3 storey shop office / Branch premises (Kuah) CRC	Freehold	L: 3,304 B: 9,912	14	1,290,485
41	HS(D) 7156,7157, 7187 & 7188 PT 34, 35, 65 & 66 Bandar Bukit Baru Seksyen 11 District of Melaka Tengah Melaka	No. 7, 7-1, 7-2, 7-3A, 7-3B, 7-4A, 7-4B No. 8, 8-1, 8-2, 8-3A, 8-3B, 8-4A, 8-4B Jalan DR1 Delima Point Taman Delima Point 75150 Melaka	2 units 5 storey shop office / Apartment / Branch premises (Bukit Baru) CRC	Freehold	L: 3,509 B: 17,160	15	1,449,350
42	Lot 1 Mukim of Padang Cina District of Kulim (Known as Grant 99940 9181, Town of Kulim District of Kulim Kedah)	Suite B-4 Ground Floor KHTP Business Centre Kulim Hi-tech Park 09000 Kulim, Kedah	Office / commercial complex (ground floor) KTHP Business Centre (5-shop office)/ unoccupied Branch premises (Kulim Hi-tech) vacant	Freehold	L: 9,064.36 B: 9,064.36	13	1,997,790
43	HS(D) 342228 & 342229 PTD 50679 & 50680 Lot 840 & 842 PT 6 & 7 Mukim of Senai-Kulai District of Johor Bahru, Johor	No. 93 & 94 Jalan Kenanga 29/7 Indahpura Taman Bandar Indahpura 81000 Johor Bahru Johor	2 units 4 storey shop office / Unoccupied Branch premises (Kulai) Vacant	Freehold	L: 4,607 B: 17,749	12	1,189,088

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
44	Geran No.48649, Lot No 8066, HS(D) 895, No. P.T. 1201, Mukim Padang China District of Kulim	Lot No. E189 Kulim Golf & Country Resort 09000 Kulim Kedah	Land / Branch Mgr's Residence (Kulim) Vacant	Freehold	L: 9,534	11	162,078
45	Geran HBM 107/M1/22/124 Parcel No. 124 Storey No. 22 Building No. M1 Parent Lot 666 Section 2 Town of Batu Ferringhi North East District Penang New Title:- Lot No. 666 Geran HBM 107/M1/22/124 Mukim Bandar Batu Ferringhi, Sek. 2 Daerah Timur Laut Negeri Pulau Pinang	No. 188-21-6 Sri Sayang Jalan Batu Ferringhi 11000 Penang (Sri Sayang Resort Apartment) Unit No. 22-06 22nd storey Batu Ferringhi Pulau Pinang	An end unit 3-bedroom apartment / Holiday resort apartment	Freehold	L: Not applicable B: 911 84.6 sq mtr	11	183,301
46	HS(D) 23766 PT 199, Seksyen 40 Town of Kuala Lumpur District of Kuala Lumpur Federal Territory of Kuala Lumpur	No. 133, Jalan Bunus, Off Jalan Masjid India 50100 Kuala Lumpur	1 unit 5 storey shop office / Branch premises (Jln Bunus) CRC	Freehold	–	11	3,263,632
47	HSD 120238 & 120239 PT 39 & 40 Pekan Desa Puchong District of Petaling Selangor	No. 16 & 18 Jalan Bandar 3 Pusat Bandar Puchong 47100 Puchong Selangor	2 units 4 storey shop office / Branch premises (Puchong) CRC	Freehold	L: 3,300 B: 12,400	11	1,084,568
48	GM 405, Lot 1927 GM 407, Lot 2007 GM 409, Lot 2006 Mukim Nibong Tanah Merah Kelantan	Lot PT 1995/1996 Bandar Baru Bukit Bunga 17700 Tanah Merah Kelantan	1 unit 2 storey shop office / Branch premises (Jeli) CRC	Freehold	L: 2,000 B: 4,000	11	297,574

