



LAPORAN TAHUNAN

2011

ANNUAL REPORT



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Notice of Annual General Meeting Notis Mesyuarat Agung Tahunan

NOTICE IS HEREBY GIVEN THAT THE 42ND ANNUAL GENERAL MEETING of the Company will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 5 April 2012 at 11.00 a.m. for the following purposes:

Notis adalah dengan ini untuk memberitahu bahawa Mesyuarat Agung Tahunan kali ke-42 akan diadakan di Ballroom 1, Tingkat 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Khamis, 5 April 2012 pada jam 11 pagi bagi tujuan-tujuan yang berikut:

1. To receive and adopt the Audited Financial Statements of the Company and of the Group for the year ended 31 December 2011 and Reports of the Directors and Auditors thereon.
Untuk menerima dan meluluskan Penyata Kewangan Syarikat dan Kumpulan bagi tahun berakhir 31 Disember 2011 dan laporan oleh Pengarah dan Juruaudit mengenainya.
Ordinary Resolution 1
Resolusi Biasa 1
2. To declare a final dividend of 7% less 25% income tax for the financial year ended 31 December 2011.
Untuk mengisytiharkan dividen terakhir sebanyak 7% yang ditolak cukai pendapatan 25% bagi tahun kewangan berakhir 31 Disember 2011.
Ordinary Resolution 2
Resolusi Biasa 2
3. To approve payment of Directors' Fees amounting to RM673,333 for the financial year ended 31 December 2011.
Untuk meluluskan pembayaran yuran Pengarah sebanyak RM673,333 bagi tahun kewangan berakhir 31 Disember 2011.
Ordinary Resolution 3
Resolusi Biasa 3
4. To re-elect the following Director who retire in accordance with Article 86 of the Company's Articles of Association and who being eligible offer himself for re-election:-
Untuk melantik semula Pengarah berikut yang telah bersara selaras dengan Perkara 86 daripada Artikel Pertubuhan Syarikat dan yang oleh kerana layak, menawarkan diri mereka untuk dilantik semula:-
(i) Encik Aw Hong Boo
Ordinary Resolution 4
Resolusi Biasa 4
5. To re-elect the following Directors who retire in accordance with Article 78 of the Company's Articles of Association and who being eligible offer themselves for re-election:-
Untuk melantik semula Pengarah berikut yang telah bersara selaras dengan Perkara 78 daripada Artikel Pertubuhan Syarikat dan yang oleh kerana layak, menawarkan diri mereka untuk dilantik semula:-
(i) Encik Lim Tian Huat
(ii) Dato' Shahril Ridza bin Ridzuan
(iii) Dato' Zuraidah binti Atan
Ordinary Resolution 5
Resolusi Biasa 5
Ordinary Resolution 6
Resolusi Biasa 6
Ordinary Resolution 7
Resolusi Biasa 7
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration.
Untuk melantik semula Tetuan Ernst & Young sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah untuk menentukan ganjaran mereka.
Ordinary Resolution 8
Resolusi Biasa 8
7. To transact any other ordinary business of which due notice shall have been given.
Untuk menjalankan sebarang urusan lain yang biasa di mana notis sewajarnya telah diberikan.
Special Business: / Urusan Khas :
8. To consider and if thought fit, to pass the following resolution as Special Resolution:
Untuk dipertimbangkan dan jika difikirkan sesuai, meluluskan resolusi berikut sebagai Resolusi Khas:
SPECIAL RESOLUTION 1 / RESOLUSI KHAS 1
Proposed Amendment to the Articles of Association
Cadangan Pindaan Artikel Pertubuhan Syarikat
Special Resolution 1
Resolusi Khas 1

"That the Company's Articles of Association be hereby amended by deleting the existing Article 4 (b) in its entirety and substituting the following new article 4 (b):-

"Bahawa Artikel Pertubuhan Syarikat dengan ini dipinda dengan memadam Perkara yang sedia ada dalam Artikel 4 (b) secara keseluruhan dan menggantikan Artikel 4 (b) yang baru:-



Notice of Annual General Meeting (cont'd)

Notis Mesyuarat Agung Tahunan (samb.)

The existing Article 4 (b) / Artikel 4 (b) semasa

No Directors shall participate in an issue of shares to employees unless shareholders in a general meeting have approved of the specific allotment to be made to such Directors and unless he holds office in an executive capacity;

Pengarah tidak akan mengambil bahagian dalam pemberian saham kepada pekerja-pekerja melainkan pemegang saham dalam mesyuarat agung telah meluluskan peruntukan tertentu yang diberikan kepada Pengarah itu dan melainkan jika beliau memegang jawatan dalam kapasiti sebagai seorang eksekutif;

New Article 4 (b) / Artikel 4 (b) baru

"No director shall participate in a Share Issuance Scheme unless shareholders in a general meeting have approved the specific allotment to be made to such director and unless he holds office in an executive capacity;"

"Pengarah tidak boleh mengambil bahagian dalam Skim Pengeluaran Saham melainkan jika pemegang saham dalam mesyuarat agung telah meluluskan peruntukan tertentu yang dibuat kepada Pengarah itu dan melainkan jika beliau memegang jawatan dalam kapasiti sebagai seorang eksekutif;"

9. To consider and if thought fit, to pass the following resolution as Special Resolution:

Untuk dipertimbangkan dan jika difikirkan sesuai, meluluskan resolusi berikut sebagai Resolusi Khas:

SPECIAL RESOLUTION 2 / RESOLUSI KHAS 2
Proposed Amendment to the Articles of Association
 Cadangan Pindaan Artikel Pertubuhan Syarikat

Special Resolution 2
Resolusi Khas 2

"That the Company's Articles of Association be hereby amended by deleting the existing Article 73A in its entirety and substituting with the following new articles 73A (1) and (2):-

"Bahawa Artikel Pertubuhan Syarikat dengan ini dipinda dengan memadam Perkara 73A yang sedia ada secara keseluruhannya dengan menggantikan perkara-perkara baru yang berikut 73A (1) dan (2): -

The existing Article 73A / Artikel 73A semasa

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Di mana seorang ahli Syarikat adalah penama yang dibenarkan sebagaimana yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat), 1991, ia boleh melantik sekurang-kurangnya seorang proksi bagi setiap akaun sekuriti yang dipegangnya dengan saham biasa Syarikat pada kredit akaun sekuriti tersebut.

New Article 73A / Artikel 73A baru

(1) Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

Di mana seorang ahli syarikat adalah penama berkecuali yang diberi kuasa untuk memegang saham biasa dalam syarikat bagi pemilik pelbagai faedah dalam satu akaun sekuriti ("akaun omnibus"), yang mana, tiada had ditetapkan untuk bilangan proksi yang boleh dilantik bagi setiap akaun omnibus yang dipegangnya oleh penama berkecuali tersebut.

(2) An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

Penama yang diberi kuasa dikecualikan merujuk kepada penama yang diberi kuasa seperti yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat) 1991 ("SICDA") yang dikecualikan daripada mematuhi peruntukan-peruntukan subseksyen 25A (1) SICDA.



Notice of Annual General Meeting (cont'd) Notis Mesyuarat Agung Tahunan (samb.)

10. To consider and if thought fit, to pass the following resolution as Special Resolution:

Untuk dipertimbangkan dan jika difikirkan sesuai, meluluskan resolusi berikut sebagai Resolusi Khas:

SPECIAL RESOLUTION 3 / RESOLUSI KHAS 3
Proposed Amendment to the Articles of Association
Cadangan Pindaan Artikel Pertubuhan Syarikat

Special Resolution 3
Resolusi Khas 3

"That the Company's Articles of Association be hereby amended by inserting the following new article:-

"Bahawa Artikel Pertubuhan Syarikat dengan ini dipinda dengan memasukkan artikel baru yang berikut:-

75 A Qualification and rights of proxy to speak
75 A Kelayakan dan hak-hak proksi untuk bersuara

(1) A member of a company entitled to attend and vote at a meeting of a company or at a meeting of any class of members of the company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.

Seorang ahli syarikat yang berhak menghadiri dan mengundi di mesyuarat syarikat, atau pada mesyuarat mana-mana kelas anggota syarikat itu, berhak untuk melantik sesiapa sebagai proksi untuk menghadiri mesyuarat dan mengundi. Tiada had yang ditetapkan untuk kelayakan seorang proksi.

(2) A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting."

Seorang proksi yang dilantik untuk menghadiri dan mengundi pada mesyuarat syarikat hendaklah mempunyai hak yang sama sebagai ahli untuk bersuara pada mesyuarat itu."

BY ORDER OF THE BOARD / DENGAN PERINTAH LEMBAGA PENGARAH

KOH AI HOON (MAICSA 7006997)
TONG LEE MEE (MAICSA 7053445)

COMPANY SECRETARIES / SETIAUSAHA-SETIAUSAHA SYARIKAT

Kuala Lumpur
14 March 2012 / 14 Mac 2012

Explanatory Notes to Special Business:-

Nota Penerangan untuk Urusan Khas: -

1. [Proposed Amendments to the Article 4 \(b\), Articles 73 A \(1\) and \(2\) and Article 75 A of the Articles of Association of the Company.](#)

[Cadangan Pindaan kepada Perkara 4\(b\), Perkara 73 A \(1\) dan \(2\) dan Perkara 75 A bagi Artikel Pertubuhan Syarikat.](#)

The proposed adoption of the Special Resolutions will bring the Company's Articles of Association to be in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Cadangan untuk menggunakan Resolusi Khas akan menyelaraskan Artikel Pertubuhan Syarikat dengan pindaan yang dibuat kepada Keperluan-keperluan Penyenaraian Pasaran Utama dari Bursa Malaysia Sekuriti Berhad.

Notice of Annual General Meeting (cont'd)

Notis Mesyuarat Agung Tahunan (samb.)

Notes:- / Nota-nota:-

1. Only members whose names appear in the Record of Depositors on 29 March 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 42nd Annual General Meeting or appoint proxy/proxies to attend and/or vote on his behalf.
Hanya ahli-ahli yang mana nama mereka terdapat di dalam Rekod Pendeposit pada 29 Mac 2012 (Rekod Pendeposit Mesyuarat Agung) layak untuk hadir, bersuara dan mengundi pada Mesyuarat Agung ke-42 atau melantik proksi/proksi-proksi untuk hadir dan/atau mengundi bagi pihak mereka.
2. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
Seorang proksi tidak perlu menjadi ahli Syarikat dan peruntukan-peruntukan seksyen 149 (1)(b) Akta Syarikat, 1965 tidak diterimapakai oleh Syarikat.
3. To be valid, this form duly completed must be deposited at the Company's registered office at 11th Floor, Wisma MBSB, 48 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
Untuk pengesahan, borang yang telah lengkap hendaklah disimpan di pejabat berdaftar Syarikat di Tingkat 11, Wisma MBSB, 48 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur tidak kurang daripada empat puluh lapan (48) jam sebelum masa untuk mengadakan mesyuarat.
4. A member entitled to attend and vote at the abovementioned meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company.
Seorang ahli yang berhak menghadiri dan mengundi di dalam semua mesyuarat tersebut di atas boleh melantik seorang proksi untuk menghadiri dan mengundi bagi pihak beliau dan proksi itu tidak semestinya akan menjadi ahli Syarikat.
5. In the case of a corporate body, the proxy appointed must be in accordance with its Memorandum & Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney duly authorised.
Dalam kes badan Korporat, proksi yang dilantik mesti mengikut Memorandum & Artikel Persatuan dan intrumen perlantikan seorang proksi hendaklah diberikan di bawah meterai Syarikat atau di bawah tanggungjawab seorang pegawai atau peguam yang berkuasa.
6. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
Di mana ahli Syarikat adalah penama yang dibenarkan sebagaimana yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat) Akta 1991, ia boleh melantik sekurang-kurangnya satu (1) proksi bagi setiap akaun sekuriti yang dipegangnya dengan saham biasa Syarikat berada pada kredit akaun sekuriti tersebut.
7. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
Jika seorang ahli melantik lebih daripada satu (1) proksi, perlantikan tersebut adalah tidak sah melainkan beliau menyatakan bahagian pegangan beliau yang akan diwakili oleh setiap proksi.
8. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.
Jika pelantik adalah sebuah perbadanan, borang proksi mestilah disempurnakan di bawah meterai atau di bawah tanggungjawab peguam.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
PENYATA DISERTAKAN BERSAMA NOTIS MESYUARAT AGUNG TAHUNAN MENURUT PERENGGAN 8.27(2) KEPERLUAN PENYENARAIAAN PASARAN BURSA MALAYSIA SEKURITI BERHAD

1. Directors who are standing for re-election at the 42nd Annual General Meeting of the Company to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 5 April 2012 at 11.00 a.m. are as follows:-
Pengarah-pengarah yang akan bertanding untuk dipilih semula pada Mesyuarat Agung Tahunan Syarikat yang ke-42 yang akan diadakan di Ballroom 1, Tingkat 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Khamis, 5 April 2012 pada pukul 11 pagi adalah seperti berikut:-
 - i. Encik Aw Hong Boo
 - ii. Encik Lim Tian Huat
 - iii. Dato' Shahril Ridza bin Ridzuan
 - iv. Dato' Zuraidah binti Atan
2. The details of the above Directors who are standing for re-election at the 42nd Annual General Meeting are disclosed under the Directors' Profile on pages 10 to 13 of this Annual Report.
Butir-butir Pengarah di atas yang akan bertanding untuk dipilih semula pada Mesyuarat Agung Tahunan ke-42 adalah seperti yang dinyatakan di bawah Profil Pengarah di muka surat 10 hingga 13 dalam Laporan Tahunan ini.



Notice Of Dividend Entitlement And Payment Notis Kelayakan Dan Pembayaran Dividen

NOTICE IS HEREBY GIVEN THAT subject to the approval of Members at the Annual General Meeting to be held on 5 April 2012, a final dividend of 7% less 25% income tax in respect of the financial year ended 31 December 2011, will be paid on 30 April 2012 to Depositors whose name appear in the Record of Depositors on 16 April 2012.

Notis yang dengan ini diberikan, bahawa tertakluk kepada kelulusan Ahli-ahli di Mesyuarat Agung Tahunan yang akan diadakan pada 5 April 2012, dividen terakhir 7% ditolak cukai pendapatan 25% berkenaan dengan kewangan tahun berakhir 31 Disember 2011, akan dibayar pada 30 April 2012 kepada Pendeposit yang namanya tersenarai dalam Rekod Pendeposit pada 16 April 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

Seseorang pendeposit adalah layak untuk menerima dividen berkenaan dengan:-

- a. Shares deposited into the Depositor's securities account before 12.30 p.m. on 12 April 2012 in respect of securities exempted from mandatory deposit;
Saham-saham yang didepositkan ke dalam akaun sekuriti Pendeposit sebelum 12.30 tengah hari pada 12 April 2012 yang berkenaan dengan sekuriti yang dikecualikan daripada deposit mandatori;
- b. Shares transferred into the Depositor's securities account before 4.00 p.m. on 16 April 2012 in respect of transfers; and
Saham-saham yang dipindahkan ke dalam akaun sekuriti Pendeposit sebelum 4.00 petang pada 16 April 2012 berkenaan dengan pemindahan; dan
- c. Shares bought on Bursa Malaysia Securities Berhad (the Exchange) on a cum entitlement basis according to the Rules of the Exchange.
Saham yang dibeli di Bursa Malaysia Sekuriti Berhad (Bursa) atas dasar kelayakan merangkap yang mengikut Peraturan Bursa.

BY ORDER OF THE BOARD / DENGAN PERINTAH LEMBAGA

KOH AI HOON (MAICSA 7006997)

TONG LEE MEE (MAICSA 7053445)

COMPANY SECRETARIES / SETIAUSAHA-SETIAUSAHA SYARIKAT

Kuala Lumpur

14 March 2012 / 14 Mac 2012



Corporate Information Maklumat Korporat

Chairman Pengerusi	Tan Sri Abdul Halim bin Ali
Board of Directors Lembaga Pengarah	Tuan Syed Zaid bin Syed Jaffar Albar Encik Aw Hong Boo Encik Jasmy bin Ismail Encik Lim Tian Huat Dato' Shahril Ridza bin Ridzuan Dato' Zuraidah binti Atan
Shariah Council Majlis Shariah	Dr. Marjan binti Muhammad Dr. Sa'adan bin Man Dr. Abdul Karim bin Ali Dr. Luqman bin Haji Abdullah Dr. Rushdi bin Ramli
President / Chief Executive Officer Presiden / Ketua Pegawai Eksekutif	Dato' Ahmad Zaini bin Othman
Company Secretaries Setiausaha Syarikat	Koh Ai Hoon (MAICSA 7006997) Tong Lee Mee (MAICSA 7053445)
Registrar Pendaftar	Equiniti Services Sdn Bhd (formerly known as / dahulunya dikenali sebagai MIDF Consultancy & Corporate Services Sdn Bhd) (11324-H) Level 8, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2166 0933 Fax: 03-2166 0688
Auditors Juruaudit	Ernst & Young Chartered Accountants / Akauntan Bertauliah
Bankers Bank-Bank	Malayan Banking Berhad Affin Bank Berhad
Registered Office Pejabat Berdaftar	11th Floor, Wisma MBSB 48 Jalan Dungun, Damansara Heights 50490 Kuala Lumpur Tel : 03-2096 3000 Fax : 03-2096 3144 Website / Laman Web : www.mbsb.com.my
Stock Exchange Listing Penyenaraian Bursa Saham	Main Market of Bursa Malaysia Securities Berhad Pasaran Utama Bursa Malaysia Securities Berhad (Listed since 14 March 1972 / Disenarai sejak 14 Mac 1972)



Directors', President / CEO's
& Shariah Council's Profile
Profil Pengarah, Presiden / Ketua Pegawai Eksekutif
& Majlis Penasihat Syariah



taking MBSB
to The Next Level

Profile of Board Members

Profil Ahli Lembaga Pengarah



TAN SRI ABDUL HALIM BIN ALI

Chairman, Non-Independent Non-Executive Director
Pengerusi, Pengarah Bukan Eksekutif Bukan Bebas

Tan Sri Abdul Halim bin Ali, a Malaysian, aged 68, was appointed as Chairman of MBSB on June 22, 2001. He is also the Chairman of the Executive Committee of MBSB.

He received his early education at the Sultan Abdul Hamid College, Alor Setar, Kedah. In 1959, he continued his studies at the Royal Military College, Sg. Besi, Selangor, and he completed his tertiary education at the University of Malaya graduating with a B.A. (Hons) in History in 1965.

Entering the Malaysia Civil Service in 1966, he joined the Ministry of Foreign Affairs where he held several domestic and overseas postings until his appointment in 1979, as the Malaysia Deputy Permanent Representative to the United Nations. From 1982 until 1985, he served as the Malaysian Ambassador to Vietnam. On his return to Malaysia, he was appointed as Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs. He then served as the Malaysian Ambassador to Austria from 1988 until 1991. From 1991 until 1996, he was the Deputy Secretary General I (Political Affairs) until his promotion in 1996 to Secretary General of the Ministry of Foreign Affairs.

Shortly thereafter, in September 1996, Tan Sri Abdul Halim bin Ali was appointed as the Chief Secretary of the Government, the highest ranking post in the Malaysian Civil Service and was responsible for overseeing and coordinating the policies of the government and their implementation. He retired in March 2001, at which time he was made Chairman of the Employees Provident Fund until 31 January 2007.

He is the Chairman of the Multimedia Development Corporation and Universiti Teknologi Malaysia. He also holds other directorships in public companies including Esso Malaysia Berhad, IJM Corporation Berhad and Badan Pengawas Pemegang Saham Minoriti Berhad (Minority Shareholders Watchdog Group).

Tan Sri Abdul Halim bin Ali, warganegara Malaysia berusia 68 tahun, dilantik sebagai Pengerusi MBSB pada 22 Jun 2001. Beliau juga merupakan Pengerusi Jawatankuasa Eksekutif MBSB.

Tan Sri Abdul Halim mendapat pendidikan awal di Kolej Sultan Abdul Hamid, Alor Setar, Kedah. Beliau melanjutkan pengajian pada tahun 1959 di Maktab Tentera DiRaja, Sg. Besi, Selangor dan menamatkan pengajian tinggi di Universiti Malaya dengan ijazah Sarjana Muda Sastera (Kepujian) dalam jurusan Sejarah pada tahun 1965.

Tan Sri Abdul Halim memasuki Perkhidmatan Awam Malaysia pada tahun 1966 dengan menyertai Kementerian Luar Negeri di mana beliau menyandang beberapa jawatan dalam dan luar negara hingga pelantikan beliau pada tahun 1979 sebagai Timbalan Wakil Tetap Malaysia ke Pertubuhan Bangsa-Bangsa Bersatu (PBB). Dari tahun 1982 hingga 1985, beliau berkhidmat sebagai Duta Malaysia ke Vietnam. Sekembalinya ke Malaysia, beliau telah dilantik sebagai Timbalan Ketua Setiausaha III (Pentadbiran) Kementerian Luar Negeri. Beliau kemudian berkhidmat sebagai Duta Malaysia ke Austria dari tahun 1988 hingga tahun 1991. Dari tahun 1991 hingga 1996, beliau merupakan Timbalan Ketua Setiausaha I (Hal Ehwal Politik) hingga dinaikkan pangkat pada tahun 1996 sebagai Ketua Setiausaha Kementerian Luar Negeri.

Sejurus selepas itu iaitu pada bulan September 1996, Tan Sri Abdul Halim bin Ali telah dilantik sebagai Ketua Setiausaha Kerajaan, iaitu jawatan tertinggi dalam Perkhidmatan Awam Malaysia dan telah bertanggungjawab mengawasi dan menyelaras dasar-dasar kerajaan dan pelaksanaannya. Beliau bersara pada bulan Mac 2001 dan terus dilantik sebagai Pengerusi Kumpulan Wang Simpanan Pekerja hingga 31 Januari 2007.

Tan Sri Abdul Halim juga merupakan Pengerusi Perbadanan Pembangunan Multimedia (MDC) dan Universiti Teknologi Malaysia. Beliau turut menyandang jawatan pengarah di beberapa syarikat tersenarai awam termasuk Esso Malaysia Berhad, IJM Corporation Berhad dan Badan Pengawas Pemegang Saham Minoriti Berhad.

Tuan Syed Zaid bin Syed Jaffar Albar, a Malaysian, aged 57, was appointed as an Independent Non-Executive Director on August 14, 2002. He serves as Member of the Executive Committee and the Arrears Recovery Committee. He is also the Chairman of Nominating & Remuneration Committee and Option Committee.

Tuan Syed Zaid Albar holds a degree in law from the United Kingdom and is a qualified Barrister-at-Law, Lincoln's Inn. He was called to the Malaysian Bar as an advocate and solicitor of the High Court of Malaya in 1980 and has been in active legal practice ever since. Presently, he is the managing partner of an established law firm in Kuala Lumpur.

Currently, Tuan Syed Zaid Albar also holds other directorships in public companies namely Malaysian Pacific Industries Berhad, Narra Industries Berhad and Kencana Petroleum Berhad.

Tuan Syed Zaid bin Syed Jaffar Albar, warganegara Malaysia berusia 57 tahun, dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 14 Ogos 2002. Beliau berkhidmat sebagai Ahli Jawatankuasa Eksekutif dan Jawatankuasa Kutipan Tunggakan. Beliau juga merupakan Pengerusi Jawatankuasa Pencalonan & Imbuan dan Jawatankuasa Opsyen.

Tuan Syed Zaid Albar adalah pemegang ijazah undang-undang dari United Kingdom yang berkelayakan Barrister-at-Law, Lincoln Inn. Beliau diterima ke Bar Malaysia sebagai peguambela dan peguamcara Mahkamah Tinggi Malaya pada tahun 1980 dan merupakan seorang pengamal undang-undang yang aktif. Kini, beliau merupakan rakan kongsi utama di sebuah firma guaman terkemuka di Kuala Lumpur.

Tuan Syed Zaid Albar kini turut menyandang jawatan pengarah di beberapa syarikat tersenarai awam lain iaitu Malaysian Pacific Industries Berhad, Narra Industries Berhad dan Kencana Petroleum Berhad.

TUAN SYED ZAID BIN SYED JAFFAR ALBAR ▷
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif



Dato' Shahril Ridza bin Ridzuan, a Malaysian, aged 41, was appointed as a Non-Independent Non-Executive Director on November 30, 2011. He serves as Member of the Executive Committee and the Audit and Risk Management Committee.

Dato' Shahril holds a Bachelor of Civil Law (1st Class) from Oxford University, England, a Master of Arts (1st Class) from Cambridge University, England and has been called to the Malaysian Bar and the Bar of England and Wales.

Dato' Shahril started his career with Messrs Zain & Co as Legal Assistant from 1994 to 1996. He then joined Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd as Special Assistant to the Executive Chairman in 1997. He subsequently joined Pengurusan Danaharta Nasional Berhad, where he served until 1999. He was appointed as an Executive Director of SSR Associates Sdn Bhd in 1999 and held the position until August 2001.

Dato' Shahril was then appointed to the Board of Malaysian Resources Corporation Berhad. He served as the Group Managing Director of the Company from 2003 to 2009. He is presently the Deputy Chief Executive Officer (Investment) of the Employees Provident Fund.

Dato' Shahril is also currently a Director of Media Prima Berhad, Malaysian Resources Corporation Berhad, Felda Global Ventures Holdings Berhad and Pengurusan Danaharta Nasional Berhad.

Dato' Shahril Ridza bin Ridzuan, warganegara Malaysia berusia 41 tahun, dilantik sebagai Pengarah Bebas Bukan Eksekutif MBSB pada 30 November 2011. Beliau juga berkhidmat sebagai Ahli Jawatankuasa Eksekutif dan Jawatankuasa Audit dan Pengurusan Risiko.

Dato' Shahril berkelulusan ijazah Sarjana Muda Undang-undang Sivil (Kelas Pertama) dari Universiti Oxford, England dan ijazah Sarjana Sastera (Kelas Pertama) dari Cambridge University, England dan telah diterima masuk sebagai Peguambela dan Peguamcara.

Dato' Shahril memulakan kerjayanya dengan Tetuan Zain & Co sebagai Pembantu Undang-undang dari tahun 1994 hingga 1996. Beliau kemudian menyertai Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd sebagai Pembantu Khas kepada Pengerusi Eksekutif pada tahun 1997. Seterusnya beliau menyertai Pengurusan Danaharta Nasional Berhad dan berkhidmat hingga tahun 1999. Beliau dilantik sebagai Pengarah Eksekutif SSR Associates Sdn Bhd pada tahun 1999 dan memegang jawatan tersebut hingga bulan Ogos 2001.

Dato' Shahril kemudian dilantik menganggotai Lembaga Pengarah Malaysian Resources Corporation Berhad pada 9 Ogos 2001. Beliau berkhidmat sebagai Pengarah Urusan Kumpulan Syarikat tersebut mulai 2003 hingga 2009. Beliau kini merupakan Timbalan Ketua Pegawai Eksekutif (Pelaburan) Kumpulan Wang Simpanan Pekerja.

Pada masa ini, Dato' Shahril turut menyandang jawatan Pengarah di Media Prima Berhad, Malaysian Resources Corporation Berhad, Felda Global Ventures Holdings Berhad dan Pengurusan Danaharta Nasional Berhad.

DATO' SHAHRIL RIDZA BIN RIDZUAN ▷
Non-Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif



Encik Aw Hong Boo, a Malaysian, aged 62, was appointed as an Independent Non-Executive Director on November 10, 2005. He serves as a Member on the Nominating & Remuneration Committee, the Option Committee and the Arrears Recovery Committee. He is also the Chairman of the Audit and Risk Management Committee.

He is a member of the Malaysian Institute of Certified Public Accountant (MICPA), the Malaysian Institute of Accountants (MIA) and a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW).

Encik Aw began his career in 1970 as an Audit Senior in London and later with Ernst & Whinney (now known as Ernst & Young), an international public accounting firm in Singapore and London from 1974 to 1977. He served in RHB Bank Berhad for 21 years between 1978 to 1999, holding various senior managerial positions in financial management, banking, finance and leasing. He was Senior General Manager of Branch Network and Risk Management before his optional retirement in November 1999.

Encik Aw is also a Director of Quill Capita Management Sdn Bhd, the Manager of Quill Capita Trust.

Encik Aw Hong Boo, warganegara Malaysia berusia 62 tahun, dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 10 November 2005. Beliau berkhidmat sebagai Ahli Jawatankuasa Pencalonan & Imbuan dan Jawatankuasa Opsyen. Beliau juga merupakan Pengerusi Jawatankuasa Audit & Pengurusan Risiko dan Jawatankuasa Kutipan Tunggakan.

Beliau adalah ahli Institut Akauntan Awam Bertauliah Malaysia (MICPA), Institut Akauntan Malaysia (MIA) dan Felo di Institute of Chartered Accountants in England & Wales (ICAEW).

Encik Aw memulakan kerjayanya pada tahun 1970 sebagai Juruaudit Kanan di London dan kemudian dengan Ernst & Whinney (kini dikenali sebagai Ernst & Young), sebuah firma perakaunan awam antarabangsa di Singapura dan London dari tahun 1974 hingga 1977. Beliau juga pernah berkhidmat di RHB Bank Berhad selama 21 tahun antara 1978 hingga 1999 dengan menyandang pelbagai jawatan pengurusan kanan dalam pengurusan kewangan, perbankan, pembiayaan dan pemajakan. Beliau turut menyandang jawatan Pengurus Besar Kanan di Rangkaian Cawangan dan Pengurusan Risiko sebelum memilih untuk bersara pada bulan November 1999.

Encik Aw juga merupakan Pengarah Quill Capita Management Sdn Bhd, syarikat Pengurus Amanah Capita Quill.

◀ **ENCIK AW HONG BOO**
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif

Encik Jasmy bin Ismail, a Malaysian, aged 48, was appointed as a Non-Independent Non-Executive Director on August 11, 2009. He serves as Member of the Executive Committee and the Arrears Recovery Committee.

He obtained a Master of Science in Transport Planning and Management from City University, London. In 1988, Encik Jasmy joined IBM Malaysia and held various positions within the Sales and Marketing organization, responsible mainly for the Public Sector and Financial Service Industries. Prior to leaving IBM Malaysia, he was the Executive Assistant to the Chief Executive Officer of IBM Malaysia.

Encik Jasmy joined CCAAP Technologies Sdn Bhd ("CCAAP") as General Manager in 1996. He was also the Executive Director of New Technology & Innovation Sdn Bhd, responsible for sales operations of the Company.

In 2000, Encik Jasmy co-founded Symphony Global Technologies Sdn Bhd and was involved in the formulation of Symphony House Berhad which was then listed on Bursa Malaysia in 2003. He was the Chief Executive of Symphony's Technology Services Division. Encik Jasmy was also appointed as the Chairman of Symphony BCSIS Sdn Bhd, a joint-venture company with OCBC Singapore's subsidiary BCSIS and held the position until 2007. He is also a director of Symphony BPO Solutions Sdn Bhd, a subsidiary of Symphony House Berhad.

In 2007, Encik Jasmy successfully completed a management-buy-out of one of the subsidiary companies of Symphony House Berhad and renamed the company to SGT International Sdn Bhd.

Encik Jasmy bin Ismail, warganegara Malaysia berusia 48 tahun, dilantik sebagai Pengarah Bukan Bebas Bukan Eksekutif pada 11 Ogos 2009. Beliau turut berkhidmat sebagai Ahli Jawatankuasa Eksekutif dan Jawatankuasa Kutipan Tunggakan.

Beliau menamatkan pengajian dengan ijazah Sarjana Sains Perancangan dan Pengurusan Pengangkutan dari City University, London. Pada tahun 1988, Encik Jasmy menyertai IBM Malaysia dan memegang pelbagai jawatan di bahagian Jualan dan Pemasaran, kerap bertanggungjawab terhadap Sektor Awam dan Industri Perkhidmatan Kewangan. Sebelum meninggalkan IBM Malaysia, beliau merupakan Pembantu Eksekutif kepada Ketua Pegawai Eksekutif IBM Malaysia.

Encik Jasmy menyertai CCAAP Technologies Sdn Bhd ("CCAAP") sebagai Pengurus Besar pada tahun 1996. Beliau juga merupakan Pengarah Eksekutif di New Technology & Innovation Sdn Bhd di mana beliau bertanggungjawab mengendalikan operasi jualan Syarikat berkenaan.

Encik Jasmy merupakan pengasas bersama Symphony Global Technologies Sdn Bhd pada tahun 2000 dan terlibat dalam penubuhan Symphony House Berhad yang kemudiannya disenaraikan di Bursa Malaysia pada tahun 2003. Beliau merupakan Ketua Eksekutif Bahagian Perkhidmatan Teknologi Symphony pada ketika itu. Encik Jasmy juga pernah dilantik sebagai Pengerusi Symphony BCSIS Sdn Bhd, sebuah syarikat usaha sama dengan BCSIS yang merupakan anak syarikat OCBC Singapura dan menyandang jawatan tersebut sehingga 2007. Beliau juga adalah Ahli Lembaga Pengarah Symphony BPO Solutions Sdn Bhd, anak syarikat Symphony House Berhad.

Pada tahun 2007, Encik Jasmy telah berjaya melaksanakan pengambilalihan pengurusan di salah sebuah anak syarikat Symphony House Berhad dan menukar nama syarikat tersebut kepada SGT International Sdn Bhd.

◀ **ENCIK JASMY BIN ISMAIL**
Non-Independent Non-Executive Director
Pengarah Bukan Bebas Bukan Eksekutif

Encik Lim Tian Huat, a Malaysian, aged 57, was appointed as an Independent Non-Executive Director on April 4, 2011. He serves as Member of the Audit and Risk Management Committee, the Nominating & Remuneration Committee and the Option Committee. He is also the Chairman of the Arrears Recovery Committee.

Encik Lim is a member of the Malaysian Institute of Accountants (MIA), Council Member of the Malaysia Institute of Certified Public Accountants (MICPA) and also a Fellow member of the Association of Chartered Certified Accountants (ACCA). He is the founding President of Insolvency Practitioners Association of Malaysia (IPAM). He also holds a degree in BA Economics (Honours).

Encik Lim is a practising Chartered Accountant with his own firm, Lim Tian Huat & Co. He is also the Managing Director of Andersen Corporate Restructuring Sdn. Bhd..

Encik Lim co-authored a book, entitled "The Law and Practice of Corporate Receivership in Malaysia and Singapore". He was appointed as Commissioner to the United Nations Compensation Commission for a period of 5 years from 1998 to 2002. Encik Lim was also appointed by the Domestic Trade Minister to be a member of the Corporate Law Reform Committee (CLRC) under the purview of the Companies Commission of Malaysia. CLRC's objective is to update and upgrade the Companies Act.

Encik Lim is a Director of Perbadanan Insurans Deposit Malaysia (PIDM). He is also a Director of Bank of Yingkou, China.

Encik Lim Tian Huat, warganegara Malaysia berusia 57 tahun, dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 4 April 2011. Beliau turut berkhidmat sebagai Ahli Jawatankuasa Audit dan Pengurusan Risiko, Jawatankuasa Pencilonan & Imbuan dan Jawatankuasa Opsyen. Beliau juga merupakan Pengerusi Jawatankuasa Kutipan Tunggal.

Encik Lim adalah ahli Institut Akauntan Malaysia (MIA), Ahli Majlis Institut Akauntan Awam Bertauliah Malaysia (MICPA) dan juga Felo Association of Chartered Certified Accountants (ACCA). Beliau merupakan Presiden yang mengasas Persatuan Pengamal Insolvensi Malaysia (IPAM). Beliau turut memegang ijazah Sarjana Muda Sastera Ekonomi (Kepujian).

Encik Lim adalah seorang Akauntan Bertauliah di firma perakaunannya sendiri, Lim Tian Huat & Co. Beliau juga merupakan Pengarah Urusan Andersen Corporate Restructuring Sdn Bhd.

Encik Lim adalah penulis bersama buku berjudul "The Law and Practice of Corporate Receivership in Malaysia and Singapore". Beliau dilantik sebagai Pesuruhjaya kepada Suruhanjaya Pampasan Bangsa Bangsa Bersatu bagi tempoh 5 tahun mulai tahun 1998 hingga 2002. Encik Lim juga pernah dilantik oleh Menteri Perdagangan Dalam Negeri sebagai ahli Jawatankuasa Pembaharuan Undang-undang Korporat (CLRC) di bawah bidang kuasa Suruhanjaya Syarikat Malaysia. Objektif CLRC adalah untuk mengemaskini dan menaik taraf Akta Syarikat.

Encik Lim turut menyandang jawatan Pengarah di Perbadanan Insurans Deposit Malaysia (PIDM) dan Bank of Yingkou, China.

ENCIK LIM TIAN HUAT ▷
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif



Dato' Zuraidah binti Atan, a Malaysian, aged 52, was appointed as a Non-Independent Non-Executive Director on January 16, 2012. She is also a member of the Executive Committee.

Dato' Zuraidah is an Advocate & Solicitor with Chambers of Zuraidah Atan, established in 2004. She has more than 25 years experience in the banking industry and had served for four years as President/Chief Executive Officer of Affin Merchant Bank from 1999 until 2003. Dato' Zuraidah was previously the first woman Independent Director on the Board of HSBC Bank Malaysia Berhad and was Chairman of Federal Agricultural Marketing Authority (FAMA)'s subsidiary, FAMACO.

Dato' Zuraidah currently sits on the Boards of Universiti Utara Malaysia, NCB Holdings Berhad, Northport (Malaysia) Berhad, Kenanga Islamic Investors Berhad (formerly known as Kenanga Fund Management Berhad), Syarikat Malacca Straits Inn Sdn Bhd and Deputy Chairman of Melaka ICT Holdings Sdn. Bhd, a wholly-owned company of Melaka State Government.

Dato' Zuraidah also sits on Melaka State Government Investment Committee and Board Member of Tabung Amanah Melaka, the Sovereign Wealth Fund belonging to the Melaka State. She is a Corporate Adviser to certain State Governments and Government Agencies. She is also an Arbitrator of the KL Regional Centre for Arbitration.

Dato' Zuraidah binti Atan, warganegara Malaysia berusia 52 tahun, dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 16 Januari 2012. Beliau juga merupakan Ahli Jawatankuasa Eksekutif.

Dato' Zuraidah adalah seorang Peguambela & Peguamcara di firma undang-undangnya sendiri, Chambers of Zuraidah Atan yang ditubuhkan pada tahun 2004. Beliau memiliki pengalaman lebih dari 25 tahun dalam industri perbankan dan pernah berkhidmat selama 4 tahun sebagai Presiden/Ketua Pegawai Eksekutif di Affin Merchant Bank pada tahun 1999 hingga 2003. Dato' Zuraidah merupakan Pengarah Bebas wanita pertama menganggotai Lembaga Pengarah HSBC Bank Malaysia Berhad dan merupakan bekas Pengerusi FAMACO, anak syarikat Lembaga Pemasaran Pertanian Persekutuan (FAMA).

Dato' Zuraidah kini menganggotai Lembaga Pengarah Universiti Utara Malaysia, NCB Holdings Berhad, Northport (Malaysia) Berhad, Kenanga Islamic Investors Berhad (dahulunya dikenali sebagai Kenanga Fund Management Berhad), Syarikat Malacca Straits Inn Sdn Bhd dan menyandang jawatan Timbalan Pengerusi Melaka ICT Holdings Sdn. Bhd, sebuah syarikat milik penuh Kerajaan Negeri Melaka.

Dato' Zuraidah juga adalah ahli Jawatankuasa Pelaburan Kerajaan Negeri Melaka dan Ahli Lembaga Tabung Amanah Melaka iaitu Dana Harta Sovereign milik Negeri Melaka. Beliau merupakan Penasihat Korporat kepada beberapa Kerajaan Negeri dan Agensi Kerajaan. Beliau juga adalah seorang Penimbang Tara di Pusat Penimbang Tara Serantau Kuala Lumpur.

DATO' ZURAIDAH BINTI ATAN ▷
Non-Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif



Profile President / Chief Executive Officer

Profil Presiden / Ketua Pegawai Eksekutif



▷ DATO' AHMAD ZAINI BIN OTHMAN

President / Chief Executive Officer
Presiden / Ketua Pegawai Eksekutif

Dato' Ahmad Zaini bin Othman, a Malaysian, aged 54, was appointed as the Chief Executive Officer of MBSB on 26 February 2009.

After his early education in Malaysia, Dato' Ahmad Zaini obtained his Higher National Diploma (HND) in Accounting in Manchester, England. He continued his tertiary education in the United State of America where he graduated with a BSc in Finance from the University of Southern Illinois, after which he obtained an MBA (Finance) at the University of St. Louis.

In 1984, upon returning to Malaysia, he began his career in Merchant Banking with Bumiputra Merchant Bankers dealing with Corporate Banking, Syndications and Project Finance. In 1988 he took up the position of Head of Corporate Finance for Intradagang Merchant Bankers where he organized Malaysia's largest ever project finance exercise for Perwaja Steel, in which he spent a brief stint as Senior General Manager/Director Corporate Finance.

He returned to the banking sector in 1995 to take up the position of Head/Senior General Manager, Corporate Banking for Ambank, specializing in Islamic Banking and Finance. He managed all corporate banking matters including commercial project/corporate banking.

In 2004 he was made CEO of Amlslamic Bank managing all the group's affairs pertaining to Islamic Banking in commercial and corporate finance, and was responsible for setting up the Islamic Business Model for the group. In August 2011, Dato' Ahmad Zaini was appointed an Accreditation Panel Member of the Asian Institute of Finance.

He is a member of the Association of Chartered Islamic Finance Professionals (ACIFP) and currently serves as the association's Vice President. In recognition of his contributions to Islamic banking, he was appointed a faculty member (Industry expert) to the International Centre for Education in Islamic Finance (INCEIF). He also received an Outstanding American Alumnus Award for "Spearheading an Excellent GLC (Financial Sector)" in March 2012.

Dato' Ahmad Zaini bin Othman, warganegara Malaysia berusia 54 tahun, telah dilantik sebagai Ketua Pegawai Eksekutif MBSB pada 26 Februari 2009.

Selepas pendidikan awalnya di Malaysia, Dato' Ahmad Zaini melanjutkan pelajaran ke Manchester, England dan memperolehi Higher National Diploma (HND) dalam bidang Perakaunan. Beliau meneruskan pengajian tinggi di peringkat ijazah Sarjana Muda Sains dalam jurusan Kewangan di University of Southern Illinois, Amerika Syarikat, sebelum memperolehi ijazah Sarjana Pentadbiran Perniagaan (Kewangan) dari University of St. Louis.

Sekembalinya beliau ke Malaysia pada tahun 1984, beliau memulakan kerjayanya dengan Merchant Bankers Bumiputra dan terlibat dalam urusan Perbankan Korporat, Pensindikatan serta Pembiayaan Projek. Pada tahun 1988, beliau telah menyertai Intradagang Merchant Bankers dengan menyandang jawatan Ketua Kewangan Korporat di mana beliau telah mengendalikan pembiayaan projek terbesar pernah dilaksanakan di Malaysia untuk Perwaja Steel, di mana beliau pernah berkhidmat sebagai Pengurus Besar Kanan/Pengarah Kewangan Korporat untuk tempoh yang singkat.

Dato' Ahmad Zaini kembali menyertai sektor perbankan pada tahun 1995 dengan menyandang jawatan Ketua/Pengurus Besar Kanan, Perbankan Korporat di Ambank yang mengkhusus dalam Perbankan dan Kewangan Islam. Beliau mengendalikan segala urusan perbankan korporat termasuk projek komersial/perbankan korporat.

Pada tahun 2004, beliau dilantik sebagai Ketua Pegawai Eksekutif Amlslamic Bank yang menguruskan kesemua hal ehwal kumpulan berkaitan Perbankan Islam dalam kewangan komersial dan korporat. Di samping itu, beliau juga bertanggungjawab mewujudkan Model Perniagaan Islam bagi kumpulan tersebut. Pada bulan Ogos 2011, Dato' Ahmad Zaini dilantik sebagai Ahli Panel Akreditasi bagi Asian Institute of Finance.

Beliau merupakan ahli Persatuan Profesional Kewangan Islam Bertauliah (ACIFP) dan kini berkhidmat sebagai Naib Presiden persatuan tersebut. Sebagai pengiktirafan terhadap sumbangan beliau kepada perbankan Islam, beliau telah dilantik sebagai ahli fakulti (Pakar Industri) di International Centre for Education in Islamic Finance (INCEIF). Beliau juga merupakan penerima "Outstanding American Alumnus Award" kerana berjaya menerajui Sebuah Syarikat GLC Cemerlang (Sektor Kerajaan) pada bulan Mac 2012.

Notes:

- Family relation with Director and/or substantial shareholder
The Directors and President / CEO do not have any family relationship with any directors and/or major shareholders of MBSB other than Tan Sri Abdul Halim bin Ali and Dato' Shahril Ridza bin Ridzuan who are nominees of Employees Provident Fund Board (EPF) and Dato' Zuraidah binti Atan who is a nominee of Permodalan Nasional Berhad (PNB).
- Conflict of Interest
All the Directors and President / CEO do not have any conflict of interest with MBSB.
- Conviction of Offences
All the Directors and President / CEO have not been convicted for any offences within the past ten years other than traffic offences, if any.
- Attendance of Board Meetings
The number of Board meetings attended by the Directors during the financial year ended 31 December 2011 is disclosed in the Statement of Corporate Governance in page 45 of this Annual Report.

Nota-nota:

- Hubungan kekeluargaan dengan Pengarah dan/atau pemegang saham utama
Pengarah dan Ketua Pegawai Eksekutif tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana pengarah dan/atau pemegang saham utama MBSB selain daripada Tan Sri Abdul Halim bin Ali dan Dato' Shahril Ridza bin Ridzuan yang merupakan penama bagi Lembaga Kumpulan Wang Simpanan Pekerja (KWSP) dan Dato' Zuraidah binti Atan yang merupakan penama bagi Permodalan Nasional Berhad (PNB).
- Percanggahan Kepentingan
Semua Pengarah dan Ketua Pegawai Eksekutif tidak mempunyai sebarang percanggahan kepentingan dengan MBSB.
- Sabitkan Kesalahan
Semua Pengarah dan Ketua Pegawai Eksekutif tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh sepuluh tahun yang lepas selain daripada kesalahan trafik, jika ada.
- Kehadiran Mesyuarat Lembaga Pengarah
Bilangan mesyuarat Lembaga Pengarah yang dihadiri oleh Pengarah pada tahun kewangan berakhir 31 Disember 2011 dinyatakan dalam Penyata Urus Tadbir Korporat di muka surat 45 dalam Laporan Tahunan ini.

Profile of Shariah Advisory Council (SAC) Profil Majlis Penasihat Syariah (MPS)

Dr. Marjan binti Muhammad ▷

Dr. Marjan binti Muhammad, aged 37, is currently a researcher at the International Shariah Research Academy for Islamic Finance (ISRA), heading the Islamic Banking Unit. She obtained her Master and Doctoral degrees in Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh) at the International Islamic University Malaysia (IIUM), after graduating from the same university in 1998 for her Bachelor degree.

Prior to joining ISRA, she was a tutor at the Faculty of Law and Shariah, Islamic Science University of Malaysia (USIM). She also taught at the Matriculation Centre, International Islamic University Malaysia on a part-time basis. She also currently serves as a Shariah Committee Member of RHB Islamic. Her areas of specialization are Issues of Ijtihad (Intellectual Reasoning), Islamic Jurisprudence (Usul al-Fiqh), Islamic Laws of Transaction (Fiqh al-Muamalat) and Islamic Criminal Laws (Fiqh al-Jinayah).

Dr. Marjan binti Muhammad, berusia 37 tahun, kini merupakan seorang penyelidik di Akademi Penyelidikan Syariah Antarabangsa bagi Kewangan Islam (ISRA) yang mengetuai Unit Perbankan Islam. Beliau memperolehi ijazah Sarjana dan Kedoktoran di Kuliah Ilmu Wahyu dan Warisan Islam (Fiqh dan Usul al-Fiqh) di Universiti Islam Antarabangsa Malaysia (UIAM), selepas menamatkan pengajian Sarjana Muda beliau di universiti yang sama pada tahun 1998.

Sebelum menyertai ISRA, beliau merupakan tutor di Fakulti Undang-undang dan Syariah, Universiti Sains Islam Malaysia (USIM). Beliau juga pernah menjadi tenaga pengajar sambil di Pusat Matrikulasi Universiti Islam Antarabangsa Malaysia. Kini, beliau turut dilantik sebagai Ahli Jawatankuasa Syariah RH Islamic. Bidang pengkhususan beliau ialah Isu-isu Ijtihad, Usul al-Fiqh, Fiqh al-Muamalat dan Fiqh al-Jinayah.



Dr. Abdul Karim bin Ali ▷

Dr. Abdul Karim bin Ali, aged 46, serves as an Associate Professor for Department of Fiqh and Usul, Academy of Islamic Studies at University of Malaya (UM). He obtained his degree in Shariah from University of Malaya in 1990 and doctoral degree (Ph.D) from University of Edinburgh, Scotland in 1996. Dr. Abdul Karim is an active member in a number of research committees at the university. He also previously served as the Shariah Committee of Southern Bank Berhad and member of Shariah Committee of Takaful Nasional.

He currently serves as a Shariah Committee of Bank of Tokyo-Mitsubishi UFJ Malaysia as well as ACR ReTakaful SEA/MEA. His areas of specialization are Principles of Islamic Jurisprudence, Fiqh Textual Studies, History of Islamic Law and Sciences of Hadith. Previously, he was appointed as Head of Department Fiqh & Usul, Academy of Islamic Studies, UM and currently appointed as Deputy Director (undergraduate) of the academy. He is actively involved in Muslim Scholar Association.

Dr. Abdul Karim bin Ali, berusia 46 tahun, berkhidmat sebagai Profesor Madya di Jabatan Fiqh dan Usul, Akademi Pengajian Islam Universiti Malaya (UM). Beliau memperoleh ijazah Syariah daripada Universiti Malaya pada tahun 1990 dan ijazah kedoktoran (Ph.D) dari University of Edinburgh, Scotland pada tahun 1996. Dr. Abdul Karim merupakan ahli yang aktif dalam beberapa jawatankuasa penyelidikan di universiti tersebut. Beliau juga pernah berkhidmat sebagai ahli Jawatankuasa Syariah Southern Bank Berhad dan ahli Jawatankuasa Syariah Takaful Nasional.

Beliau turut menganggotai Jawatankuasa Syariah Bank Tokyo-Mitsubishi UFJ Malaysia serta ACR ReTakaful SEA/MEA. Bidang pengkhususan beliau adalah Usul al-Fiqh, Pengajian Nas Fiqah, Sejarah Perundangan Islam dan Ilmu Hadis. Sebelum ini, beliau pernah dilantik sebagai Ketua Jabatan Fiqh & Usul, Akademi Pengajian Islam, UM dan kini dilantik sebagai Timbalan Pengarah (Sarjana Muda) di akademi berkenaan. Beliau terlibat secara aktif dalam Persatuan Ulama Malaysia.



Dr. Luqman bin Haji Abdullah ▷

Dr. Luqman Bin Haji Abdullah, aged 43, currently serves as a lecturer at University of Malaya (UM). He graduated with a Degree B.Is (Hons) in Shariah from University of Malaya in 1993. He obtained his Ph.D (Islamic Law of Property) at Edinburgh University, Scotland in 2005. He also serves as a Chairman for Shariah Committee of Bank of Tokyo-Mitsubishi UFJ Malaysia, Committee Member of Scholars/ Fatwa for Kelantan Islamic Religious Council, Shariah Committee Member of MAA Takaful and Deputy Chairman, Board of Trustees, Center for Development of Pondok Studies Ltd (Kelantan).

Besides being an advisor, he is also involved in various social activities. He also currently serves as Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan, Chairman of Association of Malaysian Muslims Scholar (Federal Territory) and Committee Member of Intellectuals and Professionals, Association of Malaysia Muslims Scholars. His areas of specialization are Islamic Law of Property, Islamic Jurisprudence/Legal Theories and Shariah/Fiqh Textual Studies (Dirasah Nassiyah)

Dr. Luqman bin Haji Abdullah, berusia 43 tahun, berkhidmat sebagai pensyarah di Universiti Malaya (UM). Beliau berkelulusan Sarjana Muda Pengajian Islam (Kepujian) Syariah dari Universiti Malaya pada tahun 1993. Beliau memperoleh Ph.D (Undang-Undang Hartanah Islam) di University of Edinburgh, Scotland pada tahun 2005. Beliau juga merupakan pengerusi Jawatankuasa Syariah Bank of Tokyo-Mitsubishi UFJ Malaysia, Ahli Jawatankuasa Ulama/Fatwa bagi Majlis Agama Islam Kelantan, Ahli Jawatankuasa Syariah MAA Takaful dan Timbalan Pengerusi, Lembaga Pemegang Amanah, Pusat Pembangunan Pengajian Pondok Bhd (Kelantan).

Di samping menjadi penasihat, beliau turut terlibat dalam pelbagai aktiviti sosial. Beliau kini berkhidmat sebagai Pengerusi Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan dan Pengerusi Persatuan Ulama Islam Malaysia (Wilayah Persekutuan) serta Ahli Jawatankuasa Intellektual dan Profesional, Persatuan Ulama Malaysia. Bidang pengkhususan beliau ialah Undang-Undang Harta Islam, Usul al-Fiqh/Teori Perundangan dan Shariah/Pengajian Nas Fiqah.



Profile of Shariah Advisory Council (SAC) (cont'd)

Profil Majlis Penasihat Syariah (MPS) (samb.)

Dr. Sa'adan bin Man ▶

Dr. Sa'adan Bin Man, aged 43, is currently a lecturer at the University of Malaya (UM), heading the Department of Fiqh and Usul, Academy of Islamic Studies. He obtained his Doctoral degrees in Islamic Law at Edinburgh University, United Kingdom in 2004 after graduating from the University of Malaya (UM) in Shariah for his Bachelor Degree (B.Sy First Class Hons).

His areas of specialization are Contemporary Fiqh, Principles of Islamic Jurisprudence, Islamic Consumerism, Fiqh Al-Ibadat, Fiqh Al-Ikhtilaf and Islamic Astronomy. He is also appointed as an external auditor for Malaysian Qualifications Agency (MQA) as well as panel consultant for various government religious agencies. He intensively leads several research projects in his area of expertise and presents papers on his specialization on various conferences at both national and international levels.

Dr. Sa'adan bin Man, berusia 43 tahun, merupakan pensyarah di Universiti Malaya (UM) merangkap Ketua Jabatan Fiqh dan Usul, Akademi Pengajian Islam. Beliau memperoleh Ijazah Kedoktoran dalam Perundangan Islam di University of Edinburgh, United Kingdom pada tahun 2004 selepas menamatkan pengajiannya di UM dalam bidang Syariah dengan Ijazah Sarjana Muda (B.Sy Kepujian Kelas Pertama).

Bidang pengkhususan beliau ialah Fiqah Semasa, Prinsip Usul al-Fiqh, Kepenggunaan Islam, Fiqh Al-Ibadat dan Astronomi Islam. Beliau turut dilantik sebagai juruaudit luar "Malaysian Qualifications Agency" (MQA) serta panel perunding kepada pelbagai agensi kerajaan. Beliau sering menerajui projek penyelidikan yang berkaitan dengan bidang kepakaran beliau dan pembentangan kertas kerja di persidangan peringkat kebangsaan dan antarabangsa.



Dr. Rushdi bin Ramli ▶

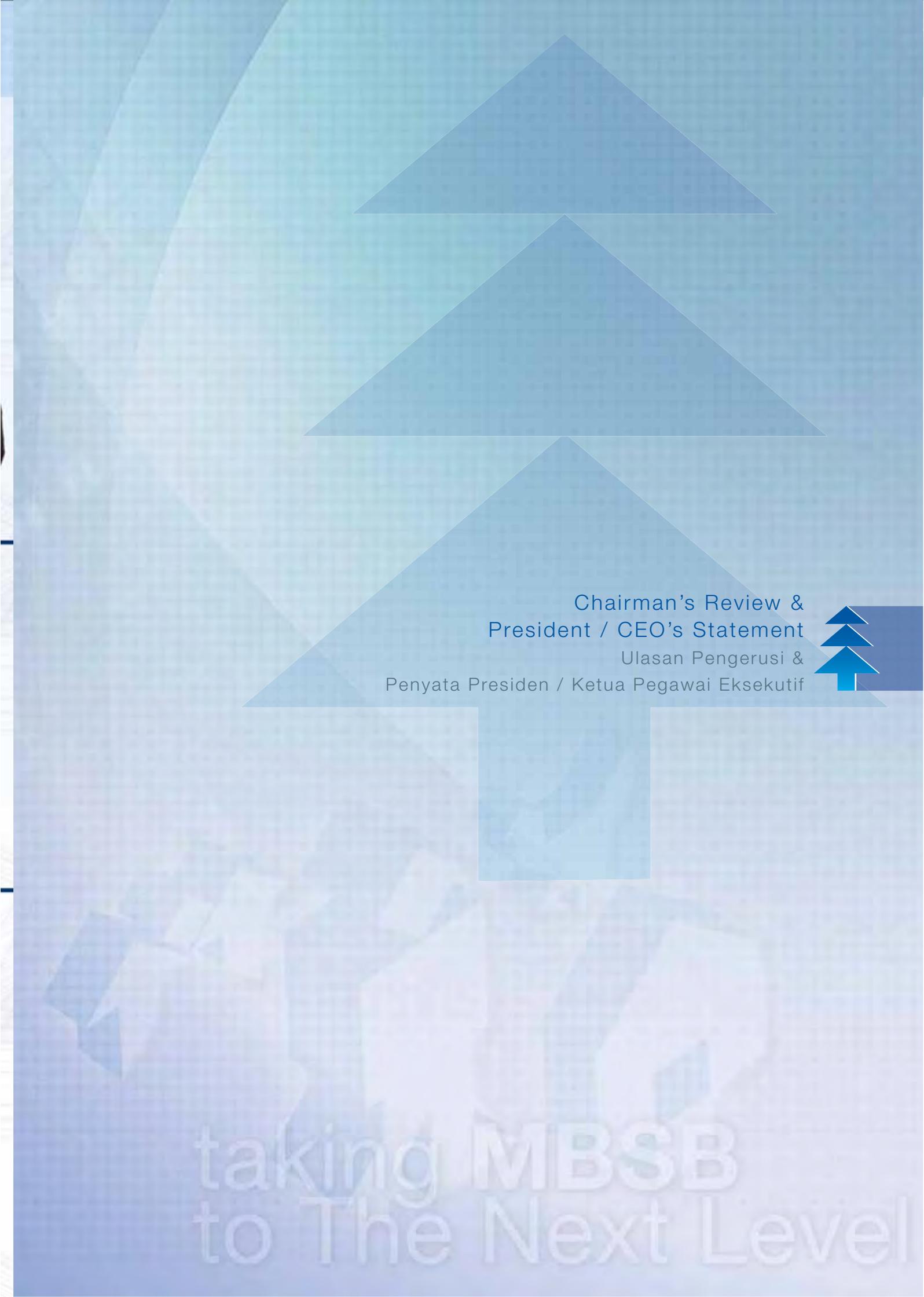
Dr. Rushdi Bin Ramli, aged 46, currently serves as a lecturer at Department of Fiqh and Usul, Academy of Islamic Studies, University of Malaya (UM). He graduated with a Degree B.Is (Hons) in Shariah from University of Malaya. He obtained his Master and Doctoral Degrees (Ph.D) at Birmingham University, United Kingdom. He was previously a Shariah Advisor at Exim Bank for 2 years. He was also a consultant in religious matters in the Non-Governmental Organization "Dewan Pemuda Masjid Malaysia" from 2007 to 2009.

Presently he is a representative for "Persatuan Kebajikan dan Pengubatan Islam Darussyifa" at the Traditional and Complementary Medicine Division, Ministry of Health, Malaysia. He was also one of the panelists in preparing the draft for the Code of Ethics for Islamic Medicine at the Ministry of Health. His areas of specialization are Principles of Islamic Jurisprudence, Principle of Quranic Exegesis, Contemporary Fiqh and Principles of Islamic Medication (prophetic medicine).

Dr. Rushdi bin Ramli, berusia 46, kini berkhidmat sebagai pensyarah di Jabatan Fiqh dan Usul, Akademi Pengajian Islam Universiti Malaya (UM). Beliau berkelulusan Sarjana Muda Pengajian Islam (Kepujian) Syariah dari Universiti Malaya. Beliau memperoleh Ijazah Sarjana dan Kedoktoran (Ph.D) dari University of Birmingham, United Kingdom. Sebelum ini, beliau adalah ahli Lembaga Penasihat Syariah di Exim Bank selama 2 tahun. Beliau juga merupakan perunding agama bagi sebuah Pertubuhan Bukan Kerajaan iaitu Dewan Pemuda Masjid Malaysia dari tahun 2007 hingga 2009.

Kini, beliau merupakan wakil Persatuan Kebajikan dan Pengubatan Islam Darussyifa dalam Bahagian Perubatan Tradisional dan Komplimentari, Kementerian Kesihatan, Malaysia. Beliau juga adalah salah seorang ahli panel yang bertanggungjawab menyediakan draf bagi Kod Etika Perubatan Islam di Kementerian Kesihatan. Bidang kepakaran beliau adalah Prinsip Usul al-Fiqh, Prinsip Tafsir Al-Quran, Fiqah Semasa dan Prinsip Perubatan Islam (perubatan cara Rasulullah).





Chairman's Review &
President / CEO's Statement

Ulasan Pengerusi &
Penyata Presiden / Ketua Pegawai Eksekutif



taking **MBSB**
to The Next Level

Chairman's Review

Ulasan Pengerusi

Dear Shareholders,

On behalf of the Board of Directors (Board) of Malaysia Building Society Berhad (MBSB), it gives me great pleasure to present the Annual Report and Audited Financial Statements for the twelve (12) months of financial year ended 31 December 2011 (FY2010/2011).

Pemegang Saham yang Dihormati,

Saya bagi pihak Lembaga Pengarah (Lembaga) Malaysia Building Society Berhad (MBSB) dengan amat sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan yang telah diaudit bagi tempoh kewangan dua belas (12) bulan berakhir 31 Disember 2011 (TK2010/2011).

TAN SRI ABDUL HALIM BIN ALI

Chairman / Pengerusi

Non-Independent Non-Executive Director

Pengarah Bukan Bebas Bukan Eksekutif

taking
MBSB
to The
Next Level



Chairman's Review (cont'd)

Ulasan Pengerusi (samb.)

OVERALL BUSINESS ENVIRONMENT

In spite of the global economic uncertainties due to the Eurozone crisis, economic slowdown in the US, inflationary pressures resulting from rising commodity prices, the impact of the earthquake in Japan and the political turmoil in the Middle East, the Malaysian economy managed to grow at a steady but moderate rate of 5.1% for the whole of 2011. The economy responded positively to the government's various economic and political transformation programmes. In the first half of 2011, Foreign Direct Investments (FDI) grew by 75% to RM21.2 billion compared to RM12.1 billion for the same period in 2010. In this environment, our commitment to enhance shareholder value remained strong, successfully delivering strong financial results for our company by focussing on new growth areas.

REVIEW OF FINANCIAL PERFORMANCE

In view of the steady economic growth, Malaysia's financial industry recorded a total loans growth of 13.6% for 2011. Taking advantage of the healthy developments in the financial service areas we operated in, MBSB managed to upstage the industry's performance with net loans and advances growth of RM15.2 billion, an increase of 42% as compared to the same period in 2010. This accomplishment was predominantly led by MBSB's Personal Financing-i (PF-i) scheme to government servants and staff of government related agencies.

Pre-tax profit attributable to shareholders amounting to RM428 million, was a stellar increase of 107% over the previous year in 2010. In turn our assets also rose to RM17.36 billion, 42% up on the previous year. Our non-interest income increased from RM91 million to RM160 million for 2011. Overall, these results contributed to MBSB's improved net earnings per share of 32.43 sen and return on equity to 43% for 2011.

As of 31 December 2011, total deposits from corporate and retail clients stood at RM13.5 billion, an increase of 29% from RM10.5 billion for 2010.

PERSEKITARAN PERNIAGAAN

Walaupun berhadapan dengan keadaan ekonomi dunia yang tidak menentu berikutan krisis kewangan Eropah, kelembapan ekonomi Amerika Syarikat, tekanan inflasi yang timbul akibat kenaikan harga komoditi, kesan daripada bencana gempa bumi di Jepun dan kekacauan politik di Timur Tengah, namun ekonomi Malaysia masih mampu berkembang pada kadar yang kukuh tetapi sederhana di paras 5.1% bagi keseluruhan tahun 2011. Ekonomi negara bertindak balas secara positif terhadap pelbagai program transformasi ekonomi dan politik yang dilaksanakan oleh kerajaan. Pada tempoh setengah tahun pertama 2011, Pelaburan Langsung Asing (FDI) meningkat sebanyak 75% kepada RM21.2 bilion berbanding RM12.1 bilion sepanjang tempoh yang sama pada tahun 2010. Dalam persekitaran ini, komitmen kami untuk mempertingkatkan nilai pemegang saham kekal teguh, terbukti dengan kejayaan syarikat mencatat keputusan kewangan yang kukuh hasil dari tumpuan yang diberikan kepada beberapa bidang baru yang menguntungkan.

TINJAUAN PRESTASI KEWANGAN

Pertumbuhan ekonomi negara yang stabil membolehkan industri kewangan Malaysia mencatatkan pertumbuhan pinjaman keseluruhan sebanyak 13.6% pada tahun 2011. Dengan memanfaatkan perkembangan yang sihat dalam bidang perkhidmatan kewangan yang kami turut terlibat, MBSB mampu mengatasi prestasi industri dengan pertumbuhan pinjaman dan pendahuluan bersih sebanyak RM15.2 bilion, peningkatan sebanyak 42% berbanding dengan prestasi pada tempoh yang sama pada tahun 2010. Pencapaian yang memberangsangkan ini disumbangkan dengan ketara oleh skim Pembiayaan Peribadi-i (PF-i) MBSB kepada kakitangan kerajaan dan kakitangan agensi berkaitan kerajaan.

Keuntungan sebelum cukai milik pemegang saham berjumlah RM428 juta, adalah satu peningkatan yang cemerlang iaitu sebanyak 107% berbanding tahun sebelumnya (2010). Pada masa yang sama, pertumbuhan aset juga melonjak kepada RM17.36 bilion, meningkat sebanyak 42% berbanding tahun sebelumnya. Pendapatan bukan faedah pula meningkat daripada RM91 juta kepada RM160 juta pada tahun 2011. Secara keseluruhan, kesemua pencapaian ini telah menyumbang kepada peningkatan pendapatan sesaham bersih MBSB sebanyak 32.43 sen dan pulangan atas ekuiti kepada 43% pada tahun 2011.

Jumlah deposit pelanggan korporat dan runcit meningkat sebanyak 29% kepada RM13.5 bilion pada 31 Disember 2011 berbanding RM10.5 bilion pada tahun 2010.

Chairman's Review (cont'd)

Ulasan Pengerusi (samb.)

In order to strengthen our financial base and sustain asset growth, we also undertook alternative fund raising exercises during the year.

In line with the dynamic nature of the financial industry, it is also our aim to improve MBSB's operational efficiency and turnaround times. In accordance with this objective, we took every effort to improve customer service, open new branches and upgrade branches nationwide and increase staff strength in much needed departments, in particular marketing.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Since our beginning more than 60 years ago, we have been carrying out numerous charity projects especially in the areas of education for the society.

Last year was no different. In 2011 we continued with the implementation of the "PINTAR School Adoption Program" by increasing the number of schools adopted from two to six. These schools were selected from six business regions as administered by our Regional Business Representatives (RBR).

We also participated in a new program called "Program Sejahtera" last year, aimed at improving the living conditions of disadvantaged families nationwide and alleviating their suffering and financial burden through contributions to mainly single mothers, orphans and the disabled.

While the community we serve is important to us, we have not forgotten our valued asset – our staff. Many of our most deserving employees have benefited from the internal CSR programmes by way of financial aid and incentives for the advancement of their children's education.

Kami juga telah melaksanakan beberapa langkah pengumpulan dana alternatif bagi mengukuhkan kedudukan asas kewangan dan mengekalkan pertumbuhan aset MBSB pada tahun kewangan ini.

Selaras dengan sifat dinamik industri kewangan, matlamat kami adalah untuk sentiasa menambahbaik tahap kecekapan dan tempoh pusingan perkhidmatan MBSB. Seajar dengan objektif ini, kami telah mengambil langkah yang sewajarnya untuk menambahbaik tahap perkhidmatan pelanggan, membuka cawangan baru serta menaik taraf cawangan sedia ada di seluruh negara serta menambah bilangan kakitangan di beberapa jabatan yang memerlukan tenaga tambahan, terutamanya pemasaran.

TANGGUNGJAWAB SOSIAL KORPORAT (CSR)

Sejak tertubuhnya syarikat lebih 60 tahun yang lalu, kami telah menjalankan pelbagai projek kebajikan terutamanya dalam bidang yang berkaitan dengan pendidikan untuk masyarakat.

Usaha ini berterusan seperti tahun lalu. Kami meneruskan "Program Sekolah Angkat PINTAR" dengan menambah bilangan sekolah angkat daripada dua kepada enam buah sekolah pada tahun 2011. Sekolah-sekolah ini dipilih daripada enam kawasan perniagaan yang ditadbir oleh Wakil-Wakil Perniagaan Kawasan (RBR) kami.

Kami turut mengambil bahagian dalam program baru iaitu "Program Sejahtera" pada tahun lepas. Program yang dijalankan ini bertujuan untuk menambahbaik tempat tinggal keluarga-keluarga yang kurang bernasib baik di seluruh negara serta membantu mengurangkan penderitaan dan beban kewangan yang ditanggung mereka terutamanya golongan ibu tunggal, anak yatim dan Orang Kurang Upaya (OKU).

Sungguhpun tanggungjawab sosial kami kepada masyarakat setempat adalah penting, namun aset yang paling berharga iaitu warga kami tidak dilupakan. Warga kerja kami yang layak telah menerima manfaat daripada program CSR dalaman melalui bantuan kewangan serta insentif bagi kebajikan dan pendidikan anak-anak mereka.

Chairman's Review (cont'd)

Ulasan Pengerusi (samb.)

DIVIDENDS

Given the robust results achieved in 2011, the Board has declared a gross interim dividend of 5% less 25% income tax in September 2011 and is now proposing a final gross dividend of 7% less 25% income tax.

The total net dividend represents about 34% pay-out of the profit after tax.

PROSPECTS

In 2012, the global economic environment is set to be more constrained and challenging. The International Monetary Fund has revised both the world economic growth and world trade downwards to 3.3% and 3.8% respectively. This is bound to have a direct impact on the Malaysian economy.

Although the economic and political transformation programmes have been set in motion and domestic demand is expected to play an increasing role in our economy, total loans growth is anticipated to slow down this year due to weaker consumer sentiments.

Regardless of these potential downsides, MBSB will remain focused on its strategies to boost loan expansion and sustain revenue streams. This will be achieved via asset portfolio diversification and increasing our fee-based income.

In line with Bank Negara Malaysia's (BNM) latest credit guidelines on retail borrowings, I am pleased to report that we have already begun to observe the "closing gap" approach, effective late 2010. This has shown a marked improvement in the way we undertake our business. Essentially, it is a process that aims to standardise our business and operational practices in accordance with the guidelines of a licensed financial institution. We will continue to pursue this process as part of the "Taking MBSB to the Next Level" transformation program.

DIVIDEN

Dengan catatan keputusan yang memberangsangkan pada tahun 2011, Lembaga Pengarah telah mengisytiharkan pembayaran dividen interim kasar sebanyak 5% ditolak 25% cukai pendapatan pada bulan September 2011 dan kini mencadangkan dividen kasar akhir sebanyak 7% ditolak 25% cukai pendapatan.

Jumlah dividen bersih ini merupakan kira-kira 34% bayaran daripada keuntungan selepas cukai.

PROSPEK

Pada tahun 2012, keadaan ekonomi dunia dijangkakan akan menjadi lebih mencabar. Tabung Matawang Antarabangsa telah menyemak semula pertumbuhan ekonomi dan perdagangan dunia dengan mengurangkan kadarnya kepada 3.3% dan 3.8%. Ini dijangka akan memberi kesan langsung kepada ekonomi Malaysia.

Walaupun program transformasi ekonomi serta politik telah pun digerakkan dan permintaan domestik dijangka akan memainkan peranan yang penting dalam menyokong pertumbuhan ekonomi negara. Jumlah pertumbuhan pinjaman diramal akan lembab pada tahun ini berikutan kelemahan sentimen pengguna.

Berhadapan dengan kemungkinan ini, MBSB akan terus mengekalkan fokus dan strateginya untuk merangsang pertumbuhan pinjaman dan mengekalkan aliran hasilnya melalui kepelbagaian portfolio aset dan penambahan pendapatan berasaskan yuran.

Selaras dengan garis panduan terkini yang dikeluarkan oleh Bank Negara Malaysia (BNM) ke atas pinjaman runcit, saya dengan sukacitanya ingin melaporkan bahawa kami sudah melaksanakan pendekatan "merapatkan jurang" sejak akhir tahun 2010. Langkah ini telah memberi kesan positif kepada operasi perniagaan kami. Ia merupakan satu proses penyeragaman amalan perniagaan dan operasi syarikat selaras dengan apa yang telah ditetapkan kepada institusi-institusi kewangan berlesen. Matlamat kami adalah untuk meneruskan usaha ini sejajar dengan program transformasi syarikat untuk "Membawa MBSB Ke Tahap Yang Lebih Tinggi".