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
49	HS(D) 36868, Lot 25724, Mukim of Petaling	No. 161 Jalan SS2/24 47300 Petaling Jaya Selangor	3 storey shop office / Branch premises (SS2) HPC	Freehold	L: 2,268 B: 8,902	31	849,217
50	HS(D) 194608, PT 1106 Pekan Serdang Daerah Petaling Selangor	No. 36 Jln PS3 Pusat Perdagangan Seri Kembangan 43300 Seri Kembangan Selangor	3 storey shop office / Branch premises (Seri Kembangan) CRC	Freehold	L: 3,563 B: 10,684	11	1,417,711
51	Unit No. P1-01-32, Held Under Hakmilik Strata No Berdaftar Geran 61929/M1/1/53 Lot No. 1594, Seksyen 2 Bandar Tanjung Tokong						
	Unit No. P1-02-32 Held Under Hakmilik Strata No Berdaftar Geran 61929/M1/2/121 Lot No. 1594, Seksyen 2 Bandar Tanjung Tokong						
	Unit No. P1-03-32 Held Under Hakmilik Strata No Berdaftar Geran 61929/M1 Menara B/3/223 Lot No. 1594 Seksyen 2 Bandar Tanjung Tokong	98-G-32 to 98-3A-32 Block 32 Prima Tanjung Business Centre Jalan Tanjung Tokong 10470 Pulau Pinang	5 storey shop office / Branch premises (Fettes Park) CRC	Freehold	L: 1,037 B: 7,732	11	1,871,761
	Unit No. P1-04-32, Held Under Hakmilik Strata No Berdaftar Geran 61929/M1 Menara B/4/257 Lot No. 1594, Seksyen 2 Bandar Tanjung Tokong						
	Unit No. P1-05-32, Held Under Hakmilik Strata No Berdaftar Geran 61929/M1 Menara B/5/259 Lot No. 1594, Seksyen 2 Bandar Tanjung Tokong						

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT.		NET BOOK VALUE AS AT 31.12.2011 (RM)
					L: LAND AREA	B: BUILT-UP AREA	
						APPROX. AGE OF BUILDING (YEARS)	
52	No. 14269, Lot 1929, Town of Taiping District of Larut Perak	No. 157 Jalan Kota 34000 Taiping Perak	3 storey shop office / Branch premises	Freehold	L: 1,700 B: 4,960	35	280,109
53	PT 288 & 289 Mukim of Seriap District of Pengkalan Asam	No. A2 Taman Pengkalan Assam 01000 Kangar Perlis	4 storey free standing building / Branch premises (Kangar) CRC	Freehold	L: 2,445 B: 9,677	15	831,109
54	HS(D) 807 & 808 PT 2592 & 2593 District of Seberang Perai Utama	No. 55 & 57 Taman Selat Jalan Bagan Luar 12000 Butterworth	2 units 4 storey shop office Branch premises	Freehold	L: 4,779.2 B: 13,760	26	1,639,734
55	HS(M) 2926 & 2925 PT 21346 & 21345 Mukim of Petaling District of W. Persekutuan	No.10 & 12 Jalan Radin Tengah Bandar Baru Sri Petaling 50770 Kuala Lumpur	2 units 3 storey shop office Branch Premises	Leasehold Expiry: 05/04/2078	L: 3,840 B: 11,520	28	569,194
56	HS(D) 16521 & 16496 PT 8192/1387 & PT 8912/1366 Mukim of Kuala Lumpur District of Petaling	No. 20 & 22 Jln 21/22 SEA Park 46730 Petaling Jaya	2 units 3 storey shop office Branch Premises	Freehold	L: 3,230 B: 9,750	27	1,426,446
57	Town Lease: 107516432 Town Lease: 107516441 Town Lease: 107516450 District of Tawau	No. TB 281, 282 & 283 Jln Haji Karim Town Extension 11 91008 Tawau Sabah	3 units 4 storey shop office Branch Premises	Leasehold Expiry: 31/12/2895 Long Term	L: 6,720 B: 13,440	27	1,499,860
58	HS(D) 3659 & 3662 PT 3227 & 3228 District of Seremban	No. 93A & 93B Jln Rasah 70470 Seremban N. Sembilan	2 units 3 storey shop office Branch Premises	Freehold	L: 4,107 B: 8,400	27	644,895
59	Lot 1903 & 2503 Section 41 Town and District of Kuala Lumpur Title No Geran 6249 & 42738	No. 383 & 385 Jln Tuanku Abdul Rahman 50100 Kuala Lumpur	4 storey shop office (investment property)	Lot 1903 – Leasehold Expiry: 12/01/2071 Lot 2503 – Freehold	19,749	40	5,802,785