Chairman's Review (cont'd) Ulasan Pengerusi (samb.)

ACCOLADES

2011 was an outstanding year for MBSB, securing several recognitions for the success we had achieved.

For instance, after reaching the RM1 billion mark in market capitalization at the end of 2010, MBSB was admitted into the prestigious The Edge Billion Ringgit Club, and was awarded "The Best Performing Stock" and "Highest Profit Growth Company" for 2011 under the financial sector class.

In recognition of MBSB's commitment to creating sustainable value and economic returns, the company was accorded second place in the financial services sector category of the KPMG Shareholder Value Award.

In addition, MBSB continued to be listed as one of the Top 100 Public Listed Companies for 2011 under the Minority Shareholders Watchdog Group (MSWG) Malaysian Corporate Governance Index (MCG).

It also received Special Mention by the MSWG for being an "A" rated company.

We are proud of all these acknowledgements which have greatly inspired us to strive for greater excellence. Our challenge now is to maintain these standards, if not outperform them.

PENGIKTIRAFAN

Tahun 2011 merupakan tahun yang cemerlang bagi MBSB dan kejayaan ini telah menerima beberapa pengiktirafan.

Antaranya, pada akhir tahun 2010 MBSB telah diterima sebagai ahli kumpulan berprestij "The Edge Billion Ringgit Club" selepas berjaya mencatatkan permodalan pasaran pada paras RM1 billion dan telah dianugerahkan "The Best Performing Stock" dan "Highest Profit Growth Company" bagi tahun 2011 di bawah kelas sektor kewangan.

Komitmen MBSB dalam mencipta nilai serta pulangan ekonomi yang mampan telah melayakkan syarikat untuk menerima pengiktirafan "KPMG Shareholder Value Award" bagi tempat kedua untuk sektor perkhidmatan kewangan.

Di samping itu, MBSB terus disenaraikan dalam 100 Syarikat Tersenarai Awam Teratas bagi tahun 2011 di bawah Indeks Urus Tadbir Korporat Malaysia (MCG) anjuran "Minority Shareholders Watchdog Group" (MSWG).

MSWG juga telah memberi Pengiktirafan Khas kepada MBSB sebagai sebuah syarikat bertaraf "A".

Kami berasa megah dengan penghargaan ini yang telah menguatkan iltizam kami untuk mencapai kecemerlangan yang lebih tinggi. Kini, cabaran kami adalah untuk mengekalkan semua kejayaan yang telah dicapai atau mengatasi prestasi sedia ada.



Chairman's Review

Ulasan Pengerusi

ACKNOWLEDGEMENTS

MBSB has come a long way since its inception in 1950. Substantial credit for the success achieved over the last 60 years must be given to all our stakeholders. Indeed the remarkable performance for 2011 was the culmination and support from all our customers, shareholders and exceptional efforts of the loyal employees nationwide.

My utmost gratitude also goes to my colleagues on the Board and members of the Shariah Advisory Council for their deep insights, wisdom and guidance in helping to steer MBSB on a steady course.

Tan Sri Abdul Halim bin Ali
Chairman
15 February 2012

PENGHARGAAN

MBSB telah melalui satu perjalanan yang jauh sejak penubuhannya pada tahun 1950. Penghargaan di atas kejayaan yang dicapai sejak 60 tahun ini wajar diberikan kepada semua pemegang kepentingan kami. Sesungguhnya kecemerlangan yang dicapai pada tahun 2011 ini adalah hasil sokongan padu serta kesetiaan pelanggan-pelanggan, pemegang-pemegang saham dan usaha gigih warga kerja kami di seluruh negara.

Ucapan setinggi-tinggi penghargaan saya turut ditujukan kepada rakan-rakan ahli Lembaga Pengarah dan ahli-ahli Majlis Penasihat Shariah atas pandangan yang bernas, kebijaksanaan dan sokongan dalam membantu mengemudi MBSB ke landasan yang mantap.

Tan Sri Abdul Halim bin Ali
Pengerusi
15 Februari 2012

President / CEO's Statement

Penyata Presiden / Ketua Pegawai Eksekutif

Dear Shareholders

FY 2011 had been a very good year for all of us at MBSB despite the various challenges and ambiguities that we had faced in the local banking environment.

Pemegang Saham Yang Dihormati,

TK 2011 merupakan tahun yang sangat baik bagi kami di MBSB, walaupun berhadapan dengan pelbagai cabaran dan persekitaran yang tidak menentu perbankan tempatan.

DATO' AHMAD ZAINI BIN OTHMAN
President / Chief Executive Officer
Presiden / Ketua Pegawai Eksekutif

taking
MBSB
to The
Next Level



President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

I am indeed glad we have strived to live up to our mission "Taking MBSB to the Next Level" having grown our organisation organically – strengthening and synergising various areas of the company to where it is today.

The transformation program, "Taking MBSB To The Next Level" which began in 2009 remained in place and as part of continuous improvement, the Business Plan for 2011 was premised on a new theme, "Treading Into An Uncharted Territory". The reason for this theme was simple. With new uncertainties in the local banking sector, MBSB needed to come forth with new products and service ingenuity. It was certainly the right time for MBSB to diversify its product portfolio and not solely depend on any single product – irrespective of its high profitability.

Thus, the building blocks laid by the transformation program had paved the way for us to innovate retail business, which I firmly believe is crucial for MBSB to maintain sustainable revenue growth as industry becomes more competitive.

BUSINESS HIGHLIGHTS

It was undoubtedly a challenging period last year especially for the retail business market. Nevertheless, we strived and were able to increase revenue by introducing new and exciting fee-based products for our valuable customers. The key asset driver was Personal Financing-i (PF-i) to government servants, where great emphasis was placed on our unique selling point – affordability and right-pricing. Total financing disbursements for 2011 surpassed RM6.5 billion – a major increase of 101% from the previous year.

We are grateful to all government employee customers who had been loyal and remained supportive of MBSB's PF-i product. Sales for this product had increased especially with the launch of attractive campaigns throughout the year. New packages introduced included the "Waslah", "Exec-i" and "Perwira-i".

Saya berasa gembira kerana telah berjaya melaksanakan misi membawa MBSB ke tahap yang lebih tinggi dan membolehkan syarikat berkembang secara organik – memperkukuh dan menyuntik sinergi di beberapa bahagian dalam syarikat dan meletakkannya di mana ia berada sekarang.

Program Transformasi, "Membawa MBSB Ke Tahap Yang Lebih Tinggi" yang dimulakan pada tahun 2009 masih kekal dan merupakan sebahagian daripada usaha penambahbaikan dan Pelan Perniagaan bagi tahun 2011 telah dirangka berasaskan kepada tema baru, "Meneroka Pasaran Baru". Sebab penggunaan tema ini sungguh mudah. Ekoran pelbagai keadaan tidak menentu yang wujud di persekitaran perbankan tempatan, MBSB perlu memperkenalkan pelbagai produk dan perkhidmatan baru. Sudah tiba masanya untuk MBSB mempelbagaikan portfolio produknya dan bukan sekadar bergantung kepada satu produk sahaja walaupun tahap keuntungan yang dicatatkan oleh produk itu tinggi.

Teras yang kukuh yang dihasilkan oleh program transformasi syarikat telah membuka laluan untuk inovasi dalam perniagaan runcit. Saya percaya bahawa langkah ini amat penting untuk membolehkan MBSB mengekalkan pertumbuhan perolehan yang mampan selaras dengan persaingan yang semakin hebat dalam industri ini.

MAKLUMAT UTAMA PERNIAGAAN

Tahun lepas merupakan satu tempoh yang mencabar terutamanya bagi pasaran perniagaan runcit. Walau bagaimanapun, kami telah berkerja keras dan mampu meningkatkan perolehan syarikat dengan memperkenalkan beberapa produk baru dan menarik yang berasaskan yuran untuk pelanggan-pelanggan kami. Pembiayaan Peribadi-i (PF-i) kepada kakitangan kerajaan merupakan pendorong utama pertumbuhan aset di mana penekanan diberikan kepada faktor yang penting iaitu kemampuan dan kadar keuntungan yang berpatutan. Jumlah pembiayaan yang dikeluarkan bagi tahun 2011 melepasi angka RM6.5 bilion - satu peningkatan ketara sebanyak 101% berbanding pengeluaran pada tahun sebelumnya.

Kami amat berterima kasih kepada pelanggan setia di kalangan kakitangan kerajaan yang berterusan menyokong produk PF-i MBSB. Jualan produk ini terus mencatatkan peningkatan terutamanya dengan pelancaran beberapa kempen menarik yang dijalankan sepanjang tahun. Antara pakej baru yang telah diperkenalkan termasuklah "Waslah", "Exec-i" dan "Perwira-i".

President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

On a similar note, our persistent efforts to capture high net worth individuals for Mortgage Ultimate program that was introduced in 2010 also showed remarkable progress. On this improvement, credit is largely due to our qualified and dedicated sales teams and agents – who have helped us to further penetrate the market segment. This was important for MBSB to improve its loan asset and applicant quality.

Meanwhile, a new venture was also initiated last year to market Bancassurance products. We foresee this new undertaking as having great potentials to contribute significantly to fee-based income. This will benefit customers as they are now offered various other banking products, concurrently enabling us to cross-sell our products and attain greater sales productivity. To achieve this, we had entered into strategic collaborations with well established Takaful and Insurance providers, AmAssurance Berhad and Hong Leong MSIG Takaful, to market “Bijak Malaysia” and “i-Save” plans.

At MBSB, our retail business team is also responsible to grow retail deposits. Hence last year, the team had introduced a new savings program for children, “Cheeky Savings Account”, which garnered an increase of 21% in new account openings throughout the branches nationwide. In addition, we are also pleased to notify that the retail product range will be further expanded in the first quarter of 2012, with the launch of Auto Finance in March.

In line with branch transformation, branch services have gradually been improved with upgrades and refurbishments. We consider such a change as only befitting MBSB to better reflect our illustrious history of more than 60 years. We trust the new SSCs with a more vibrant look will provide new experiential provisions, such as the self-service “EPF kiosks” and “e-Pay” utility bill services. Further, the branch network was expanded with the opening of two Sales and Service Centres (SSC) in Selangor and six Representative Offices (REP) elsewhere last year.

Pada masa yang sama, usaha berterusan untuk memperolehi pelanggan bernilai tinggi bagi program “Mortgage Ultimate” yang diperkenalkan pada tahun 2010 turut menunjukkan peningkatan yang memberansangkan. Sebahagian besar kejayaan ini adalah berkat ketekunan pasukan jualan dan ejen kami yang berkecuali yang telah membantu kami menembusi pasaran ini. Langkah ini amat penting dalam membantu MBSB menambahbaik aset pinjaman dan kualiti peminjam.

Sementara itu, usaha baru juga telah dimulakan untuk memasarkan pelbagai produk Bankasurans pada tahun lepas. Penglibatan baru ini dijangka berpotensi besar dalam menyumbang secara ketara kepada pendapatan berasaskan yuran. Ini akan memberi manfaat kepada pelanggan kerana mereka akan dapat menikmati pelbagai produk perbankan lain, dan pada masa yang sama, membolehkan kami menjual silang produk-produk kami serta mencapai tahap produktiviti jualan yang lebih tinggi. Bagi mencapai matlamat ini, kami telah memeterai kerjasama strategik dengan penyedia Takaful dan Insurans yang terkemuka iaitu, AmAssurance Berhad dan Hong Leong MSIG Takaful bagi memasarkan pelan “Bijak Malaysia” dan “i-Save”.

Di MBSB, pasukan perniagaan runcit kami juga bertanggungjawab untuk mengembangkan deposit runcit. Pada tahun lepas, pasukan ini telah memperkenalkan sebuah program simpanan baru untuk kanak-kanak yang dikenali sebagai “Kelab Simpanan Cheeky”, di mana telah menyaksikan peningkatan pembukaan akaun baru sebanyak 21% di cawangan-cawangan kami di seluruh negara. Di samping itu, kami berasa sukacita untuk memaklumkan bahawa kepelbagaian produk runcit kami akan diperluaskan lagi pada suku pertama tahun 2012 melalui pelancaran Pembiayaan Auto pada bulan Mac.

Kami telah menambahbaik perkhidmatan di cawangan secara berperingkat melalui kerja-kerja menaik taraf dan pengubahsuaian selaras dengan langkah transformasi cawangan yang dilaksanakan. Kami menganggap perubahan ini akan memanfaatkan MBSB dalam memberikan gambaran yang lebih baik terhadap sejarah kami yang telah menjangkau lebih 60 tahun. Kami percaya Pusat Jualan dan Perkhidmatan dengan wajah baru bakal menyediakan suatu pengalaman baru seperti “kiosk KWSP” dan perkhidmatan bil utiliti “e-Pay”. Selain itu, rangkaian cawangan telah dikembangkan dengan pembukaan dua Pusat Jualan dan Perkhidmatan di Selangor dan enam Pejabat Perwakilan (REP) di beberapa tempat lain pada tahun lepas.

President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

Year 2011 was a promising year as well for the Corporate Business Division. Property development financing saw a marked improvement with a tremendous increase of 475% in financing approvals. We increased market share by venturing into new growth areas such as Penang, Kuala Lumpur and in some parts of Sabah. In addition to increasing corporate finance activities in these areas, we supplemented company's revenue by securing corporate mortgage loans in these identified locations. For instance, one of the key projects MBSB was involved in 2011 was the granting of a loan facility amounting to RM100 million to Likasbay Precinct Sdn Bhd. It was essentially to finance a proposed residential apartment development complex at Kg. Numbok, Kuala Menggatal and Kota Kinabalu in Sabah. At present, we are at the early stages of proposing to further develop this project via the next two phases.

Elsewhere, our new and exciting initiative in 2011 was the participation in the Oil and Gas sector, one of the National Key Economic Area (NKEA) under the ambit of the Economic Transformation Programme (ETP). In 2011, the company managed to secure more contract financing business in this area. Total approvals for last year amounted to RM411 million.

We were also very supportive of the SME industry, which constitutes 99.2% of Malaysia's business operations and contributes to 56.4% to total employment. The introduction of SME Cash Express in late 2010 has proven to be rewarding for us.

Meanwhile, on the Wholesale Banking side, our relatively new team has made its own mark by entering certain strategic sectors of the economy – education and public infrastructure. Considerable interests in our structured financing products and corporate advisory services had translated to RM3.45 billion in received loan submissions for 2011.

Similarly, we continued to receive generous support from our corporate depositors in 2011, where we managed to attract about 105 new clients, mainly from the various government state agencies and the private sector.

Tahun 2011 merupakan tahun yang memberangsangkan bagi Bahagian Perniagaan Korporat. Pembiayaan bagi pembangunan hartanah memaparkan perubahan positif yang ketara dengan kelulusan pembiayaan meningkat sebanyak 475%. Kami berjaya meningkatkan penguasaan pasaran dengan memasuki beberapa kawasan pertumbuhan baru seperti Pulau Pinang, Kuala Lumpur dan beberapa kawasan di Sabah. Di samping menggandakan aktiviti pembiayaan korporat di kawasan-kawasan ini, kami telah meningkatkan perolehan syarikat dengan menyediakan pinjaman titian untuk beberapa lokasi ini. Antaranya untuk sebuah projek utama di mana MBSB telah menyediakan kemudahan pinjaman berjumlah RM100 juta kepada Likasbay Precinct Sdn Bhd. Ia bertujuan untuk membiayai kompleks pembangunan pangsapuri kediaman di Kg. Numbok, Kuala Menggatal dan Kota Kinabalu, Sabah. Kini, kami dalam peringkat awal cadangan untuk memajukan lagi projek ini melalui dua fasa yang seterusnya.

Antara inisiatif baru dan menarik yang turut kami laksanakan dalam bidang lain melibatkan penyertaan kami di dalam sektor Minyak dan Gas, salah sebuah sektor penting dalam Bidang Ekonomi Utama Negara (NKEA) yang dilaksanakan di bawah Program Transformasi Ekonomi (ETP). Pada tahun 2011, syarikat berjaya memperoleh lebih banyak perniagaan pembiayaan kontrak dalam sektor ini dengan jumlah kelulusan tercatat hampir RM411 juta.

Kami menyokong teguh industri Perusahaan Kecil dan Sederhana (PKS) yang meliputi 99.2% daripada operasi perniagaan Malaysia dan menyumbang sebanyak 56.4% kepada jumlah pekerjaan. Pengenalan Ekpres Tunai SME pada lewat tahun 2010 terbukti memberi pulangan yang bermanfaat kepada kami.

Sementara itu walaupun masih baru, bahagian Perbankan Wholesale telah berjaya memasuki beberapa sektor ekonomi strategik tertentu - pendidikan dan infrastruktur awam. Minat ketara yang ditunjukkan terhadap produk pembiayaan berstruktur dan khidmat nasihat korporat kami telah menjana permohonan pinjaman yang diterima sebanyak RM3.45 bilion pada tahun 2011.

Kami juga menikmati sokongan padu berterusan daripada para pendeposit korporat pada tahun 2011 di mana kami telah berjaya menarik kira-kira 105 pelanggan baru, terutamanya dari pelbagai agensi kerajaan negeri dan sektor swasta.

President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

FUNDING

As an astute financial entity that is responsible to nation building, merely relying on deposits for funding is insufficient. Thus, in order to increase liquidity we had pursued other means of fund-raising exercises. Principally, in 2011 these included activities such as a rights issue amounting to RM500 million, a RM500 million Bai-Inah Islamic financing facility from EPF, and the securitization of RM800 million of PF-i assets with Cagamas Berhad.

OPERATIONAL HIGHLIGHTS

In view of thinning interest margins being experienced by the banking industry, MBSB's ability to manage cost levels productively becomes increasingly important. On this account, I am pleased to mention that we achieved this last year without compromising profit margins or operational efficiency.

The strategy to outsource non-core operational and sales functions continued in 2011. This certainly deviated from the way we had been traditionally conducting our business in the past, nevertheless it had substantially helped to lower our costs of doing business. On this note, I must stress our overall cost to income ratio for 2011 stood at 21.10%, which is a respectable level as compared to the industry average of 46.7%.

On another note, we continue with the push for excellence in customer service. A key undertaking was the establishment of a Customer Call Centre at Head Office in Kuala Lumpur in October 2011 as a result of growing customer database.

One important initiative that I had personally embarked upon as a top priority upon coming on board was the call for MBSB's inclusion into Bank Negara Malaysia's (BNM) Central Credit Reference Information System (CCRIS). I believe this is of great importance for one single reason – it places us on par with other licensed financial institutions in terms of risk management and credit evaluation. Therefore, it was welcoming news when MBSB was granted the approval by BNM in December 2011.

PENGUMPULAN DANA

Sebagai sebuah entiti kewangan yang bertanggungjawab untuk membina negara, kami tidak boleh bergantung semata-mata kepada deposit untuk menyediakan pembiayaan yang secukupnya. Justeru, bagi meningkatkan tahap kecairan, kami telah melaksanakan pelbagai kaedah lain untuk mengumpul dana. Secara umum, pada tahun 2011, langkah yang kami laksanakan untuk mengumpul dana termasuk terbitan hak berjumlah RM500 juta, kemudahan pembiayaan Islam Bai-Inah bernilai RM500 juta daripada KWSP dan Pensukuritan RM800 juta aset PF-i dengan Cagamas Berhad.

MAKLUMAT UTAMA OPERASI

Keupayaan MBSB dalam mengurus paras kos secara produktif menjadi semakin penting memandangkan industri perbankan sedang mengalami masalah margin faedah yang semakin mengecil. Sehubungan itu, saya dengan sukacitanya ingin memaklumkan bahawa pada tahun lepas kami telah mencapai paras yang dikehendaki ini tanpa memberi kompromi kepada margin keuntungan atau tahap kecekapan operasi.

Strategi untuk menyumber luar fungsi operasi bukan teras dan fungsi jualan masih diteruskan pada tahun 2011. Walaupun langkah ini berbeza daripada kaedah lazim yang telah kami amalkan pada masa lalu, namun ia telah membantu mengurangkan kos menjalankan perniagaan kami dengan berkesan. Oleh itu, saya ingin menekankan bahawa kos keseluruhan kami berbanding nisbah pendapatan bagi tahun 2011 adalah sebanyak 21.10%, satu paras yang memuaskan berbanding paras purata industri sebanyak 46.7%.

Kami juga masih meneruskan usaha untuk mencapai kecemerlangan dalam perkhidmatan pelanggan. Langkah penting yang dilaksanakan bagi memenuhi matlamat ini berikutan pertambahan pangkalan data pelanggan, adalah dengan penubuhan Pusat Panggilan Pelanggan di Ibu Pejabat kami di Kuala Lumpur pada bulan Oktober 2011.

Berhubung perkara lain, salah satu inisiatif penting yang saya mulakan secara peribadi sejurus menyertai pengurusan syarikat adalah mengemukakan permohonan supaya MBSB dimasukkan ke dalam Sistem Maklumat Rujukan Kredit Sepusat (CCRIS) Bank Negara Malaysia (BNM). Saya percaya bahawa usaha ini penting atas satu sebab iaitu meletakkan kami sebaris dengan institusi kewangan berlesen dari segi pengurusan risiko dan penilaian kredit. Justeru, kelulusan yang diberikan oleh BNM kepada MBSB pada bulan Disember 2011 adalah sangat dialu-alukan.

President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

In the interim, our credit processes were further enhanced when Project Management and Monitoring Division (PMMD) received an ISO 9001:2008 certification in April 2011. PMMD was incorporated two years ago and since then, has played a crucial role in providing technical assessments to project evaluations.

In terms of augmenting our risk management capabilities, we had in June 2011 made an investment in the SAS Rapid Predictive Modeler, a data mining solution. We are of the opinion that this platform will provide better insights on customers' behavioural patterns and demographics, leading to an improved management of the non-performing loans (NPLs).

At this juncture, we are in the midst of establishing a new core banking system. This will be a significant and the highest IT investment for us, but it is imperative in our crusade to stay ahead of competition by increasing service efficiency and for developing new products timely. The investment may bring down the company's cost to income ratio to approximately 25% this year.

CORPORATE RECOVERY

MBSB's corporate recovery has largely been centred on the legacy commercial loan accounts. Unfortunately, due to time lapses because of legal contention in some cases, it has unfortunately become a complex issue to us. Considering time is of the essence, since 2009 we have adopted a different approach. We chose to revive the abandoned projects with the participation of new and reputable developers. I must say that the outcome thus far has indeed been most favourable to all interested parties and has partly contributed to the reduction in the net corporate NPL from 18.7% in 2009 to 8.5% in 2011.

Sementara itu, proses kredit kami telah dipertingkatkan lagi apabila Bahagian Pengurusan dan Pemantauan Projek (PMMD) kami telah menerima pensijilan ISO 9001:2008 pada bulan April 2011. Sejak ditubuhkan dua tahun lepas, PMMD telah memainkan peranan yang penting dalam menyediakan taksiran teknikal bagi sesebuah penilaian projek.

Dalam meningkatkan keupayaan pengurusan risiko, pada bulan Jun 2011, kami telah menyalurkan pelaburan untuk memperolehi SAS Rapid Predictive Modeler, iaitu sistem pencarian data. Kami percaya platform ini akan menyediakan maklumat yang lebih mendalam mengenai pola kelakuan dan demografi pelanggan bagi membantu kami mengurus pinjaman tidak berbayar (NPL) dengan lebih baik.

Kami sedang dalam persiapan untuk menubuhkan sebuah sistem perbankan teras baru. Langkah ini merupakan satu pelaburan Teknologi Maklumat (IT) yang penting dan besar untuk kami, namun ia merupakan satu tindakan yang perlu bagi membolehkan kami kekal bersaing di pasaran. Ia boleh dicapai melalui peningkatan tahap kecekapan perkhidmatan dan pembangunan produk baharu yang tepat pada masanya. Pelaburan ini mampu mengurangkan nisbah kos berbanding pendapatan syarikat kepada kira-kira 25% untuk tahun ini.

PEMULIHAN KORPORAT

Pemulihan korporat MBSB tertumpu kepada pemulihan legasi akaun pinjaman komersial. Malangnya, jarak masa yang panjang melibatkan proses undang-undang, menyebabkan dalam sesetengah kes, ia menjadi isu yang kompleks kepada kami. Sejak tahun 2009, kami telah menerima pakai pendekatan yang berbeza memandangkan masa merupakan faktor yang penting. Kami memilih untuk memulihkan projek-projek terbenkual dengan penyertaan pemaju baru dan bereputasi. Ingin saya memaklumkan bahawa usaha ini telah memberi hasil yang memberangsangkan kepada semua pihak berkepentingan dan ini telah menyumbangkan sebahagian dari pengurangan dalam NPL korporat bersih daripada 18.7% pada 2009 kepada 8.5% pada tahun 2011.

FAKTOR KEJAYAAN PENTING

Tugas untuk kekal menerajui persaingan dalam persekitaran perbankan yang berdaya saing, pasti sukar. Oleh itu, kami percaya bahawa faktor insan merupakan aset utama dalam usaha mencapai matlamat kami dan membezakan kami di dalam industri ini. Saya berharap dengan menjadikan visi, misi dan strategi kami yang lebih berorientasikan modal insan di mana warga kerja kami memainkan peranan yang penting, proses transformasi budaya kami pasti akan menjadi suatu realiti. Kejayaan ini pastinya akan didorong oleh nilai-nilai berharga kami iaitu integriti, semangat kerja berpasukan dan kecemerlangan.

President / CEO's Statement (cont'd)

Penyata Presiden / Ketua Pegawai Eksekutif (samb.)

CRITICAL SUCCESS FACTOR

In a highly competitive banking environment, it is certainly a formidable task to always stay ahead of competition. We therefore believe the human factor is a key asset in the quest to differentiate ourselves from other players and achieve our goals. It has been my hope that humanising our vision, mission and strategies, with staff playing an integral part of this process will result in a cultural transformation. This will of course be catalysed by our shared values of integrity, teamwork and excellence.

On those lines, we had employed additional 314 staff in 2011, principally to expand the sales and marketing arms and also to have more professionals in view of company's participation in the Oil and Gas sector. However, I must reiterate that we have progressed well in terms of employees' productivity in 2011. In relation to staff cost to profitability ratio, there was a noticeable improvement from 28.6% (2010) to 19.3% in 2011.

PROSPECTS

The outlook for the global financial markets remains bleak, with uncertain economic woes in the horizon, especially in the European Union, Japan and the United States.

Such external factors will have an obvious unconstructive impact on the Asian economies, including Malaysia due to falling demands for our exports. Although with the support from a vibrant domestic demand we do expect Malaysia to grow moderately, but we also feel the surrounding and unavoidable global factors will generally have a negative bearing on consumer spending in 2012.

Hence, going forward, we foresee loan growths for the local financial industry to be lower this year. Amidst all these tests, we shall persist in providing responsible financing to our customers, especially the government servants. As a matter of fact, with the Government's endeavour in executing projects under the ETP, we are also confident in capturing valuable opportunities through our Corporate Business activities.

Selaras dengan hasrat tersebut, kami telah melantik seramai 314 kakitangan tambahan pada tahun 2011, terutamanya bagi memperkukuhkan bahagian jualan dan pemasaran dan untuk menambah lebih ramai kakitangan profesional berikutan penglibatan syarikat dalam sektor Minyak dan Gas. Walau bagaimanapun, saya ingin memaklumkan bahawa kami telah mencatat kemajuan yang membanggakan dari segi produktiviti kakitangan sepanjang tahun 2011. Nisbah kos kakitangan berbanding keuntungan juga semakin baik iaitu dari 28.6% (2010) kepada 19.3% pada 2011.

PROSPEK

Suasana pasaran kewangan global dijangka kekal suram, dengan beberapa kemelut ekonomi yang kelihatan, khususnya di Negara-Negara Kesatuan Eropah, Jepun dan Amerika Syarikat.

Faktor-faktor luaran seumpama ini akan memberi kesan kurang memberangsangkan ke atas ekonomi Asia, termasuk Malaysia akibat kemerosotan permintaan bagi eksport negara. Walaupun didorong oleh permintaan domestik yang kukuh, kami menjangkakan bahawa Malaysia akan mencatat pertumbuhan sederhana, namun kami juga berpendapat bahawa faktor persekitaran dan global yang tidak dapat dielakkan akan memberi kesan negatif terhadap perbelanjaan pengguna pada 2012.

Justeru, kami menjangkakan industri kewangan negara akan mencatatkan pertumbuhan pinjaman yang lebih rendah pada tahun ini. Walaupun berdepan dengan semua cabaran ini, kami akan menyediakan pembiayaan yang berterusan kepada pelanggan-pelanggan kami dengan penuh rasa tanggungjawab, khususnya untuk kakitangan kerajaan. Malah, berasaskan kepada usaha kerajaan dalam melaksanakan pelbagai projek di bawah Program Transformasi Ekonomi (ETP), kami yakin akan mampu memanfaatkan peluang berharga yang wujud dari aktiviti Perniagaan Korporat.

Sungguhpun demikian, kami perlu kekal tangkas dalam perniagaan bagi mencapai matlamat serta menampilkan peningkatan operasi kami. Jika tidak berlaku perkara di luar dugaan, kami menjangka akan mencapai sasaran kami pada tahun ini.

President / CEO's Statement

Penyata Presiden / Ketua Pegawai Eksekutif

Despite these vagaries, we shall remain steadfast in executing our business goals and operational enhancements. Barring any unforeseen circumstances we aim to achieve our set targets for this year.

APPRECIATION

Whatever we stand for today is actually a culmination of all our efforts. I must restate that without the immense support from all stakeholders – our shareholders, customers, business partners – and more crucially, without the employees nationwide, this would not have been quite possible.

A special note of gratitude also goes to the Board of Directors for their wisdom and guidance and Management team for their allegiance to the vision, their honesty, passion and professional discipline.

As the steward of the company, I remain resolute in my endeavour to ensure we continue to operate with clear and defined strategies and uphold a valued driven and trustworthy culture at all times. My belief is that this is key as we move up to the next level of our subscribed theme of "Taking MBSB to the Next Level", which is "Enhancing Sustainable Growth" this year.

God willing, together MBSB shall prevail.

Dato' Ahmad Zaini Othman
President / Chief Executive Officer
15 February 2012

PENGHARGAAN

Kecemerlangan yang dicapai pada hari ini sebenarnya adalah hasil kegigihan kami selama ini. Saya ingin menegaskan bahawa tanpa sokongan teguh daripada semua pemegang kepentingan yakni pemegang-pemegang saham, pelanggan-pelanggan, rakan-rakan perniagaan dan yang paling utama warga kerja di seluruh negara, kejayaan ini tidak mungkin dicapai.

Saya juga ingin menyampaikan setinggi-tinggi penghargaan kepada Ahli-Ahli Lembaga Pengarah atas kebijaksanaan dan tunjuk ajar mereka dan pasukan pengurusan atas kepercayaan mereka terhadap wawasan syarikat serta keikhlasan, semangat dan disiplin profesional mereka.

Saya yakin ini adalah penting untuk kita melangkah ke tahap seterusnya berasaskan kepada tema yang sentiasa dipegang - "Membawa MBSB Ke Tahap Yang Lebih Tinggi" iaitu "Mempertingkatkan Pertumbuhan Mampan" pada tahun ini.

Insya Allah, bersama-sama kita memacu MBSB ke mercu kejayaan.

Dato' Ahmad Zaini Othman
Ketua Pegawai Eksekutif
15 Februari 2012

Management Team - Senior Vice President
Kumpulan Pengurusan - Naib Presiden Kanan



Tang Yow Sai

Senior Vice President /
Chief Financial Officer
Naib Presiden Kanan /
Ketua Pegawai Kewangan



Azman bin Aziz

Senior Vice President,
Retail Business
Naib Presiden Kanan,
Perniagaan Runcit



Nor Azam bin M Taib

Senior Vice President,
Corporate Business
Naib Presiden Kanan,
Perniagaan Korporat

Management Team - Deputy Senior Vice President Kumpulan Pengurusan - Timbalan Naib Presiden Kanan

Se Joon

Deputy Senior Vice President /
Chief Technology Officer
Timbalan Naib Presiden Kanan /
Ketua Pegawai Teknologi



Azlina binti Mohd Rashad

Deputy Senior Vice President,
Corporate Planning &
Communication
Timbalan Naib Presiden Kanan,
Perancangan Korporat &
Komunikasi



Nur Zarina binti Ghazali

Deputy Senior Vice President,
Wholesale Banking
Timbalan Naib Presiden Kanan,
Perbankan Wholesale



Asrul Hazli bin Salleh

Deputy Senior Vice President,
Treasury
Timbalan Naib Presiden Kanan,
Perbendaharaan



Management Team - Vice President Kumpulan Pengurusan- Naib Presiden

Kamarudin bin Samsudin

Vice President / Chief Internal Auditor
Naib Presiden / Ketua Audit Dalaman

**Salim Yazan bin Gulzar
Mohamed**

Vice President / Chief Risk Officer
Naib Presiden / Ketua Pegawai
Risiko

**Mohd Rozali bin Idris**

Vice President,
Credit Management
Naib Presiden,
Pengurusan Kredit

**Norhayati binti
Mohd Daud**

Vice President, Corporate
Recovery & Project
Rehabilitation
Naib Presiden, Perolehan
Korporat & Pemulihan
Projek

**Hazim bin Dato' Yahya**

Vice President, Project
Management & Monitoring
Naib Presiden, Pengurusan &
Pengawasan Projek

**Abd Rahim bin Ahmad**

Vice President, Human Resource
Naib Presiden, Sumber Manusia



Management Team - Vice President Kumpulan Pengurusan - Naib Presiden

Shamsudin bin Hj Md Yusoff

Vice President, Organization &
Methods
Naib Presiden, Organisasi &
Kaedah



Mohd Tahir bin Haris

Vice President,
Property Management
Naib Presiden,
Pengurusan Hartanah



Management Team - Deputy Vice President Kumpulan Pengurusan - Timbalan Naib Presiden

Sheela Thaver

Deputy Vice President,
Legal
Timbalan Naib Presiden,
Perundangan



Tina Koh Ai Hoon

Deputy Vice President /
Company Secretary
Timbalan Naib Presiden /
Setiausaha Syarikat



Kamari bin Tukiman

Deputy Vice President,
Retail Collection &
Management
Timbalan Naib Presiden,
Pungutan Runcit &
Pengurusan



Regional Business Representatives

Wakil-Wakil Perniagaan Wilayah



- | | |
|--------------------------------|--|
| 1 Chong Yiow Loong | RBR-Central Region / Wilayah Tengah |
| 2 Abdul Halim bin Zainal | RBR-Southern Region / Wilayah Selatan |
| 3 Morshidi bin Hj. Abong | RBR-Sarawak Region / Wilayah Sarawak |
| 4 Zamzuri Izani bin Abu Hassan | RBR-East Coast Region / Wilayah Pantai Timur |
| 5 Lee Thiam Sin | RBR-Northern Region / Wilayah Utara |
| 6 Redzuan Khushairy bin Othman | RBR-Sabah Region / Wilayah Sabah |

Branch Network

Rangkaian Cawangan

▶ NORTHERN / UTARA

Kangar

Lot G.05, Podium Block, Bangunan KWSP,
Jalan Seruling, 01000 Kangar, Perlis
Tel: 04-976 6400 Fax: 04-977 4141

Alor Star

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Tel: 04-731 4655 Fax: 04-731 7996

Sungai Petani

No. 114, Jalan Pengkalan, Taman Pekan Baru
08000 Sungai Petani, Kedah
Tel: 04-422 9302 Fax: 04-421 2046

Kulim

No. 26, Jalan Raya, 09000 Kulim, Kedah
Tel: 04-495 1400 Fax: 04-490 4400

Penang

No. W-00 Ground Floor, Wisma Penang Garden
No. 42, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang
Tel: 04-226 6275 Fax: 04-228 6275

Butterworth

2783, Jalan Chain Ferry, Taman Inderawasih
13600 Prai, Pulau Pinang
Tel: 04-398 0145 Fax: 04-398 0898

Ipoh

No. 45, Persiaran Greenhill, 30450 Ipoh, Perak
Tel: 05-254 5659 Fax: 05-254 4748

Taiping

No. 82, Jalan Barrack, 34000 Taiping, Perak
Tel: 05-807 4000 Fax: 05-804 1444

Sitiawan

Ground & 1st Floor, No. 35, Persiaran PM3/2
Pusat Bandar Sri Manjung Seksyen 3
32040 Manjung, Perak
Tel: 05-688 2700 Fax: 05-688 2703

Branch Network Rangkaian Cawangan

▶ CENTRAL / TENGAH

Leboh Ampang

Bangunan MBSB, 13/15 Leboh Ampang,
50100 Kuala Lumpur
Tel: 03-2031 9599 Fax: 03-2031 9526

Damansara

Ground Floor, Wisma MBSB, 48, Jalan Dungun,
Damansara Heights, 50490 Kuala Lumpur
Tel: 03-2096 3333/3334 Fax: 03-2096 3376

Cheras

185, Jalan Sarjana, Taman Connaught,
56000 Cheras, Kuala Lumpur
Tel: 03-9132 2955 Fax: 03-9132 2954

Petaling Jaya

No. 3, Jalan 52/16, 46200 Petaling Jaya,
Selangor
Tel: 03-7956 9200 Fax: 03-7956 9627

Klang

No. 74, Jalan Kapar, 41400 Klang,
Selangor
Tel: 03-3342 6822 Fax: 03-3341 3611

Selayang

No. 95, Jalan 2/3A, Pusat Bandar Utara,
68100 Batu Caves, Selangor
Tel: 03-6136 8682 Fax: 03-6136 8679

Bandar Baru Bangi

No. 49, Jalan Medan Pusat 2D, Seksyen 9,
43650 Bandar Baru Bangi, Selangor
Tel: 03-8925 7584 Fax: 03-8925 7708

Puchong

1-G-1 Ground Floor, Tower 1@PFCC,
Jalan Puteri ½, Bandar Puteri,
47100 Puchong, Selangor
Tel: 03- 8063 5208 Fax: 03-8063 5867

Shah Alam

No. 21, Jalan Plumbum R7/R, Seksyen 7,
40000 Shah Alam, Selangor
Tel: 03-5510 5075 / 5189 Fax: 03- 5510 4144

▶ SOUTHERN / SELATAN

Seremban

S-1, Kompleks Negeri, Jalan Dato' Bandar Tunggal,
70000 Negeri Sembilan
Tel: 06-763 8455 Fax: 06-763 0701

Melaka

Plots 203 & 204, Projek Melaka Raya Jalan Taman,
Off Jalan Bandar Hilir, 75000 Melaka
Tel: 06-282 8255 Fax: 06-284 7270

Muar

13-3 & 13-4, Ground Floor, Jalan Sisi, 84000 Muar, Johor
Tel: 06-953 2000 Fax: 06-953 3200

Batu Pahat

No. 28 & 29, Jalan Persiaran Flora Utama,
Taman Flora Utama, 83000 Batu Pahat, Johor
Tel: 07-431 6614 Fax: 07-431 7382

Kluang

No. 6, Lot 9053, Jalan Haji Manan, 86000 Kluang, Johor
Tel: 07-771 7585 Fax: 07-772 6572

Tebrau

No. 17 & 17-1, Jalan Mutiara Emas 9/3, Austin Boulevard,
Taman Mount Austin, 81100 Johor Bahru, Johor
Tel: 07-3581700 Fax: 07-3581703

Johor Bahru

1st & 2nd Floor, Bangunan KWSP
Jalan Dato' Dalam, 80000 Johor Bahru, Johor
Tel: 07-223 8977 Fax: 07-224 0143

▶ EAST COAST / PANTAI TIMUR

Kuantan

A157-A159, Sri Dagangan, Jalan Tun Ismail
25000 Kuantan, Pahang
Tel: 09-515 7677 Fax: 09-514 5060

Kuala Terengganu

1A, Jalan Air Jermin, 20300 Kuala Terengganu
Terengganu
Tel: 09-622 7844 Fax: 09-622 0744

Kemaman

No. K-10723, Taman Chukai Utama,
Jalan Kubang Kurus, 24000 Kemaman, Terengganu
Tel: 09-858 9486 Fax: 09-858 9291

▶ SARAWAK

Kuching

Ground Floor & 1st Floor, Tunku Muhammad
Al Idrus Building, 439, Jalan Kulas Utara 1
93400 Kuching, Sarawak
Tel: 082-248 240 Fax: 082-248 611

Miri

1115, Ground Floor, Pelita Commercial Centre
98000 Miri, Sarawak
Tel: 085-424 400 Fax: 085-424 141

Bintulu

No. 1 Ground Floor, Lot 4124,
Jalan Tun Ahmad Zaid, Jalan Kambur Bidin,
97000 Bintulu, Sarawak
Tel: 086-336 400 Fax: 086-339 400

Sibu

Ground Floor, SL 166 Lorong Pahlawan 7B3
Jalan Pahlawan, 96000 Sibu, Sarawak
Tel: 084-210 703 Fax: 084-210 714

▶ SABAH

Kota Kinabalu

Ground Floor, 11 & 12, Block C, Lintas Jaya Uptown
Ship, 88300 Kota Kinabalu, Sabah
Tel: 088-722 500 Fax: 088-713 503

Sandakan

Lot 38, Block E, Bandar Utama Mile 6
90000 Sandakan, Sabah
Tel: 089-223 400 Fax: 089-223 544

Tawau

Ground Floor, TB 4535, Lot 60, Ba Zhong Commercial
Centre, Jalan Tawau Lama, 91000 Tawau, Sabah
Tel: 089-755 400 Fax: 089-749 400

▶ REPRESENTATIVE OFFICE / PEJABAT PERWAKILAN

NORTHERN / UTARA

Parit Buntar Representative Office

No. 36A, 1st Floor, Jalan Bestari,
Pusat Bandar Fasa II, 34200 Parit Buntar, Perak
Tel: 05-7162 128/20 Fax: 05-7161 890

Tanjung Malim Representative Office

No. 6A, Jalan Bunga Anggerik, Taman Bunga Raya,
35900 Tanjung Malim, Perak
Tel: 05-4585 691/92 Fax: 05-4585 694

Teluk Intan Representative Office

No. 27-1 (First Floor), Jalan Intan 2,
Bandar Baru, 36000 Teluk Intan, Perak
Tel: 05-623 3367/69/70 Fax: 05-622 3364

SOUTHERN / SELATAN

Segamat Representative Office

No. 31, (First Floor), Jalan Kampong Genuang,
85000 Segamat, Johor
Tel: 07-931 1672/73 Fax: 07-9311687

Tampin Representative Office

PT.753, Depan Pasar Tampin,
73000 Tampin, Negeri Sembilan
Tel: 06-4417 397/98 Fax: 06-4417 399

EAST COAST / PANTAI TIMUR

Kota Bharu Representative Office

Lot 364, 1st Floor, Wisma Matan,
Jalan Sultan Yahya Petra, 15000 Kota Bharu, Kelantan
Tel: 09-741 8620/21 Fax: 09-741 8619

Temerloh Representative Office

No. 8, Ground Floor, Jalan Dato Bahaman 2,
28000 Temerloh, Pahang
Tel: 09-290 1626/27 Fax: 09-290 1763

Dungun Representative Office

1st Floor, No. 20, Block E, Sura Gate Business Center,
Jalan Besar Sura Gate, 23000 Dungun, Terengganu
Tel: 09-842 2611/12 Fax: 09-842 2610

Tanah Merah Representative Office

PT. 177, (First Floor), Jalan Hospital,
17500 Tanah Merah, Kelantan
Tel: 09-9551 697 Fax: 09-9551 701

Corporate Highlights

Peristiwa Penting Korporat



△ 07 JANUARY / 07 JANUARI 2011

Launching of SME Cash Express and Signing Ceremony between MBSB and SME Factors Sdn Bhd
Majlis Pelancaran Program Ekspres Tunai SME dan Majlis Menandatangani Perjanjian di antara MBSB dan SME Factors Sdn Bhd



△ 11 JANUARY / 11 JANUARI 2011

Launching of MBSB Customer Service Campaign 2011
Pelancaran Kempen Khidmat Pelanggan MBSB 2011



△ 18 MARCH / 18 MAC 2011

Signing Ceremony of "Pembiayaan Bai Al-Inah" of RM500 million between MBSB and Kumpulan Wang Simpanan Pekerja (KWSP)
Majlis Menandatangani Perjanjian Pembiayaan Bai Al-Inah Berjumlah RM500 Juta di antara MBSB dan Kumpulan Wang Simpanan Pekerja (KWSP)



△ 26 MARCH / 26 MAC 2011

MBSB Treasure Hunt 2011
Pencarian Harta Karun MBSB 2011



△ 31 MARCH / 31 MAC 2011

41st Annual General Meeting
Mesyuarat Agung Tahunan yang ke-41



△ 31 MARCH / 31 MAC 2011

MBSB 1st Quarter Analyst Briefing Session
Sesi Taklimat Penganalisa untuk Suku Pertama MBSB



◀ 04 APRIL / 04 APRIL 2011

Launching of MBSB Sibul Sales and Service Centre
Pelancaran Pusat Jualan dan Perkhidmatan MBSB Sibul

Corporate Highlights

Peristiwa Penting Korporat



△ 05 APRIL / 05 APRIL 2011

Launching of MBSB Kota Kinabalu Sales and Service Centre
Pelancaran Pusat Jualan dan Perkhidmatan MBSB Kota Kinabalu



△ 12 - 17 APRIL / 12 - 17 APRIL 2011

"Karnival MBSB 2011" and Launching of Cheeky Savings Club in Seremban, Negeri Sembilan
Karnival MBSB 2011 dan Majlis Pelancaran Kelab Simpanan Cheeky di Seremban, Negeri Sembilan



△ 29 APRIL - 1 MAY / 29 APRIL - 1 MEI 2011

"Karnival MBSB 2011" and Launching of Mortgage Bonanza Campaign in Kuching, Sarawak
Karnival MBSB 2011 dan Majlis Pelancaran Kempen "Mortgage Bonanza" di Kuching, Sarawak



△ 30 APRIL / 30 APRIL 2011

Presentation of BMW 3 series to MBSBVaganza Winner in Kuching, Sarawak
Majlis Penyerahan BMW Siri 3 kepada Pemenang MBSBVaganza di Kuching, Sarawak



△ 18 MAY / 18 MEI 2011

Bancassurance Distribution Agreement Signing Ceremony between MBSB and AmLife Insurance Berhad
Majlis Menandatangani Perjanjian Pengedaran Bancassurance antara MBSB dan AmLife Insurance Berhad



△ 24 - 26 JUNE / 24 - 26 JUN 2011

MBSB Showcase at GLC Open Day
Pameran MBSB di Hari Terbuka GLC

▶ 25 JUNE / 25 JUN 2011

YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia launched the MBSB 1Malaysia Public Service Announcement Campaign during the GLC Open Day
YAB Dato' Sri Mohd Najib Tun Abdul Razak, Perdana Menteri Malaysia melancarkan Kempen Pengumuman Khidmat Awam 1Malaysia MBSB semasa Hari Terbuka GLC



Corporate Highlights

Peristiwa Penting Korporat



△ 25 JUNE / 25 JUN 2011

YAB Tan Sri Muhyiddin Haji Mohd Yassin, Deputy Prime Minister visited MBSB Showcase during the GLC Open Day
YAB Tan Sri Muhyiddin Haji Mohd Yassin, Timbalan Perdana Menteri melawat Pameran MBSB semasa Hari Terbuka GLC



△ 13 JULY / 13 JULAI 2011

Senior Vice President / Chief Financial Officer of MBSB, Mr Tang Yow Sai accepts The Edge Billion Ringgit Club Awards from YB Dato' Sri Idris Jala, Minister in the Prime Minister's Department
Naib Presiden Kanan / Ketua Pegawai Kewangan MBSB, Encik Tang Yow Sai menerima Anugerah "The Edge Billion Ringgit Club" daripada YB Dato' Idris Jala, Menteri di Jabatan Perdana Menteri



△ 15 - 17 JULY / 15 - 17 JULAI 2011

"Karnival MBSB 2011" in Kota Kinabalu, Sabah
Karnival MBSB 2011 di Kota Kinabalu, Sabah



△ 27 JULY / 27 JULAI 2011

Winners of the MBSB GLC Open Day Showcase Contest
Pemenang Peraduan Pameran Hari Terbuka GLC MBSB



△ 03 AUGUST / 03 OGOS 2011

MBSB 2nd Quarter Analyst Briefing Session
Sesi Taklimat Penganalisa untuk Suku Kedua MBSB



△ 10 AUGUST / 10 OGOS 2011

Collaboration between MBSB and SAS on Rapid Predictive Modeling
Permuafakatan antara MBSB dan SAS berhubung "Rapid Predictive Modeling"



△ 13 AUGUST / 13 OGOS 2011

"Majlis Iftar Bersama MBSB"
Majlis Iftar Bersama MBSB



△ 25 AUGUST / 25 OGOS 2011

Zakat Contribution to Yayasan Sultan Kelantan
Sumbangan Zakat kepada Yayasan Sultan Kelantan

Corporate Highlights Peristiwa Penting Korporat



▶ 16 SEPTEMBER / 16 SEPTEMBER 2011
 "Majlis Jalinan Mesra Aidilfitri Keluarga MBSB 2011"
 "Majlis Jalinan Mesra Aidilfitri Keluarga MBSB 2011"



▶ 22 SEPTEMBER / 22 SEPTEMBER 2011
 "Majlis Ramah Mesra Aidilfitri Bersama MBSB 2011" for corporate clients
 Meraikan pelanggan korporat di Majlis Ramah Mesra Aidilfitri Bersama MBSB 2011



▶ 07 - 09 OCTOBER / 07 - 09 OKTOBER 2011
 "Karnival MBSB 2011" in Kuantan, Pahang
 Karnival MBSB 2011 di Kuantan, Pahang



▶ 14 OCTOBER / 14 OKTOBER 2011
 Launching of "Fiesta Pembiayaan Peribadi" in Kuantan, Pahang
 Pelancaran Fiesta Pembiayaan Peribadi di Kuantan, Pahang



▶ 14 - 16 OCTOBER / 14 - 16 OKTOBER 2011
 Motivational Program for MBSB PINTAR Schools
 Program Motivasi untuk Sekolah PINTAR MBSB



▶ 22 OCTOBER / 22 OKTOBER 2011
 MBSB Roll & Bowl Challenge 2011
 "MBSB Roll & Bowl Challenge 2011"

▶ 14 OCTOBER / 14 OKTOBER 2011
 "Program Suai Kenal Sekolah-Sekolah PINTAR MBSB"
 "Program Suai Kenal Sekolah-Sekolah PINTAR MBSB"



Corporate Highlights

Peristiwa Penting Korporat



△ 25 OCTOBER / 25 OKTOBER 2011

Signing Ceremony between MBSB and Hong Leong MSIG Takaful
Majlis Menandatangani Perjanjian Antara MBSB dan Hong Leong MSIG Takaful



△ 08 NOVEMBER / 08 NOVEMBER 2011

MBSB 3rd Quarter Analyst Briefing Session
Sesi Taklimat Penganalisa untuk Suku Ketiga MBSB



△ 19 NOVEMBER / 19 NOVEMBER 2011

MBSB Annual Dinner 2011 with the Fantasy Wonderland theme
Majlis Makan Malam Tahunan MBSB 2011 bertema "Fantasy Wonderland"



△ 22 - 25 NOVEMBER / 22 - 25 NOVEMBER 2011

English Workshop by British Council for Teachers of MBSB's PINTAR schools
Bengkel Bahasa Inggeris oleh British Council untuk Guru-Guru Sekolah Pintar MBSB



△ 10 DECEMBER / 10 DISEMBER 2011

MBSB Guns & Bruises Paintball Challenge 2011
"MBSB Guns & Bruises Paintball Challenge 2011"



◁ 06 DECEMBER / 06 DISEMBER 2011

Signing Ceremony for 2nd Collective Agreement (CA) between MBSB and National Union Commercial Workers (NUCW)
Majlis Menandatangani Rundingan Perjanjian (CA) yang kedua antara MBSB dan Kesatuan Kebangsaan Pekerja-Pekerja Komersial (NUCW)

Statement on Corporate Governance
Penyataan Urus Tadbir Korporat



taking MBSB
to The Next Level

Statement on Corporate Governance Penyata Urus Tadbir Korporat

The Board of Directors ("Board") of Malaysia Building Society Berhad strongly believes in the importance of corporate governance and is fully committed to ensure that the highest standards of corporate governance and integrity are applied throughout the Group.

In addition, the Board also considers and adopts where appropriate, the principles and best practices of corporate governance as prescribed in the Malaysian Code of Corporate Governance (Revised 2007) and those outlined by other regulatory bodies such as Bank Negara Malaysia's guidelines on Corporate Governance.

The Board is pleased to report to shareholders the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code, pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Corporate Governance Guide : Towards Boardroom Excellence, throughout the Financial Year 2011.

Malaysia Building Society Berhad's ("MBSB") record of excellence in Corporate Governance has led it to a long-term sustainable financial performance and has attained substantial profit growth. MBSB was rated "A" in MCG Index 2011 by Minority Shareholder Watchdog Group.

A. BOARD OF DIRECTORS

Composition of the Board / Board Balance

The Board currently comprise of seven (7) Directors of whom three (3) are Independent Non-Executive Directors and four (4) are Non-Independent Non-Executive Directors.

The Independent Non-Executive Directors are independent of Management and free from any business or other relationship with the Company and the Group which could materially affect the exercise of their independent judgement. The number of Independent Directors not only fulfill the requirement of Bursa Malaysia for one-third of Board membership to be independent but also contributes towards greater impartiality and objectivity in the Board's decision making process.

The diversity of skill, experience and knowledge of its members in various disciplines and profession allows the Board to address and/or to resolve the various issues in an effective and efficient manner. The brief description of the background and experience of each of the Board member is contained in the Directors' Profile section of this Annual Report.

The number of Board members is also in line with the guidelines for enhancing board effectiveness contained in "The Green Book".

Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to plan ahead and fit the year's Board meetings into their own schedule.

Lembaga Pengarah ("Lembaga") Malaysia Building Society Berhad sesungguhnya percaya terhadap kepentingan pentadbiran urus korporat dan komited sepenuhnya untuk memastikan supaya piawaian urus tadbir korporat dan kewibawaan tertinggi diaplikasi di seluruh Kumpulan.

Di samping itu, Lembaga turut mempertimbangkan dan menerima pakai, di mana sesuai, prinsip-prinsip dan amalan terbaik urus tadbir korporat seperti yang ditetapkan dalam Kod Urus Tadbir Korporat Malaysia (Semakan 2007) dan sebagaimana yang digariskan oleh badan-badan penguatkuasaan lain seperti Garis Panduan Bank Negara Malaysia mengenai Urus Tadbir Korporat.

Lembaga Pengarah dengan sukacita melaporkan kepada pemegang saham cara-cara ia mengaplikasi Prinsip-prinsip Kod dan sejauh mana ia telah mematuhi Amalan Terbaik Kod, menurut Perenggan 15.25 Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad ("Bursa Malaysia") dan Panduan Urus Tadbir Korporat: Ke Arah Kecemerlangan Lembaga Pengarah, sepanjang Tahun Kewangan 2011.

Rekod kecemerlangan Malaysia Building Society Berhad ("MBSB") dalam Urus Tadbir Korporat telah membawa kepada kemampanan prestasi kewangan jangka panjang dan telah mencapai pertumbuhan keuntungan yang besar. MBSB telah diberi penarafan "A" dalam Indeks MCG 2011 oleh Kumpulan Pemantau Pemegang Saham Minoriti.

A. LEMBAGA PENGARAH

Komposisi Lembaga / Keseimbangan Lembaga

Lembaga kini terdiri daripada tujuh (7) orang Pengarah yang mana tiga (3) orang daripada mereka adalah Pengarah Bukan Eksekutif Bebas dan empat (4) orang Pengarah Bukan Eksekutif Bukan Bebas.

Pengarah Bukan Eksekutif Bebas adalah bebas daripada Pengurusan dan tidak terlibat dengan sebarang urusan atau hubungan lain dengan Syarikat dan Kumpulan yang boleh menjejaskan dengan ketara pelaksanaan pertimbangan bebas mereka. Bilangan Pengarah Bebas bukan hanya memenuhi keperluan Bursa Malaysia yang menghendaki agar satu pertiga daripada keahlian Lembaga Pengarah terdiri daripada pengarah bebas, tetapi juga menyumbang ke arah kesaksamaan dan objektiviti yang lebih tinggi dalam proses membuat keputusan Lembaga Pengarah.

Kepelbagaian kemahiran, pengalaman dan pengetahuan ahli-ahlinya dalam pelbagai disiplin dan bidang kerjaya membolehkan Lembaga menangani dan / atau menyelesaikan pelbagai isu secara berkesan dan cekap. Penerangan ringkas tentang latar belakang dan pengalaman setiap ahli Lembaga terkandung di bahagian Profil Pengarah dalam Laporan ini.

Bilangan ahli Lembaga juga sejajar dengan garis panduan bagi mempertingkatkan keberkesanan Lembaga seperti yang terkandung dalam "The Green Book".

Mesyuarat Lembaga

Mesyuarat Lembaga bagi tahun kewangan yang berikutnya dijadualkan terlebih dahulu sebelum akhir setiap tahun kewangan bagi membolehkan Pengarah membuat perancangan awal dan memasukkan mesyuarat-mesyuarat Lembaga ke dalam jadual mereka sendiri.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

The Board has at least four (4) scheduled quarterly meetings with additional meetings being convened as and when necessary.

Prior to each meeting, every Director is given the complete agenda and a set of Board papers well in advance so that the Directors have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making.

The Board met fifteen (15) times during the financial year ended 31 December 2011. The details of each of the Directors' attendance are given as below:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tan Sri Abdul Halim bin Ali (Non-Independent Non-Executive Director/Chairman)	15/15	100%
Dato' Shahril Ridza bin Ridzuan ¹ (Non-Independent Non-Executive Director)	2/2	100%
Tuan Syed Zaid bin Syed Jaffar Albar (Independent Non-Executive Director)	14/15	93%
Encik Aw Hong Boo (Independent Non-Executive Director)	15/15	100%
Encik Jasmy bin Ismail (Non-Independent Non-Executive Director)	15/15	100%
Encik Lim Tian Huat ² (Independent Non-Executive Director)	8/9	89%
Datuk Abdullah bin Kuntom ³ (Non-Independent Non-Executive Director)	14/15	93%
Encik Lau Tiang Hua ⁴ (Independent Non-Executive Director)	5/6	83%
Encik Khalid bin Haji Sufat ⁵ (Independent Non-Executive Director)	12/12	100%
Puan Cindy Tan Ler Chin ⁶ (Non-Independent Non-Executive Director)	12/14	86%

Notes:

- ¹ Appointed as Director on 30 November 2011
- ² Appointed as Director on 4 April 2011
- ³ Resigned as Director on 16 January 2012
- ⁴ Retired as Director on 31 March 2011
- ⁵ Resigned as Director on 2 September 2011
- ⁶ Resigned as Director on 30 November 2011

Dato' Zuraidah binti Atan was appointed as Non-Independent Non-Executive Director on 16 January 2012.

All Directors have complied with the minimum requirements of 50% on attendance at Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Malaysia.

Lembaga mempunyai sekurang-kurangnya empat (4) mesyuarat suku tahunan berjadual dan mesyuarat tambahan diadakan apabila perlu.

Sebelum setiap mesyuarat, setiap Pengarah diberikan agenda mesyuarat dan satu set kertas Lembaga yang lengkap terlebih dahulu supaya mereka mempunyai masa yang cukup untuk mengkaji perkara-perkara yang akan dibincangkan pada mesyuarat dan untuk membantu mereka membuat keputusan yang termaklum.

Lembaga telah bermesyuarat sebanyak lima belas (15) kali sepanjang tahun kewangan berakhir 31 Disember 2011. Maklumat kehadiran setiap Pengarah adalah seperti di bawah:

Nama Pengarah	Jumlah Kehadiran	Peratus Kehadiran (%)
Tan Sri Abdul Halim bin Ali (Pengarah Bukan Eksekutif Bukan Bebas/Pengerusi)	15/15	100%
Dato' Shahril Ridza bin Ridzuan ¹ (Pengarah Bukan Bebas Bukan Eksekutif)	2/2	100%
Tuan Syed Zaid bin Syed Jaffar Albar (Pengarah Bebas Bukan Eksekutif)	14/15	93%
Encik Aw Hong Boo (Pengarah Bebas Bukan Eksekutif)	15/15	100%
Encik Jasmy bin Ismail (Pengarah Bukan Bebas Bukan Eksekutif)	15/15	100%
Encik Lim Tian Huat ² (Pengarah Bebas Bukan Eksekutif)	8/9	89%
Datuk Abdullah bin Kuntom ³ (Pengarah Bukan Bebas Bukan Eksekutif)	14/15	93%
Encik Lau Tiang Hua ⁴ (Pengarah Bebas Bukan Eksekutif)	5/6	83%
Encik Khalid bin Haji Sufat ⁵ (Pengarah Bebas Bukan Eksekutif)	12/12	100%
Puan Cindy Tan Ler Chin ⁶ (Pengarah Bukan Bebas Bukan Eksekutif)	12/14	86%

Nota:

- ¹ Dilantik sebagai Pengarah pada 30 November 2011
- ² Dilantik sebagai Pengarah pada 4 April 2011
- ³ Meletak jawatan sebagai Pengarah pada 16 Januari 2012
- ⁴ Bersara sebagai Pengarah pada 31 Mac 2011
- ⁵ Bersara sebagai Pengarah pada 2 September 2011
- ⁶ Bersara sebagai Pengarah pada 30 November 2011

Dato' Zuraidah binti Atan dilantik sebagai Pengarah Bukan Eksekutif Bukan Bebas pada 16 Januari 2012.

Semua Pengarah telah mematuhi syarat kehadiran minimum 50% pada mesyuarat-mesyuarat Lembaga sepanjang tahun kewangan seperti yang ditetapkan dalam Keperluan Penyenaraian Pasaran Utama Bursa Malaysia.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

Training and Development of Directors

Pursuant to the Main Market Listing Requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme (MAP) in full and procure a certificate from the programme organizer approved by Bursa Malaysia to confirm his completion of the MAP. He is required to complete the MAP within 4 months from his appointment.

The Board is also encouraged to attend continuous training to enable the directors to effectively discharge their duties. The Board continuously evaluates and determine its' training needs.

During the year, all Directors have attended various training programmes, seminars, conferences and dialogues conducted by Regulatory Authorities, professional bodies and professional trainers and speakers, in order to stay abreast with the latest developments in the industry and business environment as well as on changes to statutory requirements and regulatory guidelines, so as to enhance their skills and knowledge to enable them to carry out their roles effectively.

The training programmes/conferences/seminars/dialogues attended by the Directors in 2011 include the following:-

Programmes

1. Building High Performance Directors 2011
Malaysia Directors Academy (MINDA)
2. Islamic Funds & Sukuk School (IFASS 2011)
Centre for Research and Training
3. Directors Forum 2011
Malaysia Directors Academy (MINDA)
4. Sustainability Programme for Corporate Malaysia
Bursa Malaysia Berhad
5. 20 Conversations @ Harvard at Harvard USA, Boston,
New York
Linkage, Bursa Malaysia, CIMB Bank and Maybank
6. Board of Directors' Workshop at Pullman Putrajaya
Lakeside, Putrajaya
Media Prima Berhad

Conferences/Seminars

1. Directors' Duties and Governance Conference 2011
Malaysian Institute of Corporate Governance (MICG)
2. The Board's Responsibility for Corporate Culture
– Selected Governance Concerns and Tools for
Addressing Corporate Culture and Board Performance
Bursa Malaysia Berhad
3. Corporate Governance – The Holistic Board
KPMG

Latihan dan Pembangunan Pengarah

Selaras dengan Keperluan Penyenaraian Pasaran Utama Bursa Malaysia, Pengarah yang baru dilantik dikehendaki untuk menghadiri Program Akreditasi Mandatori (MAP) sepenuhnya dan mendapatkan suatu perakuan daripada penganjur program yang diluluskan oleh Bursa Malaysia untuk mengesahkan bahawa mereka telah melengkapkan MAP dalam tempoh 4 bulan dari tarikh pelantikan beliau.

Lembaga juga digalakkan untuk menghadiri latihan berterusan bagi membolehkan para pengarah melaksanakan tugas mereka dengan berkesan. Lembaga sentiasa menilai dan menentukan keperluan latihannya.

Pada tahun ini, semua Pengarah telah menghadiri pelbagai program latihan, seminar, persidangan dan dialog yang dijalankan oleh Pihak Penguatkuasa, badan-badan profesional dan pelatih profesional serta penceramah dalam usaha untuk sentiasa mengikuti perkembangan terkini dalam persekitaran industri dan perniagaan serta perubahan terhadap keperluan berkanun dan garis panduan penguatkuasaan untuk mempertingkatkan kemahiran dan pengetahuan bagi membolehkan mereka memainkan peranan mereka dengan berkesan.

Antara program-program latihan/persidangan/seminar/dialog yang dihadiri oleh Pengarah pada tahun 2011 adalah seperti berikut:-

Program-program

1. Membina Pengarah Berprestasi Tinggi 2011.
Akademi Pengarah Malaysia (MINDA).
2. Islamic Funds & Sukuk School (IFASS 2011)
Centre for Research and Training
3. Forum Pengarah 2011
Akademi Pengarah Malaysia (MINDA).
4. Program Kemampanan bagi Korporat Malaysia
Bursa Malaysia Berhad
5. 20 Conversations @ Harvard at Harvard USA, Boston,
New York
Linkage, Bursa Malaysia, CIMB Bank and Maybank
6. Bengkel Lembaga Pengarah di Pullman Putrajaya
Lakeside, Putrajaya
Media Prima Berhad

Persidangan/Seminar

1. Persidangan Tugas-tugas Pengarah dan Urus Tadbir 2011.
Institut Urus Tadbir Korporat Malaysia (MICG).
2. Tanggungjawab Lembaga terhadap Budaya Korporat
– Kemusykilan dan Kaedah Urus Tadbir Terpilih bagi
Menangani Budaya Korporat dan Prestasi Lembaga.
Bursa Malaysia Berhad.
3. Urus Tadbir Korporat – Lembaga yang Menyeluruh
KPMG

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

- | | |
|--|--|
| <p>4. 4th Malaysian Property Summit 2011
Association of valuers, Property managers, Estate Agents and Property Consultants in the Private Sector, Malaysia (PEPS)</p> <p>5. 2011 Mid Year Conference - Asia Corporate Governance - The Future Steps
International Corporate Governance Network ("ICGN")</p> <p>6. MIA-AFA Conference 2011
Malaysian Institute of Accountants</p> <p>7. National Tax Conference 2011
Chartered Tax Institute of Malaysia</p> <p>8. The New Corporate Governance Blueprint and Regulatory updates seminar 2011
Malaysian Institute of Corporate Governance (MICG)</p> <p>9. Insurance Insights – The Nuts & Bolts of Insurance
Financial Institutions Directors' Education Programme (FIDE)</p> <p>10. 29th FIABCI Asia Pacific Real Estate Congress 2011 - Asia Pacific: The Sky is the Limit? Setting Tempo for Growth
Asia Pacific Real Estate Congress (APREC)</p> <p>11. The 2nd International Greentech & Eco-Products Exhibition and Conference Malaysia 2011
Ministry of Energy, Green Technology and Water (KeTTHA)</p> | <p>4. Persidangan Hartanah Malaysia Ke-4 2011
Persatuan Jurunilai, Pengurus Hartanah, Ejen Hartanah dan Juruperunding Hartanah dalam Sektor Swasta, Malaysia (PEPS)</p> <p>5. 2011 Mid Year Conference - Asia Corporate Governance - The Future Steps
International Corporate Governance Network ("ICGN")</p> <p>6. Persidangan MIA-AFA 2011
Institut Akauntan Malaysia</p> <p>7. Persidangan Cukai Kebangsaan 2011
Institut Cukai Bertauliah Malaysia</p> <p>8. Seminar Kemaskini Pelan Induk dan Penguatkuasaan Urus Tadbir Korporat Baru 2011
Institut Urus Tadbir Korporat Malaysia (MICG)</p> <p>9. Insurance Insights – The Nuts & Bolts of Insurance
Financial Institutions Directors' Education Programme (FIDE)</p> <p>10. 29th FIABCI Asia Pacific Real Estate Congress 2011 - Asia Pacific: The Sky is the Limit? Setting Tempo for Growth
Asia Pacific Real Estate Congress (APREC)</p> <p>11. Pameran dan Persidangan Greentech & Eco-Product Antarabangsa Malaysia Ke-2 2011.
Kementerian Tenaga, Teknologi Hijau dan Air (KeTTHA)</p> |
|--|--|

Dialogues

1. Luncheon Talk "IT's People who create Value, Not Money"
Malaysia Directors' Academy (MINDA)
2. Talk by Dr Amlan Roy (Credit Suisse Securities – Europe Limited)
Employees Provident Fund Board
3. Dialogue with Mr Azim Premji : Business Opportunities in Malaysia
Malaysia Directors' Academy (MINDA)

All Directors have attended the MAP as required under the Main Market Listing Requirements of Bursa Malaysia. The Directors are also regularly updated on any changes to legal and governance requirements which will affect the Group and also themselves as Directors.

Directors' Code of Ethics

The Company has established the Directors' Code of Ethics which was adopted from the recommended Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors observe the Code of Ethics in performance of their duties and they fully subscribe to highly ethical standards and take into account the interest of all stakeholders.

Dialog

1. Majlis Makan Tengahari dan Ceramah "IT's People who create Value, Not Money"
Akademi Pengarah Malaysia (MINDA)
2. Ceramah oleh Dr Amlan Roy (Credit Suisse Securities – Europe Limited)
Kumpulan Wang Simpanan Pekerja
3. Dialog dengan En. Azim Premji – Peluang Perniagaan di Malaysia.
Akademi Pengarah Malaysia (MINDA).

Semua Pengarah telah menghadiri MAP seperti yang dikehendaki di bawah Keperluan Penyenaian Pasaran Utama Bursa Malaysia. Pengarah turut dimaklumkan dari semasa ke semasa mengenai sebarang perubahan kepada keperluan undang-undang dan urus tadbir yang akan memberi kesan kepada Kumpulan dan juga diri mereka sebagai seorang Pengarah.

Kod Etika Pengarah

Syarikat telah mewujudkan Kod Etika Pengarah yang diterima pakai daripada Kod Etika yang disyorkan bagi Pengarah yang dikeluarkan oleh Suruhanjaya Syarikat Malaysia. Pengarah mematuhi Kod Etika dalam melaksanakan tugas mereka mengamalkan sepenuhnya piawai etika yang tinggi dan mengambil kira kepentingan semua pemegang kepentingan.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

Duties and Responsibilities of the Board

The Board's statutory and fiduciary duties include responsibilities to approve and periodically review the overall business strategies and significant policies of the Company and the Group.

The primary responsibilities of the Board are, amongst others, the following:-

- i) Reviewing and approving the strategic business plan of the Company and the Group as a whole.
- ii) Overseeing the conduct of the Company and the Group's business to ascertain its proper management, including setting clear objectives and policies within which senior executives are to operate.
- iii) Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, market, liquidity, operational, legal and reputational risks.
- iv) Succession planning, including appointing, training and fixing the compensation of and where appropriate, replacing senior management.
- v) Reviewing the adequacy and the integrity of the Company and the Group's internal control system and management information system for compliance with applicable laws, regulations, rules, directives and guidelines.
- vi) Developing and implementing an investors' relations programme or shareholders' communications policy for the Company.
- vii) Discussing and where appropriate, resolving all matters referred by Management to the Board.
- viii) Approving major loans/corporate loans which are beyond the authority of the Executive Committee ("EXCO").

Roles and Responsibilities of the Chairman and the Chief Executive Officer

There is a clear division of responsibility between the Chairman and Chief Executive Officer to ensure a proper balance of power and authority. The Chairman of the Board is a Non-Executive Director and together with the rest of the Board, is responsible for setting the policy framework within which the Management is to work. The Chairman also leads the collective effort of the Board in monitoring the performance of Management in meeting the corporate goals and objectives. He also guides the Board on all issues presented before them at meetings or at such other forums where the consensus of the Board is required.

The Chief Executive Officer is primarily responsible for overseeing the day to day management to ensure the smooth and effective running of the Company and the Group. He is entrusted with making sure that all decisions, directions, policies and/or instructions approved by the Board are carried out by Management in a timely and efficient manner. He carries the primary responsibility in ensuring management competency including the emplacement of an effective succession plan to sustain continuity.

Tugas dan Tanggungjawab Lembaga

Tugas-tugas berkanun dan fidusiari Lembaga meliputi tanggungjawab untuk meluluskan dan mengkaji semula secara berkala strategi perniagaan dan dasar-dasar menyeluruh Syarikat dan Kumpulan.