Particulars of Properties (cont'd)
as at 31 December 2011

NO.	TITLE/LOT NO.	LOCATION / ADDRESS	DESCRIPTION / EXISTING USE	TENURE	AREA SQ. FT. L: LAND AREA B: BUILT-UP AREA	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2011 (RM)
60	PT Nos, 3672, 3673, 3674, 3675, 3676 & 3677 All within Mukim Damansara District of Petaling, Selangor Title No. HS(D) 78045, 78046, 78047, 78048, 78049 & 78050	41, 43, 45, 47, 49 & 51 Jln SS 6/12 Kelana Jaya 47301 Petaling Jaya, Selangor	6 units 4 storey shop office (investment properties)	Freehold	46,093	17	6,700,000
61	Lot 400, Mukim of Kaw Bandar XXXIX, District of Melaka Tengah, Melaka	No. 596, Jln Melaka Raya 10, Tmn Melaka Raya Bandar Hilir 75000 Melaka	2 storey shop office (self-occupied as a Branch)	Leasehold Expiry: 4/10/2082	2,740	29	400,000
62	Grant No. 4731, Lot 232, Section 89, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL	No. 3, Jln Ampang Hilir 55100 Kuala Lumpur	Training Center	Freehold	2,431 sq mtr	35.5	11,477,600
							148,291,879

Shareholding Statistics

as at 29 February 2012

ANALYSIS OF SHAREHOLDINGS AS AT 29 FEBRUARY 2012

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	676	4.08	17,925	0.00
100 – 1,000	2,809	16.95	2,502,558	0.17
1,001 – 10,000	10,832	65.35	41,325,667	2.77
10,001 – 100,000	1,984	11.97	58,532,142	3.91
100,001 – 74,728,790	271	1.63	205,103,145	13.72
74,728,791 & above	3	0.02	1,187,094,369	79.43
TOTAL	16,575	100.00	1,494,575,806	100.00

* Less than 5% of issued shares

** 5% and above of issues shares

LIST OF TOP 30 SHAREHOLDERS AS AT 29 FEBRUARY 2012

Name	Shareholdings	%
1 Lembaga Tabung Angkatan Tentera	526,359,763	35.22
2 Mayban Nominees (Asing) Sdn Bhd The Bank Of East Asia Limited Hong Kong For The Bank Of East Asia Limited (Investment Ac)	351,494,226	23.52
3 Boustead Holdings Berhad Account Non-Trading	309,240,407	20.69
4 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	68,640,800	4.59
5 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	17,845,500	1.19
6 Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	9,611,900	0.64
7 HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	4,797,400	0.32
8 HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Australia)	3,399,600	0.23
9 AMSEC Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad (Hedging)	3,358,800	0.23
10 Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (Inv-II Par)	3,150,600	0.21
11 HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	2,902,600	0.19
12 BHLB Trustee Berhad Public Focus Select Fund	2,899,000	0.19
13 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Rhb Inv)	2,200,000	0.15
14 Mayland Parkview Sdn Bhd	2,154,000	0.14
15 HSBC Nominees (Asing) Sdn Bhd TNTC For LSV Emerging Markets Equity Fund L.P.	1,801,000	0.12