Tanggungjawab utama Lembaga, antara lain, adalah seperti berikut: -

- i) Mengkaji dan meluluskan rancangan perniagaan strategik Syarikat dan Kumpulan secara keseluruhan.
- ii) Mengawasi tatacara perniagaan Syarikat dan Kumpulan untuk memastikan pengurusan yang tersusun, termasuk menetapkan objektif dan dasar-dasar yang jelas untuk menjadi garis panduan operasi para eksekutif kanan.
- iii) Mengenal pasti dan meluluskan dasar berkaitan pengurusan semua kategori risiko termasuk tetapi tidak terhad kepada risiko kredit, pasaran, kecairan, operasi, perundangan dan reputasi.
- iv) Perancangan penggantian, termasuk melantik, melatih dan menetapkan pampasan dan jika sesuai, menggantikan pengurusan kanan.
- v) Mengkaji kecukupan dan kewibawaan sistem kawalan dalaman dan sistem pengurusan maklumat Syarikat dan Kumpulan untuk mematuhi undang-undang, penguatkuasaan, peraturan, arahan dan garis panduan.
- vi) Membangunkan dan melaksanakan program hubungan pelabur atau dasar komunikasi pemegang saham untuk Syarikat.
- vii) Membincangkan dan jika sesuai, menyelesaikan semua perkara yang dirujuk oleh Pengurusan kepada Lembaga.
- viii) Meluluskan pinjaman / pinjaman korporat utama yang berada di luar bidang kuasa Jawatankuasa Eksekutif ("EXCO")

Peranan dan Tanggungjawab Pengerusi dan Ketua Pegawai Eksekutif

Terdapat pembahagian tanggungjawab yang nyata antara Pengerusi dan Ketua Pegawai Eksekutif bagi memastikan keseimbangan kuasa dan autoriti. Pengerusi Lembaga yang merupakan Pengarah Bukan Eksekutif, bersama-sama dengan ahli-ahli Lembaga yang lain, bertanggungjawab untuk mewujudkan rangka kerja dasar yang menjadi garis panduan kepada tugas Pengurusan. Pengerusi turut mengetuai usaha kolektif Lembaga dalam memantau prestasi Pengurusan mencapai matlamat dan objektif korporat. Beliau juga membimbing Lembaga berhubung semua isu yang dibentangkan kepada mereka di mesyuarat atau dalam forum-forum lain di mana persetujuan Lembaga diperlukan.

Ketua Pegawai Eksekutif bertanggungjawab terutamanya untuk memantau pengurusan harian bagi memastikan kelancaran dan keberkesanan operasi Syarikat dan Kumpulan. Beliau diamanahkan untuk memastikan supaya semua keputusan, hala tuju, dasar dan/atau arahan yang diluluskan oleh Lembaga dijalankan oleh Pengurusan tepat pada masanya dan cekap. Beliau menggalas tanggungjawab utama untuk memastikan daya saing pengurusan, termasuk penyediaan rancangan penggantian yang berkesan untuk mengekalkan kesinambungan.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

Appointment and Re-election of the Board

A formal and transparent procedure has been established by the Board for the appointment of new directors. A proposed candidate is first considered by the Nominating & Remuneration Committee which takes into account the skills and experience of the person before making a recommendation to the Board. All appointments of new Directors are made after prior consultations among the existing Directors.

In accordance with the Company's Articles of Association, one third (1/3) of the members of the Board for the time being shall retire by rotation at each Annual General Meeting and, subject to eligibility, may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointments.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the Annual General Meeting will be subject to assessment whereupon the recommendation are submitted to the Board for decision on the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next annual general meeting.

Supply of Information

Prior to the Board Meeting, the agenda and a set of Board papers relevant to the business of the meeting are circulated to all Directors on a timely basis for Directors to study and evaluate the matters to be discussed. Urgent papers may be presented and tabled at the meetings under supplemental agenda.

Chief Executive Officer, Senior Management and relevant external consultants are invited to attend the Board meetings to brief and provide details on matters relating to their areas of responsibilities and also to provide details to the Directors on recommendations or reports submitted to the Board for deliberation and consideration.

The Board has full and unrestricted access to all information within the Company and Group as well as the advice and services of Senior Management and Company Secretaries in carrying out their duties. The Directors may also seek independent professional advice, at the Company's expense, if and when required.

Board Committees

The Board has established Board Committees to assist the Board in the running of the Company and the Group.

Pursuant to the above, the Board has established five (5) Board Committees. Each committee has a clearly defined terms of reference regarding its objectives, duties and responsibilities, authority, meetings and memberships.

Pelantikan dan Pemilihan Semula Lembaga

Prosedur rasmi dan telus telah diwujudkan oleh Lembaga bagi pelantikan pengarah baru. Seseorang calon yang dicadangkan akan dipertimbangkan terlebih dahulu oleh Jawatankuasa Pencalonan & Imbuan yang akan mengambil kira kemahiran dan pengalaman calon tersebut, sebelum mengesyorkannya kepada Lembaga Pengarah. Semua pelantikan Pengarah baru akan dibuat selepas berbincang dengan Pengarah yang sedia ada terlebih dahulu.

Selaras dengan Tataurusan Pertubuhan Syarikat, satu pertiga (1/3) daripada ahli Lembaga sedia ada akan bersara mengikut giliran pada setiap Mesyuarat Agung Tahunan dan, tertakluk kepada kelayakan, mereka boleh menawarkan diri untuk pemilihan semula. Pengarah yang dilantik oleh Lembaga sepanjang tahun kewangan adalah tertakluk kepada pemilihan semula oleh pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang diadakan selepas pelantikan mereka.

Prestasi Pengarah yang tertakluk kepada perantukan dan pemilihan semula Pengarah di Mesyuarat Agung Tahunan akan tertakluk kepada penilaian yang telah diserahkan kepada Lembaga untuk keputusan berkenaan cadangan pelantikan semula atau pemilihan semula. Pemilihan Pengarah yang berkenaan akan tertakluk kepada persetujuan oleh pemegang saham pada mesyuarat agung tahunan yang akan datang.

Bekalan Maklumat

Sebelum Mesyuarat Lembaga diadakan, agenda dan satu set kertas Lembaga yang berkaitan dengan urusan mesyuarat berkenaan akan diedarkan kepada semua Pengarah pada masa yang sesuai supaya Pengarah dapat mengkaji dan menilai perkara-perkara yang akan dibincangkan. Urusan segera juga boleh dikemukakan dan dibentangkan pada mesyuarat di bawah agenda tambahan.

Ketua Pegawai Eksekutif, Pengurusan Kanan dan juruperunding luar yang berkaitan dijemput untuk menghadiri mesyuarat Lembaga untuk memberi taklimat dan menyediakan butiran terperinci mengenai perkara-perkara yang berkaitan dengan bidang tanggungjawab mereka dan juga untuk memperincikan kepada Pengarah berhubung saranan atau laporan yang dikemukakan kepada Lembaga untuk dibincang dan dipertimbangkan.

Lembaga Pengarah mempunyai akses penuh dan tidak terbatas kepada semua maklumat dalam Syarikat dan Kumpulan serta nasihat dan khidmat pengurusan kanan dan Setiausaha Syarikat dalam menjalankan tugas mereka. Pengarah juga boleh mendapatkan nasihat profesional bebas atas perbelanjaan Syarikat, jika perlu.

Jawatankuasa Lembaga

Lembaga Pengarah telah mewujudkan Jawatankuasa-jawatankuasa Lembaga untuk membantu mereka mengendalikan Syarikat dan Kumpulan.

Sebagaimana yang dinyatakan di atas, Lembaga Pengarah telah membentuk lima (5) Jawatankuasa Lembaga. Setiap jawatankuasa mempunyai terma rujukan yang ditakrif dengan jelas mengenai objektif, tugas dan tanggungjawab, kuasa, mesyuarat dan keahlian.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

The Board Committees of the Company are as follows:-

- Executive Committee
- Audit & Risk Management Committee
- Nominating & Remuneration Committee
- Arrears Recovery Committee
- Option Committee

Any decision not within its authority is referred back to the Board with its recommendations and comments for the Board's deliberation and approval.

The salient terms of reference of each Board Committee and details of members' attendance of meetings are as follows:

(a) Executive Committee of the Board

The Executive Committee was established on 29 April 2005 specifically to assist the Board to evaluate and approve loan applications within their approval authority limits.

Executive Committee currently consists of one (1) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

During the financial year 2011, six (6) meetings were held by the Executive Committee. The members and their attendance at the meetings are as follows:

Name of Members	Total Meetings attended
Tan Sri Abdul Halim bin Ali (Non-Independent Non-Executive Director / Chairman)	6/6
Tuan Syed Zaid bin Syed Jaffar Albar (Independent Non-Executive Director)	4/6
Encik Jasmy Ismail (Non-Independent Non-Executive Director)	6/6
Dato' Shahril Ridza bin Ridzuan ¹ (Non-Independent Non-Executive Director)	N/A
Encik Khalid bin Haji Sufat ² (Independent Non-Executive Director)	2/3
Puan Cindy Tan Ler Chin ³ (Non-Independent Non-Executive Director)	6/6
Datuk Abdullah bin Haji Kuntom ⁴ (Non-Independent Non-Executive Director)	5/6

Notes:

¹ Appointed as a Member on 30 November 2011

² Resigned as a Member on 2 September 2011

³ Resigned as a Member on 30 November 2011

⁴ Resigned as a Member on 16 January 2012

Dato' Zuraidah binti Atan was appointed as a Member of the Executive Committee on 16 January 2012.

Jawatankuasa Lembaga Pengarah Syarikat adalah seperti berikut: -

- Jawatankuasa Eksekutif
- Jawatankuasa Audit dan Pengurusan Risiko
- Jawatankuasa Pencalonan & Imbuhan
- Jawatankuasa Kutipan Tunggakan
- Jawatankuasa Opsyen

Sebarang keputusan yang tidak terangkum dalam bidang kuasanya akan dirujuk kembali kepada Lembaga dengan saranan dan ulasan-ulasannya untuk perbincangan dan kelulusan Lembaga Pengarah.

Terma rujukan utama bagi setiap Jawatankuasa Lembaga dan butiran kehadiran ahli masing-masing di mesyuarat adalah seperti berikut:-

a) Jawatankuasa Eksekutif Lembaga

Jawatankuasa Eksekutif dibentuk pada 29 April 2005 khusus untuk membantu Lembaga menilai dan meluluskan permohonan pinjaman dalam had kuasa kelulusan mereka.

Jawatankuasa Eksekutif pada masa ini terdiri daripada seorang (1) Pengarah Bukan Eksekutif Bebas dan tiga (3) orang Pengarah Bukan Eksekutif Bukan Bebas.

Pada tahun kewangan 2011, enam (6) mesyuarat telah diadakan oleh Jawatankuasa Eksekutif. Ahli-ahli dan kehadiran mereka di mesyuarat adalah seperti berikut:-

Nama Ahli	Jumlah Mesyuarat Dihadiri
Tan Sri Abdul Halim bin Ali (Pengarah Bukan Eksekutif Bukan Bebas / Pengerusi)	6/6
Tuan Syed Zaid bin Syed Jaffar Albar (Pengarah Bukan Eksekutif Bebas)	4/6
Encik Jasmy Ismail (Pengarah Bukan Eksekutif Bukan Bebas)	6/6
Dato' Shahril Ridza bin Ridzuan ¹ (Pengarah Bukan Eksekutif Bukan Bebas)	N/A
Encik Khalid bin Haji Sufat ² (Pengarah Bukan Eksekutif Bebas)	2/3
Puan Cindy Tan Ler Chin ³ (Pengarah Bukan Eksekutif Bukan Bebas)	6/6
Datuk Abdullah bin Haji Kuntom ⁴ (Pengarah Bukan Eksekutif Bukan Bebas)	5/6

Nota:

¹ Dilantik sebagai Ahli pada 30 November 2011

² Meletak jawatan sebagai Ahli pada 2 September 2011

³ Meletak jawatan sebagai Ahli pada 30 November 2011

⁴ Meletak jawatan sebagai Ahli pada 16 Januari 2012

Dato' Zuraidah binti Atan dilantik sebagai Ahli Jawatankuasa Eksekutif pada 16 Januari 2012.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

(b) Audit & Risk Management Committee

The principal function of the Audit & Risk Management Committee is to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Company's and the Group's business strategies, the development of a sound internal control system and an effective risk management framework.

The Audit & Risk Management Committee currently consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

In accordance with the best practices of corporate governance, Audit & Risk Management Committee presents its report set out on page 73 to 79 of this Annual Report.

(c) Nominating & Remuneration Committee

The primary responsibilities of the Nominating Committee are:

- a. To recommend to the board, candidates for all directorships to be filled by the shareholders or the board. In making its recommendations, the Nominating Committee should consider the candidates'-
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of independent non-executive directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors;
- b. To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the boundaries of practicability, by any other senior executive or any director or shareholder;
- c. To recommend to the board, directors to fill the seats on the board committee;
- d. To conduct annual review with the board, the required mix of skills and experience and other qualities, including core competences which non-executive directors should bring to the board;

b) Jawatankuasa Audit & Pengurusan Risiko

Fungsi utama Jawatankuasa Audit & Pengurusan Risiko adalah untuk membantu Lembaga melunaskan tanggungjawab fidusiarinya dengan berkesan berhubung urus tadbir korporat, memastikan laporan kewangan yang tepat dan disediakan pada masa yang sesuai, pelaksanaan dasar dan strategi pengurusan risiko berkaitan strategi perniagaan Syarikat dan Kumpulan yang tersusun, penyediaan sistem kawalan dalaman yang berwibawa serta rangka kerja pengurusan risiko yang berkesan.

Jawatankuasa Audit & Pengurusan Risiko terdiri daripada dua (2) orang Pengarah Bukan Eksekutif Bebas dan seorang (1) Pengarah Bukan Eksekutif Bukan Bebas.

Selaras dengan amalan urus tadbir korporat terbaik, Jawatankuasa Audit & Pengurusan Risiko membentangkan laporannya seperti yang dipaparkan di muka surat 73 hingga 79 dalam Laporan Tahunan ini.

c) Jawatankuasa Penamaan Pencalonan & Imbuhan

Tanggungjawab utama Jawatankuasa Pencalonan adalah:-

- a. Untuk mengesyorkan kepada Lembaga, calon-calon bagi semua jawatan pengarah yang perlu diisi oleh pemegang-pemegang saham atau lembaga. Dalam membuat saranannya, Jawatankuasa Pencalonan perlu mempertimbangkan calon-calon yang mempunyai ciri-ciri berikut :-
 - kemahiran, pengetahuan, kepakaran dan pengalaman;
 - profesionalisme;
 - kewibawaan; dan
 - dalam hal calon-calon bagi jawatan pengarah bukan eksekutif bebas, Jawatankuasa Pencalonan juga hendaklah menilai keupayaan calon-calon tersebut melaksanakan tanggungjawab/fungsi seperti yang diperlukan daripada pengarah bukan eksekutif bebas;
- b. Untuk mempertimbangkan, dalam membuat saranan mereka, calon-calon bagi jawatan pengarah yang dicadangkan oleh Ketua Pegawai Eksekutif dan, dalam lingkungan batas-batas yang praktikal, oleh mana-mana eksekutif kanan atau mana-mana pengarah atau pemegang saham lain;
- c. Untuk mengesyorkan kepada lembaga, pengarah yang bakal mengisi keanggotaan jawatankuasa lembaga;
- d. Untuk membuat kajian tahunan dengan Lembaga tentang gabungan kemahiran dan pengalaman yang diperlukan serta ciri-ciri lain, termasuk daya saing teras yang perlu dibawa oleh pengarah bukan eksekutif ke dalam lembaga;

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

- e. To implement a process with the board, for assessing the effectiveness of the board as a whole, the committees of the board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the Chief Executive Officer. All assessment and evaluations carried out would be properly documented;
- f. To consider and to recommend to the Board the appointment, resignation, retirement and other related issues involving the Chief Executive Officer; and
- g. To consider and approve the appointment, promotion, resignation, retirement and other related issues involving Senior General Managers and above.

The primary responsibilities of the Remuneration Committee are:

- a) To propose a system and amount of executive and non-executive Directors' annual remuneration package to the Board;
- b) To review remuneration programmes from time to time, gauge their adequacy and results;
- c) To ensure the Company has a developed succession policy and that such policy is kept under review;
- d) To consider and to recommend to the Board the promotion, remuneration package, increment, bonuses and other related matters involving the Chief Executive Officer; and
- e) To consider and approve the promotion, remuneration package, increment, bonuses and other related matters involving Senior General Managers and above.

The Nominating & Remuneration Committee also carries out the periodic review of the overall remuneration for Directors, President/CEO and key Senior Management Officers whereupon recommendations are submitted to the Board for approval.

The Nominating & Remuneration Committee currently consists of three (3) Independent Non-Executive Directors.

- e. Untuk melaksanakan dengan Lembaga, satu proses untuk menilai keberkesanan lembaga secara keseluruhan, jawatankuasa-jawatankuasa lembaga dan untuk menilai sumbangan setiap pengarah secara individu, termasuk para pengarah bukan eksekutif bebas serta Ketua Pegawai Eksekutif. Semua taksiran dan penilaian yang dijalankan akan didokumenkan dengan sewajarnya;
- f. Untuk mempertimbang dan mengesyorkan kepada Lembaga tentang pelantikan, peletakan jawatan, persaraan dan isu-isu berkaitan lain yang melibatkan Ketua Pegawai Eksekutif; dan
- g. Untuk mempertimbang dan meluluskan pelantikan, kenaikan pangkat, perletakan jawatan, persaraan dan isu-isu berkaitan lain yang melibatkan para Pengurus Besar kanan dan jawatan-jawatan lain yang lebih tinggi.

Tanggungjawab utama Jawatankuasa Imbuhan adalah:

- a. Untuk mencadangkan satu sistem dan jumlah pakej imbuhan tahunan para Pengarah eksekutif dan bukan eksekutif kepada Lembaga;
- b. Untuk mengkaji semula program imbuhan dari semasa ke semasa untuk menilai kecukupan dan hasilnya;
- c. Untuk memastikan Syarikat mempunyai dasar penggantian kukuh dan bahawa dasar tersebut sentiasa dikaji semula;
- d. Untuk mempertimbang dan mengesyorkan kepada Lembaga, tentang kenaikan pangkat, pakej imbuhan, kenaikan gaji, bonus dan perkara-perkara berkaitan lain yang melibatkan Ketua Pegawai Eksekutif; dan
- e. Untuk mempertimbang dan meluluskan kenaikan pangkat, pakej imbuhan, kenaikan, bonus dan lain-lain perkara yang berkaitan yang melibatkan Pengurus Besar Kanan dan jawatan-jawatan lain yang lebih tinggi.

Jawatankuasa Pencalonan & Imbuhan turut menjalankan kajian berkala ke atas keseluruhan imbuhan bagi Pengarah, Presiden/Ketua Pegawai Eksekutif dan Pegawai Pengurusan Kanan di mana saranan daripadanya akan dikemukakan kepada Lembaga untuk kelulusan.

Jawatankuasa Pencalonan & Imbuhan terdiri daripada tiga (3) orang Pengarah Bukan Eksekutif Bebas.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

During the financial year ended 31 December 2011, six (6) meetings were held. The members of the Nominating & Remuneration Committee and their attendance at the meeting are as follows:

Name of Members	Total Meetings attended
Tuan Syed Zaid bin Syed Jaffar Albar (Independent Non-Executive Director / Chairman)	6/6
Encik Aw Hong Boo (Independent Non-Executive Director)	6/6
Datuk Abdullah bin Kuntom ¹ (Non-Independent Non-Executive Director)	5/6

Notes:

¹ Resigned as a Member on 16 January 2012

Encik Lim Tian Huat was appointed as a Member of the Nominating & Remuneration Committee on 16 January 2012.

(d) Arrears Recovery Committee

The principal function of this Arrears Recovery Committee is to deliberate on proposals for recovery of non-performing loans (NPLs), to approve proposals within its authority and to recommend to the Board those proposals outside its authority, monitor the progress of recovery of NPLs and formulate recovery strategies.

The Arrears Recovery Committee currently consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

During the financial year ended 31 December 2011, five (5) meetings were held. The members and their attendance at the meetings are as follows:

Name of Members	Total Meetings attended
Encik Aw Hong Boo ¹ (Independent Non-Executive Director / Chairman)	5/5
Tuan Syed Zaid bin Syed Jaffar Albar (Independent Non-Executive Director)	4/5
Encik Jasmy bin Ismail (Non-Independent Non-Executive Director)	5/5
Encik Lim Tian Huat ² (Independent Non-Executive Director)	4/4
Encik Lau Tiang Hua ³ (Independent Non-Executive Director)	0/1

Notes:

- ¹ Re-designated as a Member on 2 February 2012
- ² Appointed as a Member on 4 April 2011 and was re-designated as Chairman of the Arrears Recovery Committee on 2 February 2012.
- ³ Retired as a Member on 31 March 2011

Pada tahun kewangan berakhir 31 Disember 2011, enam (6) mesyuarat telah diadakan. Ahli-ahli Jawatankuasa Pencalonan & Imbuan serta kehadiran mereka pada mesyuarat adalah seperti berikut:-

Nama Ahli	Jumlah Mesyuarat Dihadiri
Tuan Syed Zaid bin Syed Jaffar Albar (Pengarah Bukan Eksekutif Bebas / Pengerusi)	6/6
Encik Aw Hong Boo (Pengarah Bukan Eksekutif Bebas)	6/6
Datuk Abdullah bin Kuntom ¹ (Pengarah Bukan Eksekutif Bukan Bebas)	5/6

Nota:

¹ Meletak jawatan sebagai Ahli pada 16 Januari 2012

Encik Lim Tian Huat dilantik sebagai Ahli Jawatankuasa Pencalonan & Imbuan pada 16 Januari 2012.

d) Jawatankuasa Kutipan Tunggakan

Fungsi utama Jawatankuasa Kutipan Tunggakan adalah untuk membincangkan cadangan untuk mengutip pinjaman tidak berbayar (NPL), meluluskan cadangan dalam bidang kuasanya dan mengesyorkan kepada Lembaga cadangan-cadangan di luar bidang kuasanya, memantau kemajuan kutipan NPL dan merumus strategi kutipan.

Pada masa ini, Jawatankuasa Kutipan Tunggakan terdiri daripada tiga (3) orang Pengarah Bukan Eksekutif Bebas dan seorang (1) Pengarah Bukan Eksekutif Bukan Bebas.

Pada tahun kewangan berakhir 31 Disember 2011, lima (5) mesyuarat telah diadakan. Ahli-ahli dan kehadiran mereka di mesyuarat adalah seperti berikut:

Nama Ahli	Jumlah Mesyuarat Dihadiri
Encik Aw Hong Boo ¹ (Pengarah Bukan Eksekutif Bebas / Pengerusi)	5/5
Tuan Syed Zaid bin Syed Jaffar Albar (Pengarah Bukan Eksekutif Bebas)	4/5
Encik Jasmy bin Ismail (Pengarah Bukan Eksekutif Bukan Bebas)	5/5
Encik Lim Tian Huat ² (Pengarah Bukan Eksekutif Bebas)	4/4
Encik Lau Tiang Hua ³ (Pengarah Bukan Eksekutif Bebas)	0/1

Nota:

- ¹ Dituruk jawatan sebagai Ahli pada 2 Februari 2012
- ² Dilantik sebagai Ahli pada 4 April 2011 dan telah ditukar jawatan sebagai Pengerusi jawatankuasa Kutipan Tunggakan pada 2 Februari 2012.
- ³ Bersara sebagai Ahli pada 31 Mac 2011

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

(e) Option Committee

The Option Committee was established on 27 May 2010. The principal function of this Option Committee is to administer the Company's Employees' Share Option Scheme (ESOS) in accordance with the ESOS Scheme's by-laws.

The Option Committee currently consists of three (3) Independent Non-Executive Directors.

During the financial year ended 31 December 2011, one (1) meeting was held. The members and their attendance at the meeting are as follows:-

Name of Members	Total Meetings attended
Tuan Syed Zaid bin Syed Jaffar Albar (Independent Non-Executive Director/ Chairman)	1/1
Encik Aw Hong Boo (Independent Non-Executive Director)	1/1
Datuk Abdullah bin Haji Kuntom ¹ (Non-Independent Non-Executive Director)	1/1

Note:

¹ Resigned as a Member on 16 January 2012

Encik Lim Tian Huat was appointed as a Member of the Option Committee on 16 January 2012.

B. DIRECTORS' REMUNERATION

Objective of Directors' Remuneration

The Company's remuneration policy for Directors is tailored towards attracting and retaining Directors with relevant experience and expertise needed to assist in managing the Company and the Group effectively.

Remuneration Package

The remuneration package is as follows:-

(a) Directors' Fee

The Directors are paid an annual fee, the quantum of which is approved by the shareholders at the Annual General Meeting. In the event a Director is appointed or resigns during a financial year, the fee will be pro-rated and apportioned accordingly based on the month of the said Director's appointment or resignation.

(b) Allowance

The Directors are paid a meeting allowance for their attendance at meetings of the Board and the Board Committees. The quantum of the allowance is recommended by the Nominating & Remuneration Committee and approved by the Board. In addition, the Chairman is also paid a car allowance.

e) Jawatankuasa Opsyen

Jawatankuasa Opsyen ditubuhkan pada 27 Mei 2010. Fungsi utama Jawatankuasa Opsyen adalah untuk mentadbir Skim Opsyen Saham Kakitangan Syarikat (ESOS) selaras dengan undang-undang kecil Skim ESOS.

Pada masa ini, Jawatankuasa Opsyen terdiri daripada tiga (3) orang Pengarah Bukan Eksekutif Bebas.

Pada tahun kewangan berakhir 31 Disember 2011, satu (1) mesyuarat telah diadakan. Ahli-ahli dan kehadiran mereka di mesyuarat adalah seperti berikut:-

Nama Ahli	Jumlah Mesyuarat Dihadiri
Tuan Syed Zaid bin Syed Jaffar Albar (Pengarah Bukan Eksekutif Bebas/ Pengerusi)	1/1
Encik Aw Hong Boo (Pengarah Bukan Eksekutif Bebas)	1/1
Datuk Abdullah bin Haji Kuntom ¹ (Pengarah Bukan Eksekutif Bukan Bebas)	1/1

Nota:

¹ Meletak jawatan sebagai Ahli pada 16 Januari 2012

Encik Lim Tian Huat dilantik sebagai Ahli Jawatankuasa Opsyen pada 16 Januari 2012.

B. IMBUHAN PENGARAH

Objektif Imbuhan Pengarah

Dasar imbuhan Syarikat bagi Pengarah disesuaikan ke arah menarik dan mengekalkan Pengarah yang mempunyai pengalaman yang berkaitan dan kepakaran yang diperlukan untuk membantu dalam menguruskan Syarikat dan Kumpulan dengan berkesan.

Pakej Imbuhan

Pakej imbuhan adalah seperti berikut:-

a) Yuran Pengarah

Pengarah dibayar yuran tahunan dengan jumlah yang diluluskan oleh pemegang-pemegang saham pada Mesyuarat Agung Tahunan. Jika seseorang Pengarah dilantik atau meletakkan jawatan, yuran akan dikira secara pro-rata dan dibahagikan dengan sewajarnya berdasarkan bulan pelantikan atau peletakan jawatan Pengarah tersebut.

b) Elaun

Pengarah juga dibayar elaun mesyuarat bagi kehadiran mereka pada mesyuarat Lembaga dan Jawatankuasa Lembaga. Jumlah elaun berkenaan adalah sebagaimana yang disyorkan oleh Jawatankuasa Pencalonan & Imbuhan dan diluluskan oleh Lembaga. Di samping itu, Pengerusi juga dibayar elaun kereta.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

(c) Details

The aggregate remuneration of the Directors during the financial year 2011 are categorized into the appropriate components as follows:-

	Emoluments Emolumen (RM)	Allowance Elaun (RM)	Fee Yuran (RM)	Bonuses Bonus (RM)	Benefit-in-Kind Manfaat Sewajarnya (RM)	Total Jumlah (RM)
Executive Director / Pengarah Eksekutif	-	-	-	-	-	-
Non-Executive Directors / Pengarah Bukan Eksekutif	-	237,000	673,333	-	-	910,333

Range of remuneration Susunan Imbuhan	Number of Directors / Bilangan Pengarah	
	Executive Director Pengarah Eksekutif	Non-Executive Director Pengarah Bukan Eksekutif
Nil / Tiada	-	-
Below RM50,000 / Bawah RM50,000	-	2
RM50,001 – RM100,000	-	3
RM100,001 – RM500,000	-	5
RM500,001 – RM1,000,000	-	-

Details of the Directors' remuneration of each Director during the financial year 2011 are set out under Note 31 of the Notes to the Financial Statements in this Annual Report.

c) Butiran

Agregat imbuhan Pengarah pada tahun kewangan 2011 dikategorikan ke dalam komponen-komponen yang sesuai seperti berikut: -

Butiran imbuhan Pengarah bagi setiap Pengarah pada tahun kewangan 2011 adalah seperti yang dinyatakan di bawah Nota 31 dalam Nota Kepada Penyata Kewangan dalam Laporan Tahunan ini.

C. SHAREHOLDERS

Relationship with Shareholders and Investors

The Board recognizes the importance of communication and proper dissemination of information to its shareholders, investors and all other stakeholders including the general public. Through extensive disclosures of appropriate and relevant information, the Company aims to effectively provide shareholders and investors with information to fulfill transparency and accountability. In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to shareholders.

As part of the Group's initiatives, the Chief Executive Officer together with the Chief Financial Officer and the Company's Corporate Planning and Communications Division conducts discussions, dialogues and briefings with fund managers, financial analyst and media, as and when necessary and/or after the Group's quarterly financial results are released to Bursa Malaysia. This is to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interest.

C. PEMEGANG SAHAM

Hubungan dengan Pemegang Saham dan Pelabur.

Lembaga mengakui kepentingan komunikasi dan penyebaran maklumat yang sewajarnya kepada pemegang saham, pelabur dan semua pemegang kepentingan lain termasuk orang ramai. Melalui pendedahan maklumat yang sesuai dan berkaitan secara meluas, Syarikat bertujuan untuk menyediakan maklumat kepada pemegang saham dan pelabur untuk memenuhi ketelusan dan kebertanggungjawaban. Dalam hal ini, Syarikat sentiasa memaklumkan pemegang saham melalui pengumuman dan pengeluaran laporan kewangan suku tahunan, siaran akhbar, laporan tahunan dan pekeliling kepada pemegang saham secara tepat pada masanya.

Sebagai sebahagian daripada inisiatif Kumpulan, Ketua Pegawai Eksekutif bersama-sama dengan Ketua Pegawai Kewangan dan Perancangan Korporat serta Bahagian Komunikasi Syarikat mengadakan perbincangan, dialog dan taklimat dengan pengurus dana, penganalisis kewangan dan media, apabila perlu dan/atau selepas keputusan kewangan suku tahunan Kumpulan dikeluarkan kepada Bursa Malaysia. Ini adalah untuk menggalakkan pemahaman yang lebih baik mengenai prestasi kewangan, operasi dan perkara-perkara lain berkaitan Kumpulan yang mempengaruhi kepentingan pemegang saham.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

In addition, the Company has a website at www.mbsb.com.my which provides updated information on the corporate and business aspect of the Group. Press releases, announcements to Bursa Malaysia, analysts briefings and quarterly results of the group are also made available on the website and this helps to promote accessibility of information to the company's shareholders and all other market participants.

The Company also provides an abridged version of the Annual Report together with its Annual Report in CD format, highlighting key financial information to facilitate shareholders' easy access to such key information.

Annual General Meeting

The Annual General Meeting (AGM) of the Company is the principal forum for dialogue and interaction with its shareholders. Shareholders are given the opportunity to participate effectively in resolutions tabled at the AGM. All shareholders have direct access to the Board members at this AGM. Besides that, the senior management, external auditors and other advisors are present at the AGM to provide answers and clarifications to shareholders.

The notice and agenda of AGM together with Form of Proxy are given to shareholders at least 21 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of AGM will be accompanied by an explanatory statement on the effects of a proposed resolution.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility to ensure that the Company's and the Group's financial statements present a true and fair view of the state of affairs and are prepared in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

The Board is also committed to providing the highest level of disclosure possible to ensure integrity and consistency of the financial reports.

The Group publishes full financial statements annually and condensed financial statements quarterly as required by the Main Market Listing Requirements of Bursa Malaysia.

The Audit & Risk Management Committee assists the Board in scrutinising the information for disclosure to ensure accuracy, adequacy and completeness.

Di samping itu, Syarikat juga mempunyai laman web di www.mbsb.com.my yang menyediakan maklumat yang dikemaskini berhubung aspek korporat dan perniagaan Kumpulan. Siaran akhbar, pengumuman kepada Bursa Malaysia, taklimat kepada penganalisis dan keputusan suku tahunan Kumpulan juga boleh didapati di laman web tersebut dan ini dapat membantu menggalakkan akses terhadap maklumat kepada pemegang-pemegang saham syarikat dan semua peserta pasaran lain.

Syarikat turut menyediakan versi ringkas Ringkasan Laporan Tahunan berserta dengan Laporan Tahunannya dalam bentuk cakeram padat yang mengutamakan maklumat kewangan utama bagi memudahkan pemegang saham untuk mengakses maklumat penting yang berkaitan.

Mesyuarat Agung Tahunan

Mesyuarat Agung Tahunan (AGM) Syarikat adalah forum utama bagi dialog dan interaksi dengan pemegang sahamnya. Pemegang saham diberi peluang untuk mengambil bahagian secara berkesan dalam resolusi yang dibentangkan pada AGM. Semua pemegang saham mempunyai akses secara langsung kepada ahli-ahli Lembaga semasa AGM. Selain itu, pengurusan kanan, juruaudit luar dan para penasihat lain turut hadir di AGM untuk memberi jawapan dan penjelasan kepada pemegang-pemegang saham.

Notis dan agenda AGM berserta Borang Proksi diberikan kepada pemegang saham sekurang-kurangnya 21 hari sebelum AGM. Ini memberikan masa yang mencukupi kepada pemegang-pemegang saham untuk bersedia bagi menghadiri AGM atau melantik seorang proksi untuk menghadiri dan mengundi bagi pihak mereka. Setiap perkara urusan khas yang dimasukkan ke dalam notis AGM akan disertai dengan penyata penjelasan mengenai kesan resolusi yang dicadangkan.

D. KEBERTANGGUNGJAWABAN DAN AUDIT

Laporan Kewangan

Lembaga Pengarah mengakui tanggungjawabnya untuk memastikan supaya lampiran penyata kewangan Syarikat dan Kumpulan memberi gambaran yang benar dan saksama mengenai urusan Syarikat dan Kumpulan dan telah disediakan mengikut Piawaian Laporan Kewangan di Malaysia dan peruntukan Akta Syarikat, 1965.

Lembaga juga komited untuk menyediakan tahap pendedahan setinggi mungkin bagi memastikan kewibawaan dan keseragaman laporan kewangan.

Kumpulan mengeluarkan penyata kewangan penuh setiap tahun dan penyata kewangan suku tahun ringkas seperti yang dikehendaki oleh Keperluan Penyenaaraan Pasaran Utama Bursa Malaysia.

Jawatankuasa Audit & Pengurusan Risiko membantu Lembaga meneliti maklumat untuk pendedahan bagi memastikan ketepatan, kecukupan dan kesempurnaannya.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

Internal Control

The Board has the overall responsibility of maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

The Audit & Risk Management Committee through the Internal Audit Division reviews the effectiveness of the system of internal controls of the Group periodically. The review covers the financial, operational and compliance controls as well as risk management.

The Statement on Internal Control as set out in this Annual Report provides an overview of the state of internal controls within the Group.

The minutes of the Audit & Risk Management Committee meetings are tabled to the Board for notation and for action by the Board where appropriate.

Relationship with Auditors

The Company's external auditors, Messrs Ernst & Young continue to provide the independent assurance to shareholders on the Company's and the Group's financial statements. The Board maintains a formal and transparent relationship with the auditors to meet their professional requirements.

The role of the Audit & Risk Management Committee in relation to the internal and external auditors is described in the Audit & Risk Management Committee Report section of the Annual Report.

E. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for the financial year which have been made out in accordance with the applicable Financial Reporting Standards in Malaysia and give a true and fair view of the state of affairs and of the results and cash flows of the Company and the Group for the financial year then ended.

In preparing the financial statements, the Directors have used appropriate and relevant accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that applicable Financial Reporting Standards in Malaysia have been complied with.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Kawalan Dalaman

Lembaga Pengarah mempunyai tanggungjawab menyeluruh untuk mengekalkan sistem kawalan dalaman yang beribawa bagi melindungi pelaburan pemegang saham dan aset Syarikat.

Melalui Bahagian Audit Dalaman, Jawatankuasa Audit & Pengurusan Risiko mengkaji keberkesanan sistem kawalan dalaman Kumpulan secara berkala. Kajian tersebut meliputi kawalan kewangan, operasi dan pematuhan serta pengurusan risiko.

Penyata Kawalan Dalaman yang disediakan dalam Laporan Tahunan ini memberi tinjauan menyeluruh berhubung keadaan kawalan dalaman di dalam Kumpulan.

Minit mesyuarat Jawatankuasa Audit & Pengurusan Risiko dibentangkan kepada Lembaga untuk perhatian dan untuk tindakan Lembaga, jika perlu.

Hubungan dengan Juruaudit

Juruaudit luar Syarikat, Tetuan Ernst & Young, terus menyediakan jaminan bebas kepada para pemegang saham berhubung penyata kewangan Syarikat dan Kumpulan. Lembaga mengekalkan hubungan yang formal dan telus dengan juruaudit bagi memenuhi keperluan profesional mereka.

Peranan Jawatankuasa Audit & Pengurusan Risiko berkaitan juruaudit dalaman dan luar dinyatakan dalam bahagian Laporan Jawatankuasa Audit & Pengurusan Risiko dalam Laporan Tahunan ini.

E. PENYATA TANGGUNGJAWAB PENGARAH

Pengarah dikehendaki oleh Akta Syarikat, 1965 untuk menyediakan penyata kewangan bagi tahun kewangan yang telah disediakan selaras dengan Piawaian laporan Kewangan di Malaysia dan memberi gambaran yang benar dan saksama mengenai keadaan hal ehwal dan keputusan serta aliran tunai Syarikat dan Kumpulan bagi tahun kewangan berakhir pada tarikh tersebut.

Dalam menyediakan penyata kewangan, Pengarah telah menggunakan dasar perakaunan yang sesuai dan berkaitan yang digunakan secara konsisten dan disokong oleh pertimbangan dan anggaran yang munasabah serta berhemat, dan bahawa Piawaian Laporan Kewangan di Malaysia yang diguna pakai telah dipatuhi.

Pengarah bertanggungjawab memastikan supaya Syarikat dan Kumpulan menyimpan rekod-rekod perakaunan yang sewajarnya yang mendedahkan dengan ketepatan munasabah kedudukan kewangan Kumpulan dan Syarikat dan yang membolehkan mereka memastikan bahawa penyata kewangan tersebut mematuhi Akta Syarikat, 1965.

Statement on Corporate Governance (cont'd)

Penyata Urus Tadbir Korporat (samb.)

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, to detect and prevent fraud and other irregularities.

F. ADDITIONAL COMPLIANCE STATEMENT

Utilisation of Proceeds Raised from any Corporate Proposal

The Company had on 7 June 2011 issued 506,424,813 Rights Shares with free detachable warrants.

The proceeds arising from the issue of Rights Shares were utilized for expansion of the financing business of the Group.

Share Buy-back

There was no approved share buy-back scheme during the financial year.

Options, Warrants or Convertible Securities

During the financial period ended 31 December 2011, a total of 8,709,640 options over ordinary shares were exercised pursuant to the Company's Employees' Share Option Scheme ("ESOS").

During the financial year, a total of 68,670 warrants (2011/2016) were exercised pursuant to the Company's warrants 2011/2016.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Sanctions and/or Penalties imposed

There were no sanctions or material penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

Apart from the annual audit fees, the Group has paid non-audit fees amounting to RM447,000.00 to external auditors or a firm or a corporation affiliated to the external auditors for the financial year ended 31 December 2011.

Variation in results

There were no variation between the audited results for the financial year ended 31 December 2011 and the unaudited results for the fourth quarter ended 31 December 2011 of the Group.

Pengarah mempunyai tanggungjawab umum untuk mengambil sebarang langkah yang tersedia secara munasabah kepada mereka untuk melindungi aset Kumpulan dan untuk mengesan dan mencegah penipuan dan perkara-perkara luar biasa lain.

F. PENYATA PEMATUHAN TAMBAHAN

Penggunaan Kutipan yang Diperoleh daripada sebarang Cadangan Korporat

Pada 7 Jun 2011, Syarikat telah menerbitkan 506,424,813 Terbitan Syer dengan waran percuma yang boleh dilaksanakan secara berasingan.

Kutipan yang diperoleh daripada Terbitan Syer tersebut telah digunakan untuk pengembangan perniagaan pembiayaan Kumpulan.

Pembelian balik Saham

Tiada sebarang skim pembelian balik saham yang diluluskan sepanjang tahun kewangan.

Opsyen, Waran atau Sekuriti Boleh Tukar

Sepanjang tempoh kewangan berakhir 31 Disember 2011, sebanyak 8,709,640 opsiyen ke atas saham biasa telah dilaksanakan menurut Skim Opsyen Saham Kakitangan Syarikat ("ESOS").

Pada tahun kewangan, sebanyak 68,670 waran (2011/2016) telah dilaksanakan menurut waran syarikat 2011/2016.

Program American Depository Receipt (ADR) atau Global Depository Receipt (GDR)

Syarikat tidak menaja sebarang program ADR atau GDR pada tahun kewangan ini.

Sekatan dan/atau Penalti yang dikenakan

Tiada sebarang sekatan atau penalti penting yang dikenakan ke atas Syarikat dan anak-anak syarikat, Pengarah atau pengurusannya oleh badan-badan penguatkuasa yang berkaitan sepanjang tahun kewangan ini.

Yuran Bukan Audit

Selain daripada yuran audit tahunan, Kumpulan telah membayar yuran bukan audit berjumlah RM447,000.00 kepada juruaudit luar atau firma atau syarikat yang berkaitan dengan juruaudit luar bagi tahun kewangan berakhir 31 Disember 2011.

Perbezaan dalam keputusan

Tiada sebarang perbezaan antara keputusan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2011 dan keputusan kewangan tidak diaudit bagi suku tahun keempat Kumpulan berakhir 31 Disember 2011.

Statement on Corporate Governance

Penyata Urus Tadbir Korporat

Profit Guarantee

The Company did not issue any profit guarantee during the financial year.

Material Contracts with Related Parties

Save as disclosed in note 36 to the financial statements, there are no other material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company and its subsidiaries which involves interests of Directors and major shareholders.

Whistle Blowing Policy

The policy is developed to provide an avenue for the employees to report on suspected fraud, misconduct behavior and/or violations of the Company's Code of Conduct and Ethics as well as any other directives or policies issued by the Company from time to time. The Company also has in place a Fraud and Corruption Control and Guidelines in managing the risk of fraud and corruption which should be read together with the Whistle Blowing Policy.

All employees are entrusted with the responsibility to stay alert for preventing and detecting defalcations, misappropriations and other irregularities. The policy sets out the specific roles of employees in prevention and detection of fraud and fraud discovery reporting as well as the procedures and processes the Company will take in respect of employees involved in fraudulent acts.

Dividend Payout Policy

The Company has adopted a 30% dividend payout ratio on profit after tax.

G. STATEMENT ON COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

Having reviewed the governance structure and practices of the Company and the Group, the Board considers that it has complied with the best practices as set out in the Code as well as the items set out in Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia in relation to the requirement of a separate disclosure in the Annual Report.

This Statement on Corporate Governance was approved by the Board of Directors on 20 February 2012.

Jaminan Keuntungan

Syarikat tidak mengeluarkan sebarang jaminan keuntungan sepanjang tahun kewangan.

Kontrak Penting dengan Pihak Berkaitan

Selain daripada yang didedahkan dalam nota 36 kepada penyata kewangan, tiada kontrak penting lain yang masih wujud pada akhir tahun kewangan atau yang dimeterai sejak akhir tahun kewangan yang lepas oleh Syarikat dan anak-anak syarikatnya yang melibatkan kepentingan Pengarah dan pemegang saham utama.

Dasar Pemberitahuan Maklumat

Dasar ini diwujudkan untuk menyediakan satu saluran bagi kakitangan melaporkan penipuan, amalan salah laku dan/atau pelanggaran Kod Tatacara dan Etika Syarikat yang disyaki serta sebarang arahan lain atau dasar yang dikeluarkan oleh Syarikat dari semasa ke semasa. Syarikat juga telah menyediakan Kawalan dan Garis Panduan Penipuan dan Rasuah dalam menguruskan risiko penipuan dan rasuah yang perlu dirujuk bersama-sama dengan Dasar Penyalpaian Maklumat.

Semua pekerja diamanahkan dengan tanggungjawab untuk sentiasa berwaspada bagi mencegah dan mengesan sebarang aktiviti menggelapkan wang, penyelewengan dan perkara perkara yang mencurigakan lain. Dasar ini menggariskan peranan khusus bagi kakitangan dalam pencegahan dan pengesanan penipuan dan melaporkan sebarang penemuan penipuan serta prosedur dan proses yang akan dijalankan oleh Syarikat dalam mengambil tindakan terhdap kakitangan yang terlibat dalam perbuatan penipuan.

Dasar Pembayaran Dividen

Syarikat telah menerima pakai nisbah pembayaran dividen 30% atas keuntungan selepas cukai.

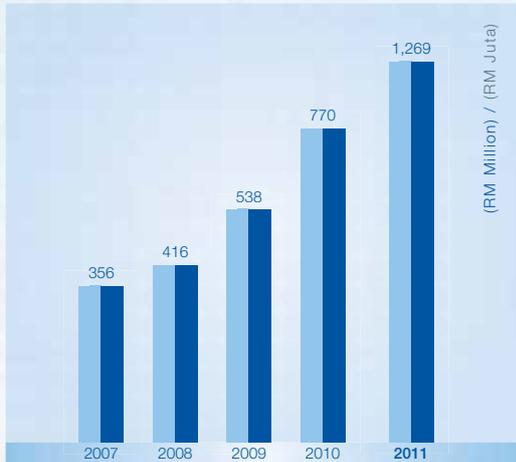
G. PENYATA PEMATUHAN DENGAN AMALAN TERBAIK KOD URUS TADBIR KORPORAT MALAYSIA URUS TADBIR

Setelah mengkaji struktur urus tadbir dan amalan urus tadbir Syarikat dan Kumpulan, Lembaga berpendapat bahawa ia telah mematuhi amalan terbaik seperti yang ditetapkan dalam kod serta perkara yang digariskan dalam Bahagian A Lampiran 9C Keperluan Penyenaaraan Pasaran Utama Bursa Malaysia berhubung dengan keperluan pendedahan berasingan dalam Laporan Tahunan.

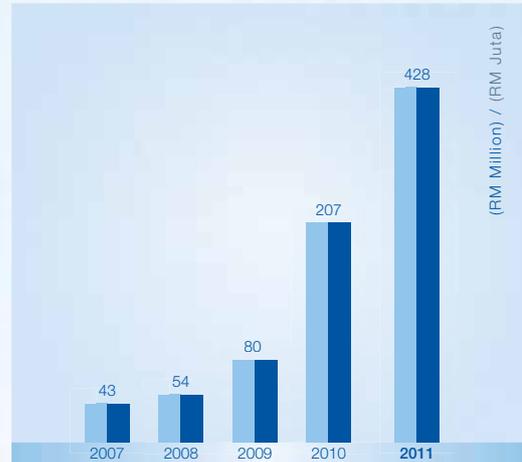
Penyata Urus Tadbir Korporat ini telah diluluskan oleh Lembaga Pengarah pada 20 Februari 2012.

Financial Highlights Prestasi Kewangan

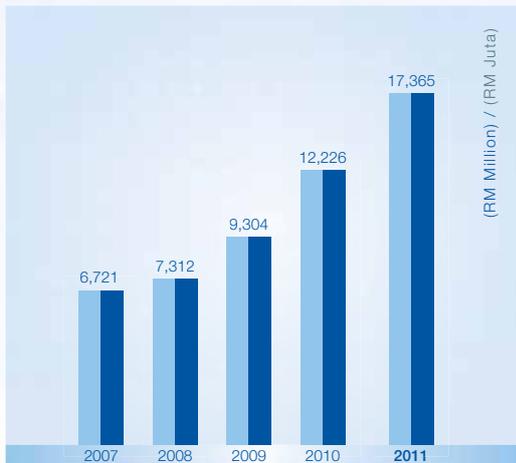
Group Revenue
Hasil Kumpulan



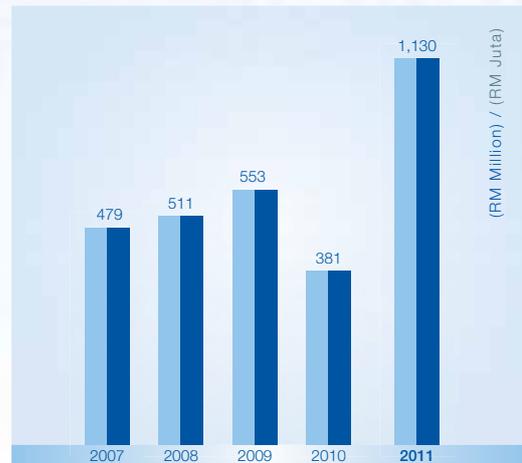
Group Profit Before Taxation
Keuntungan Kumpulan Sebelum Cukai



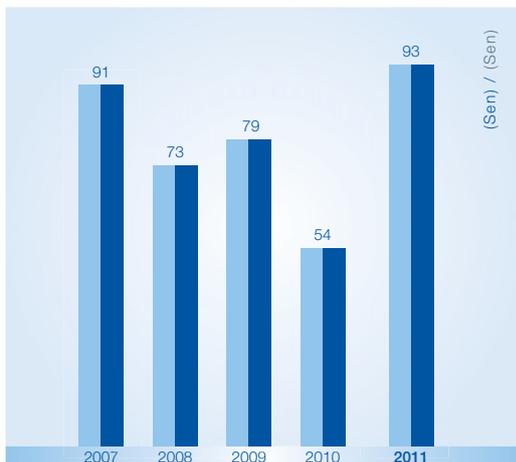
Group Total Asset
Jumlah Aset Kumpulan



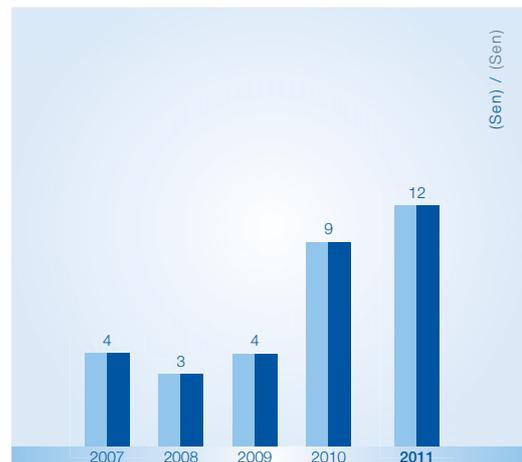
Group Shareholders' Equity
Ekuiti Pemegang Saham Kumpulan



Group Net asset Per Share
Aset Bersih Kumpulan setiap Saham



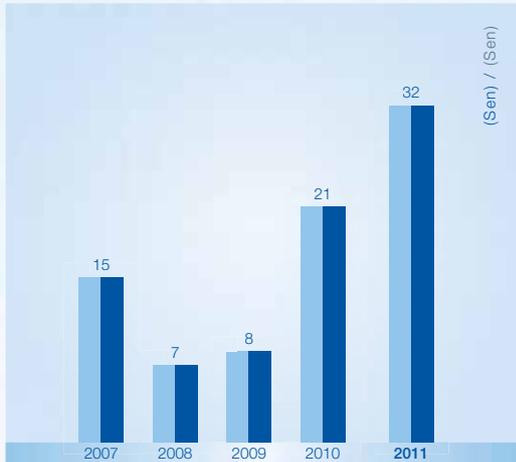
Gross Dividend
Dividen Kasar



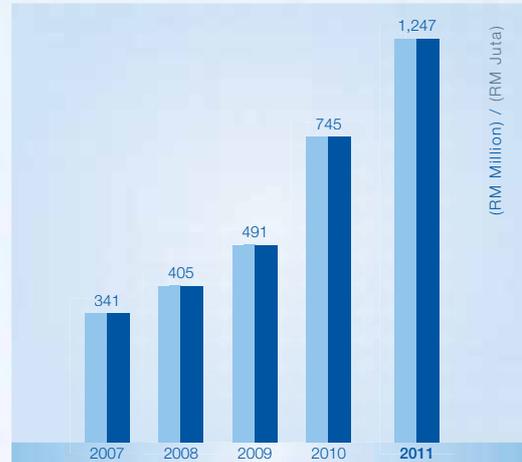
Financial Highlights

Prestasi Keuangan

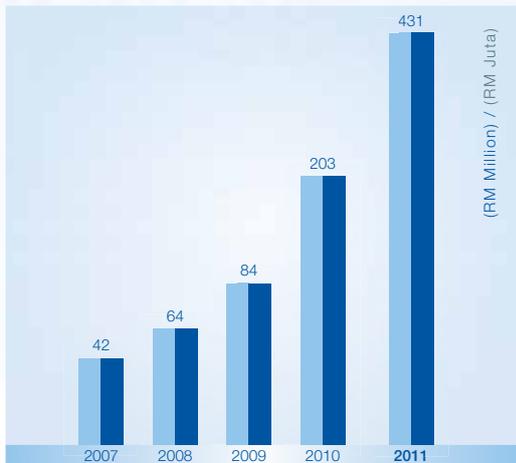
Group Basic Earnings Per Share
Perolehan Asas Sesaham Kumpulan



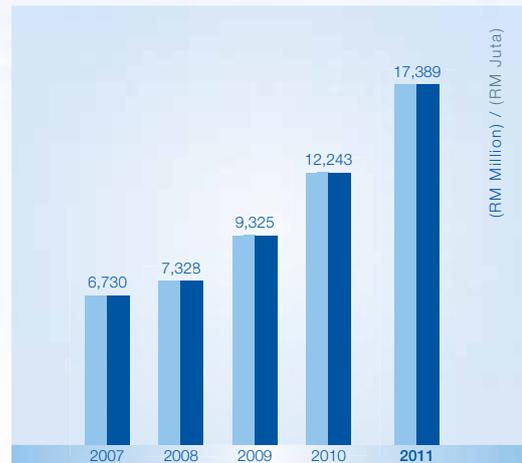
Company Revenue
Hasil Syarikat



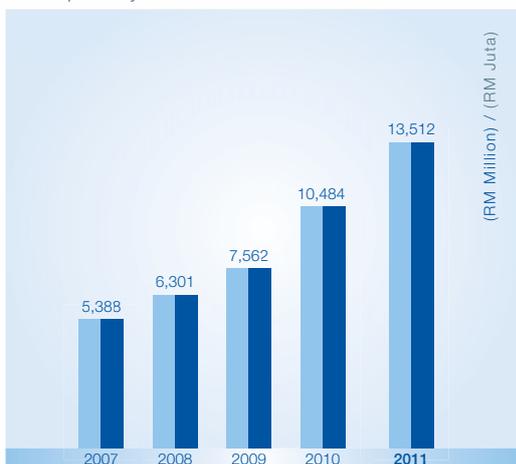
Company Profit Before Taxation
Untung Syarikat Sebelum Cukai



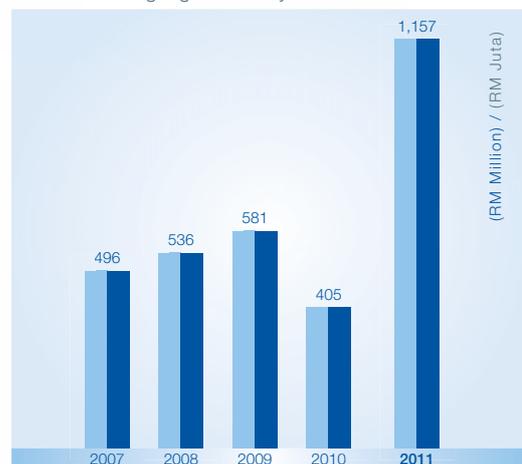
Company Total Assets
Jumlah Aset Syarikat



Company Deposit
Deposit Syarikat



Company Shareholders' Equity
Ekuiti Pemegang Saham Syarikat



Corporate Social Responsibility (CSR) Initiatives

Inisiatif Tanggungjawab Sosial Korporat

INTRODUCTION

We are a financial institution with a fine and long 60-years history. As such we are proud to be associated with the fact that long before Corporate Social Responsibility (CSR) became a buzz-word in the local financial industry, we were already well on its journey.

As part of our aspiration to be a leader in responsible corporate citizenship, MBSB seeks to collaborate with all the major actors in the environment in order to create opportunities for growth through our business. We feel providing the human touch in all our services is at the very heart of our philosophy.

This also means via our CSR initiatives we are devoted to reaching-out and building a sustainable future for all Malaysians, irrespective of race, creed and social status - resulting in enriching the lives of the internal and external communities we serve.

THE WORKPLACE

As a dedicated financial organization we recognise that the single most important force in our organisation is our employees, who have helped to transform MBSB into a strong corporate citizen. Therefore a large part of our CSR is committed to nurturing our employees.



PENGENALAN

Kami adalah sebuah institusi kewangan yang memiliki rentetan sejarah yang cemerlang sejak penubuhannya 60 tahun yang lalu. Justeru itu, kami amat berbangga kerana Tanggungjawab Sosial Korporat (CSR) merupakan sebahagian yang penting bagi kami di MBSB sebelum ia menjadi sebutan dalam industri kewangan tempatan.

Bagi memenuhi aspirasi kami untuk menjadi peneraju warga korporat yang bertanggungjawab, MBSB berusaha untuk menjalin usahasama dengan pelbagai pihak bagi mewujudkan peluang pertumbuhan melalui perniagaannya. Falsafah kami adalah untuk memberi perkhidmatan yang bersifat peribadi.

Ini juga bermakna, kami akan memberi tumpuan khas dalam usaha untuk mendekati dan membina masa depan yang mampan untuk rakyat Malaysia tanpa mengira bangsa, agama dan status sosial. Ini akan memperkayakan kehidupan komuniti dalaman dan luaran di mana kami beroperasi.

TEMPAT KERJA

Sebagai sebuah organisasi kewangan yang berdedikasi, kami percaya bahawa warga kerja kami merupakan nadi kekuatan yang membantu transformasi MBSB menjadi warga korporat yang teguh. Oleh itu memupuk warga kerja adalah sebahagian besar daripada inisiatif CSR kami.

Sehingga Disember 2011, Kumpulan mempunyai seramai 1,088 warga kerja, yang bertugas di lebih 35 pusat jualan dan perkhidmatan serta 9 pejabat perwakilan di seluruh negara. Warga kerja kami terdiri daripada masyarakat berbilang kaum dari seluruh negeri. Kami percaya bahawa ini merupakan satu tanggungjawab yang murni bagi masyarakat setempat di mana kami beroperasi.



Corporate Social Responsibility (CSR) Initiatives (cont'd)

Inisiatif Tanggungjawab Sosial Korporat (samb.)

As of December 2011, the Group had 1,088 employees, spread over 35 sales and service centres, and 9 representative offices across the country. Our workforce is represented by a multi-racial community from across the nation. We believe this is our sincere obligation in providing opportunities to the local communities we operate in.

We also believe in equal opportunities for all. Therefore we do not practice discrimination in recruitment. All our employees, male or female – irrespective of their ethnic backgrounds and social status are entitled to the same remunerations and benefits. This is to always ensure we maintain the highest standards in recruiting, developing and retaining our talent.

Towards this end we have initiated structured development programmes to help develop leadership, technical and soft skills among our different groups of employees.

For instance, in 2011 we continued to reward our staff and their family members through the MBSB High Achievement Award and MBSB Excellence Education Award.

The MBSB High Achievement Awards is given to MBSB staff when they have completed their education for their own career advancement and development. This includes programmes such as Diploma, Degree or Master. Meanwhile, the MBSB Excellence Education Award is also given as a show of appreciation to our staff members' children who have achieved excellent results in their Ujian Pencapaian Sekolah Rendah (UPSR), Pernilaian Menengah Rendah (PMR) or Sijil Pelajaran Malaysia (SPM) results.

At MBSB, we sincerely believe employees always make the difference – career development therefore, has always been one of the main thrusts in our CSR activity. In fact, this has always been our foremost belief since we had started more than six decades ago. Therefore each employee of the Bank is provided with the best tools and resources so that they can excel in their fields of choice. We are serious in growing and developing our talents.

Kami juga menyokong peluang sama rata diberikan untuk semua. Oleh itu, kami tidak mengamalkan diskriminasi dalam proses pengambilan warga kerja kami. Setiap dari mereka berhak ke atas imbuhan dan manfaat yang sama tanpa mengira latar belakang etnik dan status sosial mereka. Ini dapat memastikan agar standard pengambilan, pembangunan dan pengendalian bakat dan warga kerja dapat dikekalkan.

Bagi mencapai hasrat tersebut, kami telah melancarkan program pembangunan tersusun untuk membantu membangunkan kemahiran kepimpinan, teknikal dan kemahiran insaniah warga kerja bagi kumpulan-kumpulan yang berbeza.

"Anugerah Pencapaian Tinggi MBSB" dan "Anugerah Pendidikan Cemerlang MBSB" adalah antara ganjaran yang diberikan kepada warga kerja MBSB dan ahli keluarga mereka pada tahun 2011.

"Anugerah Pencapaian Tinggi MBSB" adalah pengiktirafan yang diberikan kepada warga kerja yang berjaya menamatkan pengajian untuk pembangunan dan kemajuan kerjaya mereka. Ia meliputi program-program seperti Diploma, Ijazah dan Sarjana. Di samping itu, "Anugerah Pendidikan Cemerlang MBSB" pula merupakan ganjaran untuk anak-anak kepada warga kerja yang telah mencatat keputusan cemerlang dalam Ujian Pencapaian Sekolah Rendah (UPSR), Pernilaian Menengah Rendah (PMR) dan Sijil Pelajaran Malaysia (SPM).

Di MBSB, kami percaya bahawa warga kerja kami adalah faktor pencetus kelainan. Pembangunan kerjaya adalah salah satu dari teras utama aktiviti CSR kami. Malah, ini telah menjadi pegangan kami sejak mula bertapak lebih enam dekad yang lalu. Sehubungan itu, kami telah menyediakan kelengkapan dan sumber yang terbaik kepada mereka agar kecemerlangan dalam bidang pilihan mereka dapat dicapai. Ini mencerminkan kesungguhan kami dalam mengembang dan membangunkan bakat-bakat di MBSB.

Warga kerja kami didedahkan kepada program-program pembangunan dalaman mahupun anjuran pihak luar bagi merealisasikan potensi mereka sepenuhnya.

Kami berpendapat bahawa peluang sebegini akan membantu perancangan gantian warga kerja di masa hadapan.



Corporate Social Responsibility (CSR) Initiatives (cont'd)

Inisiatif Tanggungjawab Sosial Korporat (samb.)

Employees are exposed to both internal, as well as external conducted talent development programmes in order to realize their full potential.

We are of the opinion such opportunities for our employees helps in our eventual succession planning.

Apart from training, MBSB also practices industry best practices in remuneration packages. All our employees are accorded a competitive compensation with a comprehensive range of benefits. We subscribe to the thinking that employee advancement is based on merit, creativity, entrepreneurship and openness.

We also strive to promote work-life balance via various sports, family, and social initiatives. In 2011 with the full support and commitment of our employees we had carried out activities such as treasure hunt, bowling tournament, paintball challenge and annual dinner.

In addition during the year, we also had carried out several activities in fulfilling the desire of up-keeping a healthy community. Among the programme we had initiated in 2011 was the Blood Donation Campaign, which had received overwhelming response from all over staff members.

Selain daripada latihan, pakej imbuhan kami adalah antara amalan terbaik industri yang diamalkan. Setiap warga kerja kami diberikan pampasan kompetitif bersama dengan manfaat yang berpelbagai. Kami percaya bahawa kemajuan warga kerja adalah berdasarkan merit, kreativiti, keusahawanan dan keterbukaan.

Kami juga berusaha untuk menggalakkan keseimbangan kerja dan kehidupan melalui pelbagai inisiatif berbentuk acara sukan, kekeluargaan dan sosial. Pada tahun 2011, kami telah berjaya menjalankan aktiviti-aktiviti seperti pencarian harta karun, kejohanan bowling, cabaran 'paintball' dan jamuan makan malam tahunan hasil dari sokongan dan komitmen padu warga kerja.

Di samping itu pada tahun yang sama kami juga telah menjalankan beberapa aktiviti bertujuan untuk menggalakkan masyarakat yang sihat. Antaranya adalah "Kempen Derma Darah" yang menerima sambutan menggalakkan daripada seluruh warga kerja MBSB.

MASYARAKAT

MBSB mempunyai rentetan sejarah yang cemerlang dalam menjalin permuafakatan dengan masyarakat setempat samada secara langsung atau tidak langsung. Usahasama ini merangkumi pelaksanaan program pendidikan, kemasyarakatan dan kemanusiaan bersama dengan agensi-agensi kerajaan, perbadanan dan pertubuhan bukan kerajaan (NGO) yang berkaitan.

Tahun 2011 telah meninggalkan kenangan yang sukar dilupakan buat kami kerana telah berpeluang melancarkan satu kempen CSR baru iaitu "Program Sejahtera". Di bawah program ini, kami telah mengenal pasti keluarga-keluarga yang mendiami rumah usang dan hidup dalam keadaan yang daif. Seajar dengan objektif kami untuk membantu mereka yang terabai, kami telah melantik kontraktor yang berwibawa untuk membina semula rumah-rumah tersebut. Usaha ini telah berjaya memberi wajah baru kepada kediaman 9 buah keluarga yang terletak di negeri Sarawak, Pahang dan Kelantan.

Dalam bidang pendidikan pula, kami meneruskan usaha untuk menyediakan peruntukan dan bantuan berbentuk peralatan kepada sekolah-sekolah yang terpilih di bawah Program "Sekolah PINTAR MBSB" yang telah kami mulakan pada tahun 2007.



Corporate Social Responsibility (CSR) Initiatives (cont'd)

Inisiatif Tanggungjawab Sosial Korporat (samb.)

THE COMMUNITY

MBSB has had a long illustrious history of working with the community that we have touched, in one way or other. Our community engagement extends to closely working with governmental agencies, corporations and non-governmental organisations (NGO) to embark on educational, community and humanitarian programmes.

The year 2011 has indeed been a memorable one for us. We were fortunate enough to launch a new CSR campaign called "Program Sejahtera". Under this banner, we had identified underprivileged families who were living in elapsed and obsolete homes that were in a sad state of disrepair. In line with our objective help the forgotten, we had appointed a suitable and reliable contractor to re-make these houses. In 2011, we managed to provide a new look to some 9 homes located in Sarawak, Pahang and Kelantan, which resulted in better living conditions.

Meanwhile, in the education arena, we continued with our provision to provide aid in cash and kind to selected schools via our "MBSB PINTAR Schools" Programme, which we had initiated in 2007.

In 2011 we further enhanced our efforts in the "PINTAR" programme by adopting six new schools located throughout the country. The identified schools were Sekolah Kebangsaan Unggun in Sabah, Sekolah Kebangsaan Haji Kelali Semera in Sarawak, Sekolah Kebangsaan Seri Geliga in Terengganu, Sekolah Kebangsaan Semenyih in Selangor, Sekolah Kebangsaan Parit Penghulu in Melaka and Sekolah Kebangsaan Telok Jamat in Kedah. Each school is located within the purview of our MBSB branches. We are of the opinion that this initiative will positively contribute to the betterment of the selected schools. Under this new initiative, one of the key projects that we had undertaken last year was the "Program Suai Kenal dan Motivasi Guru-Guru Sekolah Pintar MBSB" project. This project involved us meeting up with representatives of the Jabatan Pendidikan Negeri and Pejabat Pendidikan Daerah and teachers of the six identified schools – so as to get to understand what were the problems faced by the school, and how we could help them.

Pada tahun 2011, kami telah mempertingkatkan lagi usaha dengan mengambil enam buah sekolah angkat baru dari seluruh negara. Sekolah-sekolah tersebut ialah Sekolah Kebangsaan Unggun di Sabah, Sekolah Kebangsaan Haji Kelali Semera di Sarawak, Sekolah Kebangsaan Seri Geliga di Terengganu, Sekolah Kebangsaan Semenyih di Selangor, Sekolah Kebangsaan Parit Penghulu di Melaka dan Sekolah Kebangsaan Telok Jamat di Kedah. Setiap sekolah ini di kawal selia oleh cawangan-cawangan MBSB kami. Kami berpendapat bahawa inisiatif ini akan menyumbang secara positif kepada kebajikan sekolah-sekolah tersebut. Projek utama yang telah dijalankan adalah projek "Program Suai Kenal dan Motivasi Guru-Guru Sekolah Pintar MBSB". Projek ini melibatkan kami bertemu dengan wakil-wakil dari Jabatan Pendidikan Negeri dan Pejabat Pendidikan Daerah serta guru-guru yang terpilih dari enam buah sekolah yang terlibat dan memberi peluang kepada kami untuk memahami masalah mereka serta bagaimana kami dapat membantu menangani masalah tersebut.

Selain daripada itu, kami juga telah menganjurkan Bengkel Bahasa Inggeris bagi meningkatkan kemahiran guru-guru Bahasa Inggeris di sekolah-sekolah PINTAR MBSB.

Kami percaya ini satu peluang bagi guru-guru Bahasa Inggeris lebih bersedia untuk mengajar anak-anak murid mereka.

Di samping itu, kami juga telah menaja pakaian seragam baru dan barangan keperluan sekolah untuk pelajar-pelajar yang kurang bernasib baik di sekolah-sekolah ini. Selain daripada itu,



Corporate Social Responsibility (CSR) Initiatives (cont'd)

Inisiatif Tanggungjawab Sosial Korporat (samb.)

Apart from that we undertook organising an English Workshop to enhance the capabilities of the English teachers at the MBSB PINTAR schools. We believe this is one opportunity to allow the teachers to be better equipped in teaching the English language to the students at these schools.

In addition, we also had sponsored new uniforms, and other school necessities for the underprivileged students in these schools. Apart from this, we also rewarded top achievers – those with 5A's in Ujian Penilaian Sekolah Rendah (UPSR) 2011 at the MBSB PINTAR schools with cash and school necessities.

As the concept of CSR matures, our strategies and initiatives will definitely evolve from pure philanthropy to collaborative efforts that we feel will ultimately bring about positive change within the business and community we have a presence in.

In line with this objective we had embarked on the "Home Safety" Programme in 2008. In 2011 we continued with this programme by educating all Malaysians on home safety. We had distributed about 1,000 Home Safety Campaign CDs nationwide in making our efforts possible.

Similarly, with regards to alleviating the sufferings of some quarters of the Malaysian society, in 2011 we did our humble part by making financial contributions to the underprivileged, orphanages, single mothers, the disabled and flood relief centres. The recipients included Malaysians from all walks of life – regardless of race, gender or religious belief.

kami turut meraikan pelajar-pelajar cemerlang yang mendapat 5A dalam Ujian Penilaian Sekolah Rendah (UPSR) 2011 dengan menghadihkan wang tunai dan kelengkapan persekolahan.

Apabila konsep CSR menjadi semakin matang, strategi dan inisiatif kami juga berubah daripada memberi sumbangan dan derma, kepada usaha berbentuk kerjasama yang boleh membawa perubahan positif dalam perniagaan dan komuniti setempat di mana kami beroperasi.

Sejajar dengan objektif ini, kami telah melancarkan program "Keselamatan di Rumah" pada tahun 2008. Kami telah meneruskan program ini pada tahun 2011 dengan memberi pendidikan mengenai keselamatan di rumah kepada rakyat Malaysia. Bagi memrealisasikan usaha ini, kami telah mengedarkan sebanyak 1,000 keping cakera padat (CD) 'Kempen Keselamatan di Rumah' ke seluruh negara.

Pada masa yang sama, kami juga telah menjalankan tanggungjawab untuk mengurangkan penderitaan yang dihadapi oleh sesetengah masyarakat Malaysia dengan menghulurkan sumbangan kewangan kepada golongan kurang bernasib baik, rumah-rumah anak yatim, ibu-ibu tunggal dan Orang Kurang Upaya (OKU) serta pusat-pusat bantuan banjir. Mereka yang menerima bantuan ini meliputi rakyat Malaysia daripada semua lapisan masyarakat tanpa mengira bangsa, jantina atau agama.

Dalam perkembangan lain, kami turut menaja program untuk pelanggan korporat bagi mengukuh dan mengeratkan lagi hubungan di antara MBSB dengan komuniti yang mempunyai hubungan dengan kami. Malah, semasa perayaan Aidiladha pada 2011, pejabat-pejabat Wilayah kami di seluruh Malaysia telah mengambil bahagian dalam Program Qurban di wilayah masing-masing.



Corporate Social Responsibility (CSR) Initiatives (cont'd)

Inisiatif Tanggungjawab Sosial Korporat (samb.)

On another note in 2011, we also sponsored selected corporate clients' programmes to strengthen and boost our ties and relationships within the community we had ties with. In fact, during the Aidiladha celebrations, our Regional Offices located throughout Malaysia participated in the "Qurban" Programmes, within their regions.