Shareholding Statistics (cont'd)
as at 29 February 2012

**LIST OF TOP 30 SHAREHOLDERS
AS AT 29 FEBRUARY 2012**

Name	Shareholdings	%
16 Koperasi Kebangsaan Permodalan Tanah Berhad	1,800,000	0.12
17 Yayasan Guru Malaysia Berhad	1,597,500	0.11
18 Employees Provident Fund Board	1,500,000	0.10
19 Amanahraya Trustees Berhad AFFIN Quantum Fund	1,354,500	0.09
20 Amanah Raya Berhad Kumpulan Wang Bersama	1,343,600	0.09
21 Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Nomura)	1,314,400	0.09
22 HLB Nominees (Asing) Sdn Bhd Pledged Securities Account For Keen Capital Investments Limited (Sin 9534-6)	1,264,700	0.09
23 Pertubuhan Peladang Kebangsaan	1,250,000	0.08
24 Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio Dfa Investment Dimensions Group Inc	1,220,300	0.08
25 HSBC Nominees (Asing) Sdn Bhd BNY Brussels For Wisdomtree Emerging Markets Smallcap Dividend Fund	1,183,800	0.08
26 HSBC Nominees (Asing) Sdn Bhd BNY Brussels For City Of New York Group Trust	1,181,700	0.08
27 HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (Sg Br-Tst-Asing)	1,165,800	0.08
28 HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. International Plc (Client)	1,020,000	0.07
29 Amanahraya Trustees Berhad AFFIN Select Growth Fund	995,000	0.07
30 Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-Nr)	911,900	0.06
Total	1,328,958,796	88.92

**LIST OF SUBSTANTIAL SHAREHOLDERS
AS AT 29 FEBRUARY 2012**

Name	Direct Shareholdings	(%)	Indirect Shareholdings	(%)
1 Lembaga Tabung Angkatan Tentera ("LTAT")	526,359,763	35.22	309,240,207*	20.69
2 The Bank of East Asia, Limited	351,494,226	23.52	–	–
3 Boustead Holdings Berhad ("BHB")	309,240,407	20.69	–	–

* Deemed interested by virtue of LTAT's interest in BHB

I/We, _____ NRIC No./Company No. _____
(Full Name in Block Capitals)

of _____

being a member/members of **AFFIN HOLDINGS BERHAD** hereby appoint _____

of _____

or failing him, _____

of _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held on Monday, 16 April 2012 at 10:00 a.m. at 13th Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

RESOLUTION	FOR	AGAINST
1. To receive and adopt the Financial Statements and the Reports of the Directors and Auditors Thereon		
2. To re-elect Y. Bhg. Tan Sri Dato' Lodin bin Wok Kamaruddin as Director		
3. To re-elect Y.M Raja Dato' Seri Aman bin Raja Haji Ahmad as Director		
4. To re-elect Y. Bhg Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff as Director		
5. To re-appoint Y. Bhg. Dato' Mustafa bin Mohamad Ali as Director		
6. To re-appoint Dr. the Hon. Sir David Li Kwok Po as Director		
7. To approve Directors' Fees		
8. To re-appoint Auditors and to authorise Directors to fix their remuneration		
9. To authorise the Directors to allot and issue shares		
10. To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature		

NO. OF SHARES HELD

Signature or common seal of Shareholder(s)

Signed this _____ day of _____ 2012

NOTES:

1. A member entitled to attend or vote at the meeting may appoint a proxy or proxies (not more than two) to attend and vote instead of him. A proxy need not be a member.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company, located at 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur not less than forty-eight hours before the time of the Meeting or any adjournment thereof.

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STAMP

AFFIN HOLDINGS BERHAD

7th Floor, Chulan Tower

3, Jalan Conlay

50450 Kuala Lumpur

7th Floor, Chulan Tower
3, Jalan Conlay
50450 Kuala Lumpur
Tel: (03) 2142 9569
Fax: (03) 2143 1057

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