MARKETPLACE

At the heart of our culture is excellence. We strive to create an environment where talent and professionalism is nurtured and taken note. Thus we highly look upon the characteristics of honesty, openness and ethics. We will not compromise on these criteria. Therefore, promoting good customer relations has always been our priority, and a vital part of our business strategy. As such, the much anticipated launching of our "Service with a Smile Campaign" in 2011 showed our deep desire towards total customer satisfaction, and the pledge to bring about equitable solutions to any sort of problem that might arise when dealing with our customers. In line with this objective, we create customised internal programmes for all our staff to enhance our customer service levels.

We also believe that as a foremost financial institution we have a moral obligation and responsibility to our customers when servicing them. Therefore, we will provide any form of financial assistance in a socially responsible manner.

As part of our assurance to our employees and to the society at large we always try to practise environmental preservation. To this end, environmental management programmes such as recycling campaigns, air pollution controls and waste management programmes have been continuously deployed to achieve our objectives. Though the efforts may be small, nevertheless it has contributed to our overall profitability, not to forget the sustainability of our beloved environment.

Last but not least we continuously maintain high standards of Occupational Safety and Health management practices, which we had introduced in 2007.

PASARAN

Kecemerlangan merupakan nadi budaya kami. Kami sentiasa berusaha untuk mewujudkan persekitaran di mana bakat dan profesionalisme dipupuk dan diberi perhatian. Justeru, kami sangat menitikberatkan ciri-ciri kejujuran, keterbukaan dan etika. Kami tidak akan memandang mudah terhadap kriteria ini. Oleh itu, hubungan pelanggan yang baik adalah keutamaan kami kerana ia merupakan sebahagian yang penting dalam strategi perniagaan kami. Sehubungan itu, pelancaran "Kempen Perkhidmatan dengan Senyuman 2011" menggambarkan hasrat kami untuk mencapai tahap kepuasan pelanggan yang menyeluruh, dan kami berikrar untuk memberi penyelesaian yang adil terhadap sebarang masalah yang timbul semasa berurusan dengan pelanggan kami. Selaras dengan objektif ini, kami telah merangka program-program dalaman khusus buat warga kerja kami bagi meningkatkan lagi tahap perkhidmatan pelanggan.

Kami juga percaya bahawa sebagai sebuah institusi kewangan yang terkemuka, kami memikul kewajipan dan tanggungjawab moral kepada pelanggan-pelanggan kami semasa memberi khidmat kepada mereka. Oleh itu, kami akan terus menyediakan apa jua bentuk bantuan kewangan secara bertanggungjawab.

Sebagai sebahagian daripada jaminan kepada kakitangan kami dan masyarakat umum, kami sentiasa cuba untuk mengamalkan pemuliharaan alam sekitar. Sehubungan dengan itu, program pengurusan alam sekitar seperti kempen kitar semula, kawalan pencemaran udara dan program pengurusan sisa sentiasa dijalankan bagi mencapai objektif kami. Walaupun usaha tersebut mungkin kecil, namun ia telah berjaya menyumbang kepada keuntungan keseluruhan kami, bahkan turut menyumbang kepada kemampanan alam sekitar yang kita cintai.

Tidak dilupakan kami juga sentiasa mengekalkan piawaian tinggi dalam amalan pengurusan Keselamatan dan Kesihatan Pekerjaan yang diperkenalkan pada tahun 2007.



Statement on Internal Control

Penyata Kawalan Dalaman

BOARD'S RESPONSIBILITY

The Board acknowledges overall responsibility and recognizes the importance of maintaining a sound system of internal control and for reviewing its adequacy and integrity so as to safeguard shareholders' investments and the Group's assets. The Board endeavours to maintain an adequate system of organization-wide internal control with integrity.

Due to the limitations that are inherent in any system of internal controls, this system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable but not absolute assurance against material misstatement, fraud or loss occurrence.

The Board remains committed towards operating a sound system of internal control and therefore recognize that the system must continuously evolve to support the Group's businesses and operations in a dynamic business environment. As such, the Board in striving for continuous improvement will put in place appropriate action plans, when and where necessary to further enhance the Group's system of internal control.

RISK MANAGEMENT

The Board through its Audit & Risk Management Committee (ARMCO) assumes overall responsibility for overseeing the Group's risk.

The Board regards risk management as an integral part of business operations and confirms that there is an on-going process of identifying, evaluating, monitoring, managing and reporting on the significant risks that may affect the achievement of its business objectives. The Board has also reviewed and improved the risk management framework to strengthen the risk management policies and tightened the relevant internal controls.

The Board is supported by a number of established Board Committees in the execution of its responsibilities namely, Executive Committee (EXCO); Audit & Risk Management Committee (ARMCO); Arrears Recovery Committee (ARC); and Nominating & Remuneration Committee, details of which are set out in the Statement on Corporate Governance. Each committee has clearly defined terms of reference.

The Board has put in place the ARMCO as driver for identifying principal risks and ensuring the implementation of appropriate systems to manage these risks. The ARMCO is responsible for monitoring, overseeing and evaluating the duties and responsibilities of Management, the Internal Audit Division and the Group Risk Management Division as those duties and responsibilities relate to MBSB's processes for controlling its operations.

TANGGUNGJAWAB LEMBAGA PENGARAH

Lembaga Pengarah menyedari akan kepentingan keseluruhan tanggungjawab dan untuk mengekalkan sistem kawalan dalaman yang kukuh dan juga untuk mengkaji kelengkapan dan integriti bagi melindungi pelaburan pemegang saham dan aset Kumpulan. Lembaga juga berusaha untuk mengekalkan sistem kawalan di seluruh organisasi dalaman dengan penuh integriti.

Oleh kerana wujudnya had-had dan kekurangan dalam mana-mana sistem kawalan dalaman, sistem ini telah direka untuk mengurus dan bukannya untuk menghapuskan risiko kegagalan dalam mencapai objektif perniagaan. Oleh itu ia hanya boleh memberikan jaminan yang munasabah terhadap sesuatu kejadian dan bukan mutlak terhadap salah nyata, penipuan atau kerugian.

Lembaga Pengarah terus komited untuk mengendalikan sistem kawalan dalaman yang kukuh dan dengan itu menyedari bahawa sistem ini perlu terus berkembang untuk menyokong perniagaan dan operasi Kumpulan dalam persekitaran perniagaan yang dinamik. Oleh itu juga, Lembaga dalam usaha untuk meneruskan penambahbaikan akan memasukkan ke dalam pelan tindakan sewajarnya, bila dan di mana ia perlu untuk meningkatkan lagi sistem kawalan dalaman Kumpulan.

PENGURUSAN RISIKO

Lembaga melalui Jawatankuasa Audit & Jawatankuasa Pengurusan Risiko (ARMCO) memikul tanggungjawab keseluruhan untuk memantau pengurusan risiko Kumpulan.

Lembaga menganggap pengurusan risiko adalah sebahagian daripada operasi perniagaan dan telah mengesahkan bahawa terdapat proses berterusan yang dilaksanakan untuk mengenal pasti, menilai, memantau, mengurus dan melaporkan risiko-risiko penting yang mungkin menjejaskan pencapaian objektif perniagaan. Lembaga Pengarah juga telah mengkaji semula dan memperbaiki rangka kerja pengurusan risiko untuk mengukuhkan polisi-polisi pengurusan risiko dan mengetatkan kawalan dalaman yang berkenaan.

Lembaga ini disokong oleh beberapa Jawatankuasa Lembaga yang ditubuhkan dalam melaksanakan tanggungjawabnya seperti, Jawatankuasa Eksekutif (EXCO), Jawatankuasa Pengurusan Risiko & Audit (ARMCO), Jawatankuasa Tunggakan Pemulihan (ARC) dan Jawatankuasa Pencalonan & Ganjaran. Keterangan lanjut juga disertakan di dalam Penyata Pentadbiran Pengurusan Korporat dimana setiap terma-terma rujukan jawatankuasa telah ditakrifkan dengan jelas.

Lembaga Pengarah telah meletakkan ARMCO sebagai pemandu untuk mengenal pasti risiko-risiko utama dan memastikan pelaksanaan sistem yang bersesuaian untuk mengurus risiko-risiko ini. ARMCO bertanggungjawab untuk memantau, menyelia dan menilai tugas serta tanggungjawab Pengurusan, Bahagian Audit Dalaman dan Bahagian Pengurusan Risiko Kumpulan serta tugas-tugas dan tanggungjawab yang berkaitan dengan proses MBSB untuk mengawal operasinya.

Statement on Internal Control (cont'd)

Penyata Kawalan Dalaman (samb.)

The ARMCO maintains overall responsibility for risk oversight within MBSB which includes inter-alia reviewing and approving risk management policies and limits, overseeing risk exposure and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for risk management activities.

The ARMCO is also responsible for determining that all major issues reported by the internal auditors, external auditor and other outside advisors have been satisfactorily resolved. Finally, the ARMCO is responsible for reporting to the Board of Directors all important matters pertaining to the Group's operation.

Responsibility for implementing the Group's strategies and day-to-day businesses are delegated to Management. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The Management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Dedicated management committees namely, Credit and Rehabilitation Assessment Committee (CARAC); Retail Loans Committee; Asset Liability Committee (ALCO); Management Committee (MANCO); and IT Steering Committee assist ARMCO, EXCO and Board in managing credit risk, operational risk, market risk and liquidity risks. These committees are responsible for overseeing the development and assessing the effectiveness of policies approved by the Board. MANCO oversee the execution and implementation of the policies whereas Internal Audit Division ensures compliance to these policies.

The Group has an adequately resourced internal audit function which reports directly to ARMCO. Its primary responsibility is to provide the ARMCO with reasonable assurance that the Group's internal control system continues to operate adequately and effectively.

The annual audit plan is developed using a risk-based approach and is reviewed and approved by ARMCO. During the year, the Internal Audit Division has carried out independent and objective reviews in accordance with the approved audit plan covering financial accounting, operational and compliance controls. Based on these reviews, the function has provided the ARMCO with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal controls.

ARMCO mengekalkan tanggungjawab keseluruhan bagi pengawasan risiko di dalam MBSB yang termasuk antara lain mengkaji semula dan meluluskan polisi pengurusan risiko dan had, memantau pendedahan risiko dan komposisi portfolio, dan memastikan bahawa infrastruktur, sumber dan sistem disertakan untuk aktiviti-aktiviti pengurusan risiko.

ARMCO juga bertanggungjawab untuk menentukan bahawa semua isu-isu utama yang dilaporkan oleh juruaudit dalaman, juruaudit luar dan lain-lain penasihat luar diselesaikan. Jawatankuasa ini bertanggungjawab untuk melaporkan kepada Lembaga Pengarah semua perkara-perkara penting yang berkaitan dengan operasi Kumpulan.

Tanggungjawab untuk melaksanakan strategi Kumpulan dan pengurusan perniagaan diwakilkan kepada pihak Pengurusan. Struktur organisasi telah menyatakan pengasingan yang jelas mengenai peranan dan tanggungjawab, akauntabiliti dan tahap kuasa untuk memastikan pengawasan yang berkesan dan bebas. Pengurusan membantu Lembaga dalam melaksanakan dasar-dasar yang diluluskan oleh Lembaga Pengarah, melaksanakan prosedur kawalan risiko dan pembangunan, mengendalikan dan memantau kawalan dalaman untuk mengurangkan dan mengawal risiko-risiko yang dapat dikenal pasti.

Jawatankuasa-jawatankuasa pengurusan seperti Jawatankuasa Penilaian Kredit dan Pemulihan (CARAC); Jawatankuasa Pinjaman Runcit; Jawatankuasa Aset Liabiliti (ALCO); Jawatankuasa Pengurusan (MANCO); dan Jawatankuasa Pemandu IT membantu ARMCO, EXCO dan Lembaga Pengarah dalam pengurusan risiko kredit, risiko operasi, risiko pasaran dan risiko mudah tunai. Jawatankuasa ini adalah bertanggungjawab untuk memantau pembangunan dan menilai keberkesanan dasar-dasar yang diluluskan oleh Lembaga. MANCO pula menyelia pelaksanaan dan pelaksanaan dasar-dasar manakala Bahagian Audit Dalaman memastikan pematuhan kepada dasar-dasar ini.

MBSB mempunyai sumber fungsi audit dalaman yang melapor terus kepada ARMCO. Tanggungjawab utamanya adalah untuk memberikan Jawatankuasa jaminan yang munasabah bahawa sistem kawalan dalaman Kumpulan terus beroperasi dengan secukupnya dan berkesan.

Pelan audit tahunan dibangunkan menggunakan pendekatan berasaskan risiko yang dikaji semula dan diluluskan oleh ARMCO. Pada tahun ini, Bahagian Audit Dalaman telah menjalankan ulasan yang bebas dan objektif yang selaras dengan pelan audit yang diluluskan yang meliputi perakaunan kewangan, operasi dan kawalan pematuhan. Berdasarkan kepada ulasan ini, ARMCO telah disediakan dengan laporan berkala yang menyetengahkan pemerhatian, cadangan dan pelan tindakan pihak pengurusan untuk memperbaiki sistem kawalan dalaman.

Statement on Internal Control (cont'd)

Penyata Kawalan Dalaman (samb.)

GROUP RISK MANAGEMENT DIVISION

The risk management processes of the Group have been enhanced with the strengthening of the Group Risk Management Division (GRM). The GRM is headed by the Chief Risk Officer and is responsible for communicating to the Board/ARMCO the critical risks the Group faces, their changes and the action plans to manage these risks.

The GRM continues to provide advice and guidance on the corporate and business risk to the Group. The scope of advice serves to manage and control significant risk exposures inherent in the Group's business operations and cover the following areas:

- a) Identify significant risks and ensure the implementation of appropriate risk management framework and guidance to manage these risks.
- b) Reviewing the adequacy and integrity of the Group's internal control systems and management information system, including systems of compliance with applicable laws, regulations, rules, directives and guidelines.
- c) Conducted risk awareness forum for the management with the objective of providing comprehensive risk understanding and the implication on the operation, financial, and compliance.

The GRM participates in the development of market risk policies and the establishment of credit and operational risks policies. It reviews compliance with set risk limits and identifies emerging risk issues. It has representation in decision-making meetings of the ALCO; Retail Loan Committee; CARAC and IT Steering Committee.

In year 2011, a series of meetings and workshops with business and support units were conducted to enhance their understanding and knowledge of risk management. The key risks identified through this process were subsequently consolidated and documented in the Manuals/Standard Operating Procedures (SOPs) and presented to the relevant committee and ARMCO for approval and adoption.

In year 2011, the Group has developed and implemented the credit scorecards for the corporate business (Corporate Business Division) and the mortgage loan (Retail Business Division) portfolio to meet the changes in operating environment as part of the continuous improvement in risk management. The corporate business and the mortgage scorecards were developed, approved and implemented in May 2011 and August 2011, respectively, with the purpose to assist in the decision making process by respective credit processing units.

BAHAGIAN PENGURUSAN RISIKO KUMPULAN

Proses pengurusan risiko Kumpulan telah dipertingkatkan dengan pengukuhan Bahagian Pengurusan Risiko Kumpulan (GRM). GRM ini diketuai oleh Ketua Pegawai Risiko yang bertanggungjawab untuk berkomunikasi kepada Lembaga/ARMCO mengenai risiko-risiko kritikal yang dihadapi oleh Kumpulan, perubahan dan juga pelan tindakan untuk menguruskan risiko-risiko ini.

GRM terus memberikan nasihat dan bimbingan mengenai risiko korporat dan perniagaan Kumpulan. Skop nasihat ini berperanan untuk mengurus dan mengawal pendedahan risiko yang penting yang wujud dalam operasi perniagaan Kumpulan dan meliputi bidang-bidang seperti berikut:

- a) Mengenal pasti risiko dan memastikan pelaksanaan rangka kerja pengurusan risiko yang sesuai dan memberi bimbingan untuk menguruskan risiko-risiko ini.
- b) Mengkaji semula kelengkapan dan integriti sistem kawalan dalaman Kumpulan dan sistem pengurusan maklumat, termasuk sistem pematuhan undang-undang bersesuaian, peraturan, kaedah, arahan serta garis panduan.
- c) Menjalankan forum kesedaran pengurusan risiko dengan objektif bagi menyediakan pemahaman risiko yang menyeluruh dan implikasinya ke atas operasi, kewangan, dan pematuhan.

GRM juga mengambil bahagian dalam pembangunan dasar risiko pasaran dan penubuhan kredit dan operasi dasar risiko. Ia akan mengkaji pematuhan dengan had risiko dan mengenal pasti isu risiko yang bakal muncul. Ia mempunyai perwakilan dalam setiap mesyuarat penentuan oleh ALCO; Jawatankuasa Pinjaman Runcit; CARAC dan juga Jawatankuasa Pemandu Teknologi Maklumat.

Dalam tahun 2011, satu siri mesyuarat dan bengkel dengan unit-unit perniagaan dan sokongan yang telah dijalankan untuk meningkatkan kefahaman dan pengetahuan tentang pengurusan risiko. Risiko-risiko utama yang telah dikenal pasti melalui proses ini kemudiannya disatukan dan didokumenkan dalam Manual/Prosedur Operasi Standard (SOP) dan dibentangkan kepada jawatankuasa yang berkaitan dan ARMCO untuk kelulusan dan penerimaan.

Dalam tahun yang sama, Kumpulan telah membangunkan dan melaksanakan kad skor kredit untuk perniagaan korporat (Bahagian Perniagaan Korporat) dan portfolio pinjaman gadai janji (Bahagian Perniagaan Runcit) untuk memenuhi perubahan dalam persekitaran operasi sebagai sebahagian daripada penambahbaikan berterusan dalam pengurusan risiko. Kad skor kredit bagi perniagaan korporat dan gadai janji telah dibangunkan dan diluluskan serta dilaksanakan pada bulan Mei 2011 dan Ogos 2011. Tujuan kad skor diperkenalkan adalah untuk membantu unit-unit pemprosesan kredit dalam membuat keputusan berkenaan kredit.

Statement on Internal Control (cont'd)

Penyata Kawalan Dalaman (samb.)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from group risk management and internal audit, the other key elements of the Group's system of internal control include:

- Whenever required, relevant Board committees are established with specific responsibilities delegated by the Board to deliberate on matters within the respective scope of responsibility. The committees are guided by written terms of reference and their minutes of meetings are tabled to the Board.
- MBSB has a well-defined organizational structure with clear lines of accountability and has strict authorization, approval and control procedures within which senior management operates. A process of hierarchical reporting has been established which provides for a documented trail of accountability.
- Implementation of business planning for the next financial year and integrated budget process with established ownership of business objectives, plans and the expected financial outcome based on the Board's approved Budget Plan (2011 - 2015).
- ARMCO on behalf of the Board regularly reviews internal control issues identified in reports prepared by the internal auditors and external auditors and the related actions taken by Senior Management.
- The Board of Directors reviews the operational and financial performance of the Group. Management reports are presented to the Board each quarter providing financial information, including key performance indicators.
- MANCO and ALCO comprises Senior Management with responsibilities that include execution of the following controls:
 - i. Quality assurance on key information and performance report to the Board.
 - ii. Partnership with ARMCO and Internal Audit Division to address any internal control issues.
These management committees are held on a regular basis to identify, discuss and resolve operational, financial and key management issues.
- In year 2011, Management reviews and updates on SOPs from time to time are performed to reflect changing risks or processes and internal control improvements while ensuring that documentation remains current. A structure for organization-wide control and custodian of the Manuals has been established. Continuous effort are undertaken to ensure standardization, timeliness, comprehensiveness of Manuals including authorization, accountability and monitoring processes. All revised manuals/SOPs are required to be retabled to ARMCO for approvals, highlighting relevant changes.

ELEMEN-ELEMEN UTAMA KAWALAN DALAMAN

Selain daripada kumpulan pengurusan risiko dan audit dalaman, unsur-unsur utama sistem kawalan dalaman Kumpulan yang lain adalah termasuk:

- Jika dan apabila perlu, jawatankuasa Lembaga Pengarah yang relevan akan ditubuhkan dengan tanggungjawab tertentu yang dianggotai oleh Lembaga Pengarah untuk membincangkan perkara-perkara dalam skop tanggungjawab masing-masing. Jawatankuasa ini akan berfungsi berpandukan terma-terma rujukan yang bertulis dan minit mesyuarat kemudiannya akan dibentangkan kepada Lembaga.
- MBSB mempunyai struktur organisasi yang ditakrifkan dengan akauntabiliti yang jelas dan mempunyai prosedur kawalan dan kelulusan dalam pengurusan kanan operasi. Proses laporan berhierarki juga dilaksanakan bagi menggariskan akauntabiliti yang telah disenaraikan.
- Perlaksanaan perancangan perniagaan bagi tahun kewangan yang akan datang dan proses belanjawan bersepadu dengan pemilikan yang ditubuhkan dengan objektif perniagaan, pelan dan jangka hasil kewangan berdasarkan Pelan Bajet Lembaga yang telah diluluskan bagi tahun 2011 - 2015.
- ARMCO pada pihak Lembaga sentiasa mengkaji isu-isu kawalan dalaman yang telah dikenal pasti dalam laporan yang disediakan oleh juruaudit dalaman dan juruaudit luar dan tindakan berkaitan yang diambil oleh Pengurusan Kanan.
- Lembaga Pengarah sentiasa mengkaji semula prestasi operasi dan kewangan Kumpulan. Laporan Pengurusan dikemukakan kepada Lembaga Pengarah setiap suku tahun yang menyediakan maklumat kewangan, termasuk petunjuk prestasi utama (KPI).
- MANCO dan ALCO yang terdiri daripada Pengurusan Kanan bertanggungjawab terhadap pelaksanaan kawalan seperti berikut:
 - i) Jaminan kualiti ke atas maklumat-maklumat penting dan laporan prestasi yang disediakan kepada Lembaga.
 - ii) Kerjasama antara ARMCO dan Bahagian Audit Dalaman untuk menangani isu-isu kawalan dalaman.
Jawatankuasa pengurusan ini diadakan secara berkala untuk mengenal pasti, membincang dan menyelesaikan isu-isu pengurusan, operasi, dan kewangan.
- Dalam tahun 2011, ulasan daripada pihak Pengurusan dan maklumat terkini tentang SOP dikemaskini dari semasa ke semasa untuk mencerminkan risiko yang berubah atau proses dan penambahbaikan kawalan dalaman di samping memastikan bahawa maklumat pendokumenan kekal semasa. Satu struktur kawalan di seluruh organisasi dan penjagaan Manual telah ditubuhkan. Usaha berterusan dijalankan untuk memastikan standard Manual ini menepati masa, komprehensif dan termasuk juga proses akauntabiliti dan pemantauan. Semua Manual/ SOP yang telah disemak semula akan dibentangkan semula ke ARMCO untuk kelulusan, dengan menyatakan perubahan yang berkaitan.

Statement on Internal Control (cont'd)

Penyata Kawalan Dalaman (samb.)

- The Internal Audit Division reporting to ARMCO performs systematic and regular reviews of key processes via audit of departments and branches in an effort to assess the effectiveness, adequacy and integrity of internal controls including compliances. Areas of improvement and proposed recommendations are highlighted to Senior Management and ARMCO with a periodic follow-up review on actions taken.
- Employees are bound to observe prescribed standards of business ethics when conducting themselves at work and in their relationship with external parties, such as customers and suppliers. Employees are expected to comply with the Code of Conduct and Ethics to conduct themselves with integrity and objectivity and not be placed in a position of conflict of interest.
- The Group is constantly assessing new trends and development on fraud continuously. To this extent the Fraud & Corruption Control Policy has been approved by ARMCO in 2009 and has been disseminated to all employees.
- Training initiatives covering risk awareness are carried out to further strengthen MBSB's view on its non-tolerance to fraud. In instances where fraud cases are brought to light, a formal investigation was conducted and stern action was taken against the relevant parties.
- Continuous education/training for employees on the importance of governance, risk management and internal control as part of their development programme.
- Bahagian Audit Dalaman yang melapor kepada ARMCO akan melaksanakan ulasan proses yang sistematik dan tetap melalui audit jabatan-jabatan dan cawangan dalam usaha untuk menilai keberkesanan, kecukupan dan integriti kawalan dalaman termasuk pematuhan. Kawasan pembaikan dan cadangan yang disyorkan akan dibenteng kepada Pengurusan Kanan dan ARMCO. Kajian semula berkala juga dijalankan bagi mengambil tindakan susulan berhubung tindakan yang telah dilakukan.
- Pekerja-pekerja adalah terikat untuk mematuhi piawaian etika perniagaan yang ditetapkan apabila di tempat kerja dan dalam hubungan mereka dengan pihak luar seperti pelanggan dan pembekal. Pekerja dikehendaki mematuhi Kod Kelakuan dan Etika dengan integriti dan objektiviti agar tidak diletakkan dalam kedudukan konflik kepentingan.
- Kumpulan ini sentiasa meneliti pembangunan dan cara terbaru mengenai penipuan secara berterusan. Setakat ini Dasar Penipuan & Kawalan Rasuah telah diluluskan oleh ARMCO pada tahun 2009 dan telah dimaklumkan kepada semua pekerja dan ahli untuk pengetahuan mereka.
- Latihan-latihan yang meliputi kesedaran risiko sentiasa dijalankan sebagai inisiatif untuk mengukuhkan lagi MBSB terhadap pencegahan penipuan. Dalam keadaan di mana kes-kes penipuan yang telah dihadapi, siasatan rasmi telah dijalankan dan tindakan tegas telah diambil terhadap pihak-pihak yang berkenaan.
- Pendidikan/latihan tentang kepentingan urus tadbir, pengurusan risiko dan kawalan dalaman yang berterusan sentiasa diberi sebagai sebahagian daripada program pembangunan Kumpulan.

CONCLUSION

The Board confirms that the system of internal control with the key elements highlighted above was in place during the financial year, except where stated otherwise. The system is subjected to regular reviews by the Board. The Board believes that the system of internal controls of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.

The statement was approved by the Board of Directors on 20th February 2012.

KESIMPULAN

Lembaga mengesahkan bahawa sistem kawalan dalaman dengan unsur-unsur utama yang diperkatakan di atas adalah yang dijalankan pada tahun kewangan, kecuali jika dinyatakan sebaliknya. Sistem ini adalah tertakluk kepada kajian oleh Lembaga. Lembaga percaya bahawa sistem kawalan dalaman Kumpulan adalah kukuh dan mencukupi untuk melindungi pelaburan pemegang saham dan aset Kumpulan.

Pernyataan ini telah diluluskan oleh Lembaga Pengarah pada 20 Februari 2012.

Report of The Audit & Risk Management Committee

Laporan Jawatankuasa Pengurusan Audit & Risiko

During the financial year ended 31 December 2011, a total of 11 Audit & Risk Management Committee (Committee) meetings were held. The Committee comprises the following members and details of their attendance of meetings held during the financial year are as follows:-

Name of Members	Number of Meetings Attended / Held
Encik Aw Hong Boo ¹ (Chairman / Independent Non-Executive Director)	11/11
Encik Lim Tian Huat ² (Independent Non-Executive Director)	8/8
Dato' Shahril Ridza Ridzuan ³ (Non-Independent Non-Executive Director)	1/1
Encik Lau Tiang Hua ⁴ (Chairman / Independent Non-Executive Director)	3/3
Encik Khalid Haji Sufat ⁵ (Independent Non-Executive Director)	7/7
Puan Cindy Tan Ler Chin ⁶ (Non-Independent Non-Executive Director)	8/8

Notes:-

- ¹ Appointed as Chairman of the Audit & Risk Management Committee on 31 March 2011
- ² Appointed as a Member on 4 April 2011
- ³ Appointed as a Member on 30 November 2011
- ⁴ Retired as a Member and Chairman of the Audit & Risk Management Committee on 31 March 2011
- ⁵ Resigned as a Member on 2 September 2011
- ⁶ Resigned as a Member on 30 November 2011

SUMMARY OF ACTIVITIES OF THE AUDIT & RISK MANAGEMENT COMMITTEE

During the financial year, the main activities undertaken by the Committee in accordance with its terms of reference are summarised as follows: -

1 Financial Reporting

- a) Reviewed the quarterly unaudited financial results of MBSB and MBSB Group prior to recommending to the Board of Directors for approval.
- b) Reviewed the annual audited financial statements of MBSB and MBSB Group with the external auditors prior to recommending to the Board of Directors for approval.

The above reviews were to ensure that the financial reporting and disclosures are in compliance with the:-

- Provisions of the Companies Act 1965;
- Listing Requirements of Bursa Malaysia Securities Berhad;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements

Jawatankuasa Audit & Pengurusan Risiko (Jawatankuasa) telah bermesyuarat 11 kali pada tahun kewangan berakhir 31 Disember 2011. Berikut adalah senarai ahli Jawatankuasa dan maklumat kehadiran mereka di mesyuarat yang diadakan pada tahun kewangan ini:-

Nama Ahli-Ahli	Bilangan Mesyuarat Dihadiri / Diadakan
Encik Aw Hong Boo ¹ (Pengerusi / Pengarah Bukan Eksekutif Bebas)	11/11
Encik Lim Tian Huat ² (Pengarah Bukan Eksekutif Bebas)	8/8
Dato' Shahril Ridza Ridzuan ³ (Pengarah Bukan Eksekutif Bukan Bebas)	1/1
Encik Lau Tiang Hua ⁴ (Pengerusi / Pengarah Bukan Eksekutif Bebas)	3/3
Encik Khalid Haji Sufat ⁵ (Pengarah Bukan Eksekutif Bebas)	7/7
Puan Cindy Tan Ler Chin ⁶ (Pengarah Bukan Eksekutif Bukan Bebas)	8/8

Nota:-

- ¹ Dilantik sebagai Pengerusi Jawatankuasa Audit & Pengurusan Risiko pada 31 Mac 2011
- ² Dilantik sebagai Ahli pada 4 April 2011
- ³ Dilantik sebagai Ahli pada 30 November 2011
- ⁴ Bersara daripada menjadi Ahli dan Pengerusi Jawatankuasa Audit & Pengurusan Risiko pada 31 Mac 2011
- ⁵ Bersara daripada menjadi Ahli pada 2 September 2011
- ⁶ Bersara daripada menjadi Ahli pada 30 November 2011

RINGKASAN AKTIVITI JAWATANKUASA AUDIT & PENGURUSAN RISIKO

Pada tahun kewangan, aktiviti-aktiviti utama yang dijalankan oleh Jawatankuasa Audit & Pengurusan Risiko (Jawatankuasa) selaras dengan terma rujukannya adalah seperti yang diringkaskan di bawah: -

1 Laporan Kewangan

- a) Mengkaji keputusan kewangan suku tahun MBSB dan Kumpulan MBSB yang belum diaudit sebelum disyorkan kepada Lembaga Pengarah untuk kelulusan.
- b) Mengkaji penyata kewangan tahunan beraudit MBSB dan Kumpulan MBSB dengan juruaudit luar sebelum disyorkan kepada Lembaga Pengarah untuk kelulusan.

Kajian-kajian di atas adalah untuk memastikan supaya laporan kewangan dan pendedahan mematuhi: -

- Peruntukan Akta Syarikat 1965;
- Penyenaiaan Keperluan Bursa Malaysia Securities Berhad;
- Piawaian perakaunan diluluskan yang digunapakai di Malaysia;
- Keperluan-keperluan undang-undang dan penguatkuasaan lain

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

In the review of the annual audited financial statements, the Audit & Risk Management Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements

Dalam kajian penyata kewangan tahunan beraudit, Jawatankuasa telah berbincang dengan Pengurusan dan juruaudit luar tentang prinsip dan piawaian perakaunan yang telah digunakan dan pertimbangan mereka terhadap perkara-perkara yang boleh menjejaskan penyata kewangan.

2 Internal Audit

- a) Reviewed and approved the annual Internal Audit Plan to ensure adequacy of scope and coverage of the auditable areas including the Internal Audit resource requirements.
- b) Reviewed the status of completion of the Internal Audit Plan and assessed the performance of Internal Audit Division.
- c) Reviewed the internal audit reports tabled during the year, which outlined the audit issues, recommendations and management's response thereof. Discussed with management and where appropriate, directed management to rectify and improve the system of internal controls and workflow processes based on the internal auditors' recommendations for improvement.
- d) Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

2 Audit Dalaman

- a) Mengkaji dan meluluskan Rancangan Audit Dalaman tahunan bagi memastikan kecukupan skop dan liputan bidang-bidang yang boleh diaudit termasuk keperluan sumber Audit Dalaman.
- b) Mengkaji status pencapaian Pelan Audit Dalaman dan menilai prestasi Bahagian Audit Dalaman.
- c) Mengkaji laporan audit dalaman yang dibentangkan pada tahun ini, yang menggariskan isu-isu audit, saranan dan tindak balas pengurusan mengenainya. Berbincang dengan pengurusan dan di mana sesuai, mengarahkan pengurusan untuk memperbetulkan dan menambah baik sistem kawalan dalaman dan proses aliran kerja berdasarkan saranan juruaudit dalaman untuk penambahbaikan.
- d) Memantau tindakan pembedaan yang diambil berhubung isu-isu audit yang tertunggak bagi memastikan supaya semua risiko dan kelemahan kawalan utama telah ditangani.

3 External Audit

- a) Reviewed with the external auditors: -
 - Their audit planning memorandum for the year ended 31 December 2011 comprising their audit plan, audit strategy and scope of work for the year.
 - Their annual audit report and management letter together with management's response to the findings of the external auditors.
 - Updates of new developments on Financial Reporting Standards issued by the Malaysian Accounting Standards Board.
- b) Met the external auditors twice for discussion without the presence of the Management.
- c) Evaluate the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their audit fees and for their reappointment to hold office until the conclusion of the next annual general meeting.

3 Audit Luar

- a) Mengkaji dengan juruaudit luar: -
 - Memorandum perancangan audit mereka bagi tahun berakhir 31 Disember 2011 yang meliputi rancangan audit, strategi audit dan skop kerja mereka bagi tahun tersebut.
 - Laporan audit tahunan dan surat pengurusan berserta tindak balas pengurusan terhadap penemuan juruaudit luar.
 - Kemaskini perkembangan baru mengenai Piawaian Laporan Kewangan yang dikeluarkan oleh Lembaga Piawaian Perakaunan Malaysia.
- b) Bermesyuarat dengan juruaudit luar sebanyak dua kali untuk berbincang tanpa kehadiran Pengurusan.
- c) Menilai prestasi dan keberkesanan juruaudit luar dan mengemukakan saranan kepada Lembaga Pengarah berhubung yuran audit dan pelantikan semula mereka untuk memegang jawatan sehingga tamat mesyuarat agung tahunan yang akan datang.

4 Policy Review and Other Matters

- a) Reviewed the Group Risk Management, Human Resource, Project Management & Monitoring and Branch Network Divisions' revised or newly introduced policies prior recommending to the Board of Directors for approval.

4 Kajian Dasar dan Perkara-perkara Lain

- a) Mengkaji dasar Bahagian Pengurusan Risiko Kumpulan, Sumber Manusia, Pengurusan & Pemantauan Projek dan Rangkaian Cawangan yang disemak semula atau baru diperkenalkan sebelum disyorkan kepada Lembaga Pengarah untuk kelulusan.

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

- b) Reviewed the Report of Audit & Risk Management Committee for inclusion in the MBSB's 2011 Annual Report before recommending to the Board for approval.
- c) Reviewed the disclosure statements on compliance with the Malaysian Code on Corporate Governance and the statement of internal controls on the annual audited financial statements for inclusion in the MBSB's 2011 Annual Report before recommending to the Board for approval.
- d) Tabled the minutes of each Audit & Risk Management Committee meeting to the Board for notation, and for further direction by the Board, where necessary.
- e) Verified the adjustment to the exercise price and allocation pursuant to item 15.1 of the ESOS By-Laws.
- f) Verified the allocation of options to ensure compliance with the criteria for allocation pursuant to the share scheme for employees.

During the year, the Committee members have attended the relevant training programmes, conferences and seminars as detailed out on page 46 to 47 of the Annual Report:-

STATEMENT ON INTERNAL AUDIT FUNCTION

The internal audit function is performed in-house and undertaken by MBSB's Internal Audit Division. The Internal Audit Division functionally reports to the Audit and Risk Management Committee ("ARMCO") as an independent unit that provides objective evaluation of risks and controls in the auditable activities. Its primary role is to assist ARMCO to discharge its duties and responsibilities by independently reviewing and reporting the adequacy and integrity of MBSB's system of internal controls. The ARMCO regularly appraises the resources and training needs of the Internal Audit Division to meet the competencies and skills required for effective performance of MBSB's internal audit.

During the financial year ended 31 December 2011, the Internal Audit Division has carried out the following activities:-

- a) Presented its audit plan, audit budget and scope of work to ARMCO for approval. The internal auditors have adopted a risk-based approach towards the planning and conduct of audits, which is designed to evaluate and monitor MBSB's internal controls system.
- b) Developed and implemented the Control Self-Assessment for core business activities of MBSB. The Control Self-Assessment is a tool to assist the line management to perform a self-review of controls over their respective operational functions and as an additional tool to evaluate the effectiveness of the system of internal controls.

- b) Mengkaji Laporan Jawatankuasa untuk dimasukkan ke dalam Laporan Tahunan MBSB 2011 sebelum disyorkan kepada Lembaga Pengarah untuk kelulusan.
- c) Mengkaji penyata pendedahan berhubung pematuhan dengan Kod Urus Tadbir Korporat Malaysia dan penyata kawalan dalam berhubung penyata kewangan tahunan beraudit untuk dimasukkan ke dalam Laporan Tahunan MBSB 2011 sebelum disyorkan kepada Lembaga untuk kelulusan.
- d) Membentangkan minit bagi setiap mesyuarat Jawatankuasa kepada Lembaga untuk perhatian, dan untuk arahan selanjutnya oleh Lembaga, jika perlu.
- e) Mengesahkan pelarasan harga pelaksanaan dan peruntukan menurut perkara 15.1 Undang-undang Kecil ESOS.
- f) Mengesahkan peruntukan opsyen bagi memastikan pematuhan dengan kriteria peruntukan menurut skim saham kakitangan.

Pada tahun ini, ahli Jawatankuasa juga telah menghadiri program-program latihan, persidangan dan seminar berkaitan seperti yang dibentangkan di muka surat 46 hingga 47 dalam Laporan Tahunan ini.

PENYATA FUNGSI AUDIT DALAMAN

Fungsi audit dalaman dilakukan dan dilaksanakan secara dalaman oleh Bahagian Audit Dalaman MBSB. Secara fungsinya, Bahagian Audit Dalaman melaporkan kepada Jawatankuasa Audit dan Jawatankuasa Pengurusan Risiko ("ARMCO") sebagai satu unit bebas yang menyediakan penilaian objektif terhadap risiko dan kawalan dalam aktiviti-aktiviti yang boleh diaudit. Peranan utamanya adalah untuk membantu ARMCO melaksanakan tugas dan tanggungjawabnya dengan mengkaji dan melaporkan secara bebas tentang kecukupan dan kewibawaan sistem kawalan dalaman MBSB. ARMCO menaksir keperluan sumber dan latihan Bahagian Audit Dalaman dari semasa ke semasa untuk memenuhi tahap daya saing dan kemahiran yang diperlukan bagi melaksanakan audit dalaman MBSB secara berkesan.

Pada tahun kewangan berakhir 31 Disember 2011, Bahagian Audit Dalaman telah menjalankan aktiviti-aktiviti berikut: -

- a) Membentangkan rancangan audit, belanjawan audit dan skop kerja ARMCO untuk kelulusan. Juruaudit dalaman telah menerima pakai pendekatan berasaskan risiko dalam merancang dan menjalankan audit. Pendekatan tersebut diwujudkan untuk menilai dan memantau sistem kawalan dalaman MBSB.
- b) Mewujudkan dan melaksanakan Penilaian Sendiri Kawalan bagi aktiviti perniagaan teras MBSB. Penilaian Sendiri Kawalan adalah satu kaedah untuk membantu pengurusan penyelaras melakukan sendiri kajian kawalan ke atas fungsi operasi masing-masing dan sebagai kaedah tambahan untuk menilai keberkesanan sistem kawalan dalaman.

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

- c) Conducted the scheduled audits and tabled the audit reports to ARMCO highlighting the audit findings, issues and recommendations for improvement.
- d) Follow-up on management corrective actions on unresolved audit findings and reported the status to the ARMCO.
- e) Performed ad-hoc audit assignments and investigations at the request of the ARMCO on areas of concern identified by the ARMCO.
- f) Provided advisory services to review the operational guidelines and manuals to ensure pertinent controls embedded are consistent with the changes in businesses and operations.
- g) Worked closely with the external auditors to resolve any control issues as raised by external auditors to ensure that significant issues are duly acted upon by the Management.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2011 amounted to RM771,000.

TERMS OF REFERENCE

1.0 COMPOSITION OF THE COMMITTEE

The Board of Directors shall appoint the Committee from amongst its members who fulfil the following requirements:-

- i) At least three (3) non-executive directors, a majority of whom are independent directors;
- ii) At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants (MIA) or any other equivalent qualifications recognised by the MIA; and
- iii) No alternate directors shall be appointed as a member of the Committee. The members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director.

All members of the Committee hold office only so long as they are Directors of the Company. In the event of any vacancy in the Committee, arising from retirement or resignation, with the result that the number of members is reduced below 3, the Board of Directors must fill the vacancy within 3 months.

- c) Menjalankan audit berjadual dan membentangkan laporan audit kepada ARMCO dengan mengetengahkan penemuan audit, isu-isu dan saranan untuk penambahbaikan.
- d) Mengambil tindakan susulan terhadap tindakan pembetulan pengurusan berhubung penemuan audit yang tidak dapat diselesaikan dan melaporkan statusnya kepada ARMCO.
- e) Menjalankan tugas dan penyiasatan audit tidak berjadual atas permintaan ARMCO ke atas bahagian-bahagian yang menimbulkan kemusykilan yang dikenal pasti oleh ARMCO.
- f) Memberikan khidmat nasihat untuk mengkaji garis panduan dan manual operasi bagi memastikan agar kawalan penting yang telah terkandung adalah selaras dengan perubahan dalam perniagaan dan operasi.
- g) Bekerjasama secara rapat dengan juruaudit luar untuk menyelesaikan sebarang isu kawalan seperti yang telah dibangkitkan oleh juruaudit luar bagi memastikan supaya isu-isu penting telah diambil tindakan sewajarnya oleh Pengurusan.

Kos yang ditanggung bagi fungsi audit dalaman berhubung dengan tahun kewangan berakhir 31 Disember 2011 adalah berjumlah RM771, 000.

TERMA RUJUKAN

1.0 KOMPOSISI JAWATANKUASA

Lembaga Pengarah hendaklah melantik Jawatankuasa dari kalangan ahli-ahlinya yang memenuhi syarat-syarat berikut: -

- i) Sekurang-kurangnya tiga (3) pengarah bukan eksekutif, yang mana majoriti daripada mereka adalah pengarah bebas;
- ii) Sekurang-kurangnya seorang (1) ahli Jawatankuasa mestilah merupakan seorang ahli Institut Akauntan Malaysia (MIA) atau sebarang kelayakan setaraf lain yang diiktiraf oleh MIA; dan
- iii) Pengarah silih ganti tidak boleh dilantik sebagai ahli Jawatankuasa. Ahli-ahli Jawatankuasa hendaklah memilih seorang Pengerusi dari kalangan mereka yang hendaklah merupakan seorang Pengarah Bebas.

Semua ahli Jawatankuasa kekal memegang jawatan selama mana mereka menyandang jawatan Pengarah Syarikat. Jika berlaku sebarang kekosongan dalam Jawatankuasa disebabkan oleh persaraan atau peletakan jawatan yang mengakibatkan bilangan ahli kurang daripada 3 orang, Lembaga Pengarah hendaklah mengisi kekosongan tersebut dalam tempoh 3 bulan.

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

2.0 OBJECTIVES

The primary objectives of the Committee are to:-

- i) Assist the Board of Directors in fulfilling its fiduciary responsibilities particularly in the areas of accounting and management controls and financial reporting;
- ii) Reinforce the independence and objectivity of the Internal Audit Division;
- iii) Provide the focal point for communication between external auditors, internal auditors, risk managers, Directors and the Management on matters in connection with accounting, reporting, risks and controls and providing a forum for discussion independent of the Management; and
- iv) Undertake additional duties as may be deemed appropriate and necessary to assist the Board of Directors.

3.0 RIGHTS

The Committee shall: -

- i) Have the authority to investigate any matter within its terms of reference;
- ii) Have the resources, which are required to perform its duties;
- iii) Have full and unrestricted access to any information pertaining to the Company and the Group;
- iv) Have direct communication channels with external auditors, internal auditors and risk managers;
- v) Be able to obtain independent professional or other advice; and
- vi) Have the authority to convene meetings with external auditors, internal auditors or both, in the absence of other directors and employees, at least twice a year.

4.0 DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the Committee: -

- i) To review with external auditors, their audit plan, scope and nature of the audit;
- ii) To review with external auditors, their audit report and audit findings and Management's response thereto;

2.0 OBJEKTIF

Objektif utama Jawatankuasa adalah untuk: -

- i) Membantu Lembaga Pengarah melunaskan tanggungjawab fidusiari mereka khususnya dalam bidang perakaunan dan pengurusan kawalan dan laporan kewangan;
- ii) Memperkukuhkan kebebasan dan objektiviti Bahagian Audit Dalamannya;
- iii) Menyediakan titik tumpuan komunikasi antara juruaudit luar, juruaudit dalaman, pengurus risiko, Pengarah dan Pengurusan bagi perkara-perkara berkaitan dengan perakaunan, laporan, risiko dan kawalan serta menyediakan satu forum perbincangan bebas bagi Pengurusan; dan
- iv) Menjalankan tugas-tugas tambahan sebagaimana yang difikirkan sesuai dan perlu bagi membantu Lembaga Pengarah.

3.0 HAK

Jawatankuasa hendaklah: -

- i) Mempunyai kuasa untuk menyiasat sebarang perkara dalam terma rujukannya;
- ii) Mempunyai sumber yang diperlukan untuk menjalankan tugasnya;
- iii) Mempunyai akses penuh dan tidak terhalang kepada sebarang maklumat berkaitan Syarikat dan Kumpulan;
- iv) Mempunyai saluran komunikasi secara terus dengan juruaudit luar, juruaudit dalaman dan pengurus risiko;
- v) Boleh mendapatkan nasihat profesional bebas atau khidmat nasihat lain; dan
- vi) Mempunyai kuasa untuk mengadakan mesyuarat dengan juruaudit luar, juruaudit dalaman atau kedua-duanya sekali, tanpa kehadiran pengarah dan kakitangan lain, sekurang-kurangnya dua kali setahun.

4.0 TUGAS DAN TANGGUNGJAWAB

Berikut adalah tugas dan tanggungjawab utama Jawatankuasa:-

- i) Mengkaji dengan juruaudit luar, rancangan, skop dan bentuk audit mereka;
- ii) Mengkaji dengan juruaudit luar, laporan dan penemuan audit mereka serta tindak balas Pengurusan terhadapnya;

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

- iii) To review the Group's quarterly financial statements and reports, the Group's and Company's audited annual financial statements before submission to the Board of Directors for approval, focusing on:-
 - a) Any changes in accounting policies and practices;
 - b) Significant adjustments and issues arising from the audit;
 - c) Significant and unusual events;
 - d) The going concern assumption; and
 - e) Compliance with applicable approved accounting standards, Bursa Malaysia and legal requirements.
- iv) Review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedures or course of conduct that raises questions on Management's integrity;
- v) To consider the appointment of external auditors, their audit fee and any question of their resignation or dismissal;
- vi) To recommend the nomination of a person or persons as external auditors;
- vii) To establish an internal audit function and identify a Head of Internal Audit who reports directly to the Committee. The Head of Internal Audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company and the Group;

To do the following, in relation to the internal audit functions: -

- a) Review the adequacy of the scope, functions, resources and competency of the Internal Audit Division and that it has the necessary authority to carry out its duties;
- b) Review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the Internal Audit Division;
- c) Review any appraisal or assessment of the performance of members of the internal audit function;
- d) Approve any appointment or termination of senior staff members of the internal audit function; and

- iii) Mengkaji penyata kewangan dan laporan suku tahunan Kumpulan, penyata kewangan tahunan beraudit Kumpulan dan Syarikat sebelum diserahkan kepada Lembaga Pengarah untuk kelulusan, dengan memberi tumpuan kepada: -
 - a) Sebarang perubahan dasar dan amalan perakaunan;
 - b) Pelarasan dan isu-isu penting yang timbul daripada audit;
 - c) Peristiwa-peristiwa penting dan luar biasa;
 - d) Andaian usaha niaga berterusan; dan
 - e) Pematuhan dengan piawaian perakaunan diluluskan yang diguna pakai, Bursa Malaysia dan keperluan undang-undang.
- iv) Mengkaji sebarang urusanniaga pihak berkaitan dan keadaan percanggahan kepentingan yang mungkin timbul dalam Syarikat atau Kumpulan termasuk sebarang urusanniaga, prosedur atau tatacara yang menimbulkan persoalan tentang kewibawaan Pengurusan;
- v) Mempertimbangkan pelantikan dan yuran audit juruaudit luar serta sebarang persoalan tentang peletakan jawatan atau pemecatan mereka;
- vi) Mengesyorkan pencalonan seseorang atau beberapa orang sebagai juruaudit luar;
- vii) Mewujudkan satu fungsi audit dalaman dan mengenal pasti Ketua Audit Dalaman yang melapor secara langsung kepada Jawatankuasa. Ketua Audit Dalaman akan bertanggungjawab untuk mengkaji dan/atau menaksir keberkesanan proses pengurusan risiko, kawalan dalaman dan urus tadbir dalam Syarikat dan Kumpulan;

Melaksanakan perkara-perkara berikut, berhubung dengan fungsi-fungsi audit dalaman:-

- a) Mengkaji kecukupan skop, fungsi, sumber dan daya saing Bahagian Audit Dalaman dan bahawa ia mempunyai kuasa yang diperlukan untuk menjalankan tugasnya;
- b) Mengkaji program dan proses audit dalaman, keputusan program audit dalaman, proses atau penyiasatan yang dilaksanakan dan sama ada tindakan sewajarnya telah diambil berhubung saranan Bahagian Audit Dalaman;
- c) Mengkaji sebarang taksiran atau penilaian prestasi ahli fungsi audit dalaman;
- d) Meluluskan sebarang pelantikan atau penamatan perkhidmatan ahli kakitangan kanan fungsi audit dalaman;

Report of The Audit & Risk Management Committee (cont'd)

Laporan Jawatankuasa Pengurusan Audit & Risiko (samb.)

- e) Take cognisance of resignations of senior internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- viii) To review the significant risks as identified by Group Risk Management Division and their impact on the operations;
- ix) To ensure the identified risks are continuously monitored and mitigated;
- x) To ensure risk exposure of the Company are within parameters set by the Board;
- xi) To review operational policies and processes of the Group and to formulate new ones where appropriate with a view to improve efficiency, cost effectiveness and control over the resources of the Group; and
- xii) To undertake any other activities as authorised by the Board of Directors.

5.0 MEETINGS

The Committee meets every quarter or more frequently as circumstances dictate.

The quorum for a meeting shall be two (2) members whereby both members present must be an Independent Non-Executive Directors.

As part of its duty to foster communication, the Chief Executive Officer, the Management Team and the Chief Internal Auditor are invited to attend the meetings for the purpose of briefing the Committee on the activities involving their areas of responsibilities. The presence of the external auditors will be requested when required.

The Chairman of the Committee shall report and update the Board of Directors on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board of Directors.

The Chairman of the Committee should engage on continuous basis with senior management, such as Chairman, the Chief Executive Officer, the Chief Financial Controller, the Chief Internal Auditor and the external auditors in order to be kept informed of matters affecting the Company and the Group.

The Chief Internal Auditor shall be the Secretary to the Committee.

- e) Mengambil perhatian terhadap peletakan jawatan ahli kakitangan audit dalaman kanan dan memberi peluang kepada mana-mana ahli kakitangan yang meletak jawatan untuk mengemukakan sebab peletakan jawatannya.
- viii) Mengkaji risiko-risiko utama seperti yang dikenal pasti oleh Bahagian Pengurusan Risiko Kumpulan dan kesannya terhadap operasi;
- ix) Memastikan risiko yang dikenal pasti akan terus dipantau dan dikurangkan;
- x) Memastikan pendedahan risiko Syarikat adalah dalam parameter yang telah ditetapkan oleh Lembaga;
- xi) Mengkaji semula dasar-dasar operasi dan proses Kumpulan dan merumuskan dasar baru yang bersesuaian, dengan tujuan untuk meningkatkan kecekapan, keberkesanan kos dan kawalan ke atas sumber-sumber Kumpulan; dan
- xii) Menjalankan sebarang aktiviti lain sebagaimana yang dibenarkan oleh Lembaga Pengarah.

5.0 MESYUARAT

Jawatankuasa bermesyuarat setiap suku tahun atau lebih kerap mengikut keadaan.

Kuorum bagi sesuatu mesyuarat hendaklah terdiri daripada dua (2) orang ahli, di mana kedua-dua ahli yang hadir mestilah Pengarah Bukan Eksekutif Bebas.

Sebagai sebahagian daripada tugasnya untuk memupuk komunikasi, Ketua Pegawai Eksekutif, Pasukan Pengurusan dan Ketua Audit Dalaman dijemput untuk menghadiri mesyuarat untuk memberi taklimat kepada Jawatankuasa mengenai aktiviti-aktiviti yang melibatkan bidang tanggungjawab mereka. Juruaudit luar akan diminta hadir apabila diperlukan.

Pengerusi Jawatankuasa hendaklah melaporkan dan mengemaskini maklumat kepada Lembaga Pengarah mengenai isu dan kemusykilan utama yang dibincangkan semasa mesyuarat Jawatankuasa dan jika perlu, mengemukakan cadangan yang sesuai kepada Lembaga Pengarah.

Pengerusi Jawatankuasa hendaklah sentiasa berhubung dengan pengurusan kanan, seperti Pengerusi, Ketua Pegawai Eksekutif, Ketua Pengawal Kewangan, Ketua Juruaudit Dalaman dan juruaudit luar agar sentiasa dimaklumi tentang perkara-perkara penting yang melibatkan Syarikat dan Kumpulan.

Ketua Audit Dalaman hendaklah bertindak sebagai Setiausaha kepada Jawatankuasa.

Analysis of Shareholdings as at 8 February 2012

Analisis Pegangan Saham pada 8 Februari 2012

Authorised Share Capital:-

Bahagian Modal Yang Dibenarkan:-
2,800,000,000 Ordinary Shares of RM1.00 each
2,800,000,000 Saham-saham Biasa, berharga RM 1 setiap satu

Class of Shares:-

Kelas Saham:-
Ordinary Shares of RM1.00 each
Saham Biasa, berharga RM 1 setiap satu.

Issued and Fully Paid-up Capital:-

Modal Terbitan dan Berbayar penuh:-
1,215,509,700 Ordinary Shares of RM1.00 each
1,215,509,700 Saham-saham Biasa, berharga RM 1 setiap satu

Voting Rights:-

Hak Mengundi:-
One Vote per Ordinary Share
Satu Undi bagi setiap Saham Biasa

Analysis of Ordinary Shareholdings / Analisis Pemegang Saham Biasa

Size of Shareholding Saiz Pegangan saham	No. of Shareholders Bil. Pemegang Saham	% of Shareholders % Pemegang Saham	No. of Shares Bilangan Saham	% of Issued Share Capital % Modal Saham yang Dikeluarkan
Less than 100 / Kurang daripada 100	353	2.39	6,103	0.00
100-1,000	5,214	35.21	4,881,443	0.40
1,001-10,000	6,859	46.32	28,942,981	2.38
10,001-100,000	2,004	13.53	60,673,148	4.99
100,001 - less than 5% of the shares kurang 5% daripada saham	376	2.54	235,164,631	19.35
5% and above / dan ke atas	2	0.01	885,841,394	72.88
Total / Jumlah	14,808	100	1,215,509,700	100

Directors' Direct and Indirect Interests in Shares in the Company

Kepentingan Pengarah Secara Langsung dan Tidak Langsung dalam Saham Syarikat

Name Nama	Direct Interest Kepentingan Langsung		Indirect Interest Kepentingan Tidak Langsung		Total Shareholdings Jumlah Pegangan Saham	
	No. of Shares Held Bil. Saham dalam Pegangan	% of Issued Shares % Saham yang Dikeluarkan	No. of Shares Held Bil. Saham dalam Pegangan	% of Issued Shares % Saham yang Dikeluarkan	No. of Shares Held Bil. Saham dalam Pegangan	% of Issued Shares % Saham yang Dikeluarkan
1. Tan Sri Abdul Halim bin Ali	135,714	0.01	-	-	135,714	0.01

Substantial Shareholders / Pemegang-Pemegang Saham Utama

Name of Shareholders Nama Pemegang Saham	No. of Ordinary Shares Bil. Saham Biasa	% of Ordinary Shares % Saham Biasa
Employees Provident Fund Board / Kumpulan Wang Simpanan Pekerja	796,098,226	65.50
Permodalan Nasional Berhad / Permodalan Nasional Berhad	89,743,168	7.38
Total / Jumlah	885,841,394	72.88

Analysis of Shareholdings as at 8 February 2012 (cont'd)

Analisis Pegangan Saham pada 8 Februari 2012 (samb.)

Thirty Largest Shareholders

Tiga Puluh Pemegang Saham Terbesar

	Name / Nama	No. of Shares Bil. Saham-Saham	% of Shares % Saham-saham
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	796,098,226	65.50
2.	Permodalan Nasional Berhad	89,743,168	7.38
3.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chua Ma Yu	22,089,000	1.82
4.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad (Hedging)	21,337,000	1.76
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges Bk Lend)	9,645,100	0.79
6.	Amanahraya Trustees Berhad Public Index Fund	6,193,500	0.51
7.	BHLB Trustee Berhad Exempt An For Employees Provident Fund (PCM)	5,960,399	0.49
8.	AIBB Nominees (Tempatan) Sdn Bhd Low Mei Loon	5,951,000	0.49
9.	BHLB Trustee Berhad Exempt An For Phillip Capital Management Sdn Bhd (2)	4,746,300	0.39
10.	Poseidon Sendirian Berhad	4,610,000	0.38
11.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Legg Mason Western Asset Southeast Asia Special Situations Trust (201061)	3,916,900	0.32
12.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. LLC (Client)	3,760,000	0.31
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (Ceb)	3,700,000	0.30
14.	Maybest Enterprise Sdn. Bhd.	3,508,800	0.29
15.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	2,801,600	0.23
16.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	2,723,800	0.22
17.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. International Plc (IPB Client ACCT)	2,660,300	0.22
18.	UOBM Nominees (Asing) Sdn Bhd Exempt An For Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	2,641,714	0.22
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)	2,532,900	0.21
20.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	2,508,985	0.21
21.	OSK Investment Bank Berhad Clearing (K) For Permodalan Nasional Berhad	2,470,300	0.20
22.	Maybank Investment Bank Berhad IVT (9)	1,896,500	0.16
23.	Lim Gaik Bway @ Lim Chiew Ah	1,840,000	0.15
24.	Mary Yeow	1,800,000	0.15
25.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund C021 For College Retirement Equities Fund	1,767,700	0.15
26.	BHLB Trustee Berhad Exempt An For EPF Investment For Member Savings Scheme	1,715,404	0.14
27.	T.O.Lim Holdings Sdn Bhd	1,710,000	0.14
28.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Cheng Wha	1,695,500	0.14
29.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	1,463,200	0.12
30.	Yeap Chin Loon	1,280,900	0.11
Total Shareholding of the Thirty Largest Shareholders		1,014,768,196	83.51
Jumlah Pegangan Saham daripada Tiga Puluh Pemegang Saham Terbesar			

Analysis of Warrantholdings as at 8 February 2012

Analisis Pegangan-Pegangan Waran pada 8 Februari 2012

Analysis of Warrantholdings / Analisis Pegangan-pegangan Waran

Size of Warrantholding Saiz Pegangan Waran	No. of Warrantholders Bilangan Pemegang Waran	% of Warrantholders % Pemegang Waran	No. of Warrants Bilangan Waran	% of Warrants % Waran
Less than 100 / Kurang daripada 100	118	2.39	1,958	0.00
100 - 1,000	1,480	29.96	1,242,217	0.25
1,001 - 10,000	2,118	42.88	9,376,901	1.85
10,001 - 100,000	965	19.53	34,051,570	6.72
100,001 – less than 5% of the shares / – kurang 5% daripada saham-saham	258	5.22	129,964,853	25.67
5% and above / 5% dan ke atas	1	0.02	331,707,594	65.51
Total / Jumlah	4,940	100.00	506,345,093	100.00

Director's Direct and Indirect Interests in Warrants in the Company
Kepentingan Pengarah Secara Langsung dan Tidak Langsung dalam Waran Syarikat

Name Nama	Direct Interest Kepentingan Langsung		Indirect Interest Kepentingan Tidak Langsung		Total Warrantholdings Jumlah Pegangan Waran	
	No. of Warrants Held Bil. Waran dalam Pegangan	% of Warrants % Waran	No. of Warrants Held Bil. Waran dalam Pegangan	% of Warrants % Waran	No. of Warrants Held Bil. Waran dalam Pegangan	% of Warrants % Waran
1. Tan Sri Abdul Halim bin Ali	15,714	0.00	-	-	15,714	0.00

Substantial Warrantholder / Pemegang Waran Utama

Name of Warrantholder	No. of Warrants Bil. Waran	% of Warrants % Waran
1. Employees Provident Fund Board / Kumpulan Wang Simpanan Pekerja	331,707,594	65.51
Total / Jumlah	331,707,594	65.51

Analysis of Warrantholdings as at 8 February 2012 (cont'd)

Analisis Pegangan-Pegangan Waran pada 8 Februari 2012 (samb.)

Thirty Largest Warrantholders

Tiga Puluh Pemegang Waran Terbesar

	Name / Nama	No. of Warrants Bil. Waran	% of Warrants % Waran
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	331,707,594	65.51
2.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chua Ma Yu	22,929,000	4.53
3.	AIBB Nominees (Tempatan) Sdn Bhd Low Mei Loon	12,454,000	2.46
4.	Chin Hooi Nan	6,450,000	1.27
5.	B-Ok Sdn Bhd	3,043,000	0.60
6.	Voon Chong Kian	2,650,000	0.52
7.	Chin Hooi Nan	2,040,000	0.40
8.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (Ceb)	1,900,000	0.38
9.	Tan Soo Eng	1,500,000	0.30
10.	Lim Bee San	1,500,000	0.30
11.	Maybest Enterprise Sdn. Bhd.	1,462,000	0.29
12.	Lee Chee Heang	1,440,000	0.28
13.	Chin Teng Kee @ Cheng Teng Kee	1,305,000	0.26
14.	RHB Nominees (Asing) Sdn Bhd Kerry Trade Pte Ltd	1,300,000	0.26
15.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang He Yam	1,260,000	0.25
16.	Chang Lon Fui @ Chang Kon Fui	1,168,000	0.23
17.	UOBM Nominees (Asing) Sdn Bhd Exempt An For Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	1,160,714	0.23
18.	BHLB Trustee Berhad Exempt An For Employees Provident Fund (PCM)	1,150,230	0.23
19.	Chia Hiang Nooi	1,150,000	0.23
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chen Chai Hoon (E-Klg/Btg)	1,145,000	0.23
21.	ECML Nominees (Tempatan) Sdn. Bhd Pledged Securities Account For Voon Chong Kian (002)	1,100,000	0.22
22.	Tee Kok Thye	1,030,000	0.20
23.	HSBC Nominees (Asing) Sdn Bhd AA Noms Sg For YC Ltd	1,000,000	0.20
24.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chuah Chaw Song (Rem 166- Margin)	1,000,000	0.20
25.	HSBC Nominees (Asing) Sdn Bhd AA Noms Sg For YS Ltd	1,000,000	0.20
26.	BHLB Trustee Berhad Exempt An For Phillip Capital Management Sdn Bhd (2)	930,500	0.18
27.	Ng Sim Tang @ Wong Seng Tong	900,000	0.18
28.	Jenny Wong	829,300	0.16
29.	Goo Moi	807,000	0.16
30.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Huat	802,000	0.16
	Total Warrantholding of the Thirty Largest Warrantholders Jumlah Pegangan Waran daripada Tiga Puluh Pemegang Waran Terbesar	408,113,338	80.62

Schedule of Properties

Jadual Hartanah

No	Location	Tenure	No. of Years	Expiry Date	Land Area (Sq. Metres) (Keluasan Tanah (Meter Persegi))	Description	Ages of Building (Years) (Jangka masa Bangunan (Tahun))	Net Book Value (RM'000) (Nilai Buku (RM '000))
Bil.	Lokasi	Tempoh	Bilangan Tahun	Tarikh Luput		Penerangan		
1	PTB 19196 - 19199 Bandar Yahya Awal, Johor Bahru, District of Johor Bahru, Johor (Gadini Sdn Bhd) PTB 19196 - 19199 Bandar Yahya Awal, Johor Bahru, Daerah Johor Bahru, Johor (Gadini Sdn Bhd)	Leasehold Pegangan Pajakan	99	08.03.2091	92,181.74	Vacant Land Tanah Kosong	Nil Tiada	61,000
2	Lot 353, PN 7164, Kawasan Bandar VIII, District of Melaka Tengah, Melaka Lot 353, PN 7164, Kawasan Bandar VIII, Daerah Melaka Tengah, Melaka	Leasehold Pegangan Pajakan	99	29.08.2074	7,048.10	Hotel Hotel	12	57,204
3	3 agricultural lots and 246 residential lots, Mukim of Linggi, District of Port Dickson, Negeri Sembilan. 3 lot-lot pertanian dan 246 lot-lot perumahan, Mukim Linggi, Daerah Port Dickson, Negeri Sembilan.	Leasehold Pegangan Pajakan	60 (3 lots) 99 (246 lots) 60 (3 lot) 99 (246 lot)	22.12.2046 08.11.2094	2,155,202.84	Vacant Land Tanah Kosong	Nil Tiada	37,570
4	No. 48, Jalan Dungun, Damansara Heights, Kuala Lumpur No. 48, Jalan Dungun, Damansara Heights, Kuala Lumpur	Freehold Pegangan Bebas	Nil Tiada	Nil Tiada	1,595.28	Office Building Bangunan Pejabat	24	32,767
5	PT 27758 / HS(D) 93832, PT 27759 / HS (D) 93833, PT 29301 / HS(D) 95375, Mukim of Sg Buloh, District of Petaling PT 27758 / HS(D) 93832, PT 27759 / HS (D) 93833, PT 29301 / HS(D) 95375, Mukim Sg Buloh, Daerah Petaling	Freehold Pegangan Bebas	Nil Tiada	Nil Tiada	57,362.68	Vacant Land Tanah Kosong	Nil Tiada	31,999
6	Lot 141 (No. 13/15) Leboh Ampang, Kuala Lumpur Lot 141 (No. 13/15) Leboh Ampang, Kuala Lumpur	Leasehold Pegangan Pajakan	999	23.02.2957	265.79	Office Building Bangunan Pejabat	52	6,661
	Lot 104,105, 106, 115 & 118, Section 12, Leboh Ampang, Town of Kuala Lumpur, Wilayah Persekutuan Lot 104,105, 106, 115 & 118, Section 12, Leboh Ampang, Bandar Kuala Lumpur, Wilayah Persekutuan	Freehold Pegangan Bebas	Nil Tiada	Nil Tiada	635.00	Office Building Bangunan Pejabat	10	19,043
7	Lot 303, 310, 311, 312 and 313, Bandar Bukit Baru, Section IV, District of Melaka Tengah, Melaka Lot 303, 310, 311, 312 dan 313, Bandar Bukit Baru, Seksyen IV, Daerah Melaka Tengah, Melaka	Leasehold & Freehold Pegangan Pajakan & Pegangan Bebas (Lot 303)	99	17.10.2099	57,001.00	Vacant Land Tanah Kosong	Nil Tiada	20,710
8	Lot PT 47, Pekan Tanjung Kling, Section 11, District of Melaka Tengah, Melaka Lot PT 47, Pekan Tanjung Kling, Seksyen 11, Daerah Melaka Tengah, Melaka	Freehold Pegangan Bebas	Nil Tiada	Nil Tiada	83,160.00	Vacant Land Tanah Kosong	Nil Tiada	19,500
9	Lot 2947 / GM 296 Lot 2948 / Geran 12622 Lot 6781 / PM 1063, Mukim of Durian Tunggal, District of Alor Gajah, Melaka Lot 2947 / GM 296 Lot 2948 / Geran 12622 Lot 6781 / PM 1063, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Freehold & Leasehold Pegangan Bebas & Pegangan Pajakan (Lot 6781)	99	11.11.2100	51,803.00	Vacant Land Tanah Kosong	Nil Tiada	8,197
10	Lot 1755 PN No. 39370, Mukim of Bukit Katil, District of Melaka Tengah, Melaka Lot 1755 PN No. 39370, Mukim Bukit Katil, Daerah Melaka Tengah, Melaka	Leasehold Pegangan Pajakan	99	15.07.2095	43,137.50	Vacant Land Tanah Kosong	Nil Tiada	4,790

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taking MBSB
to The Next Level

Directors' Report

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Company are the granting of financing and loans on the security of properties and provision of retail and corporate financing and related services. The Company is also principally engaged in money market activities. The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

Results

	Group	Company
	RM'000	RM'000
Net profit for the year	<u>325,432</u>	<u>328,060</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity. In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid by the Company since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010 as reported in the directors' report of that year:	
- First and final dividend of 9% less 25% taxation on 705,280,997 ordinary shares, declared on 8 March 2011, paid on 28 April 2011	47,606
In respect of the financial year ended 31 December 2011:	
- Interim dividend of 5% less 25% taxation on 1,215,490,694 ordinary shares, declared on 2 August 2011, paid on 5 September 2011	<u>45,581</u>
	<u>93,187</u>

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

Directors' Report (cont'd.)

Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

YBhg Tan Sri Abdul Halim bin Ali
 Tuan Syed Zaid bin Syed Jaffar Albar
 Encik Aw Hong Boo
 Encik Jasmy bin Ismail
 Encik Lim Tian Huat (appointed on 4 April 2011)
 YBhg Dato' Shahril Ridza bin Ridzuan (appointed on 30 November 2011)
 YBhg Dato' Zuraidah binti Atan (appointed on 16 January 2012)
 Encik Lau Tiang Hua (retired on 31 March 2011)
 Encik Khalid bin Haji Sufat (resigned on 2 September 2011)
 Puan Tan Ler Chin (resigned on 30 November 2011)
 YBhg Datuk Abdullah bin Haji Kuntom (resigned on 16 January 2012)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or its subsidiaries was a party whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

According to the register of directors shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Name of director	Number of ordinary shares of RM1.00 each			
	1.1.2011	Acquired	Sold	31.12.2011
<i>Direct interest:</i>				
<i>Ordinary shares of the Company</i>				
YBhg Tan Sri Abdul Halim bin Ali	30,000	105,714	-	135,714
Encik Jasmy bin Ismail	-	50,000	50,000	-
<i>Indirect interest:</i>				
YBhg Datuk Abdullah bin Haji Kuntom	-	10,000	-	10,000

None of the other directors in office at the end of the financial year had any interest in shares or options over shares in the Company or its related corporations during the financial year.

Directors' Report (cont'd.)

Issue of shares

During the financial year, the Company increased its issued and paid up ordinary share capital from RM700,297,527 to RM1,215,500,650 by the issuance of 515,203,123 new ordinary shares of RM1.00 each as follows:

	No. of new ordinary shares of RM1.00 each	RM	Issued/ exercise price
Issuance of new shares pursuant to Rights Issue	506,424,813	506,424,813	1.00
Issuance of new shares pursuant to ESOS	8,709,640	8,709,640	1.45
Issuance of new shares pursuant to the exercise of Warrants	68,670	68,670	1.00
	<u>515,203,123</u>	<u>515,203,123</u>	

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Employee Share Option Scheme

The Malaysia Building Society Berhad's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 April 2010. The ESOS was implemented on 12 August 2010 and is in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 24(a) to the financial statements.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2011 is as follows:

Grant date	Expiry date	Exercise price (RM)	Number of options
11.09.2010	11.08.2015	* 1.17	41,928,014

* The revised exercise price of RM1.17 from the original exercise price of RM1.45 on the outstanding Options was adjusted pursuant to the ESOS By-Law 15.1(e) as a result of the implementation of the Rights Issue with Warrants exercise during the year. All Options were exercised at the original exercise price of RM1.45 during the year.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 200,000 ordinary shares of RM1.00 each. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Exercise Price RM	1.1.2011	----- Number of Share Options ----->				31.12.2011
			Granted	#Adjustments to Options	Exercised	Lapsed	
Dato' Ahmad Zaini bin Othman	1.45	424,000	-	67,840	-	-	491,840
Tang Yow Sai	1.45	344,500	-	45,040	63,000	-	326,540
Azman bin Aziz	1.45	265,000	-	33,920	53,000	-	245,920
Kamarudin bin Samsudin	1.45	265,000	-	33,920	53,000	-	245,920
Koh Ai Hoon	1.45	265,000	-	37,920	28,000	-	274,920
Md Norddin bin Abdul Jalil	1.45	265,000	-	-	53,000	212,000	-
Mohd Rozali bin Idris	1.45	265,000	-	33,920	53,000	-	245,920
Mohd Tahir bin Haris	1.45	265,000	-	33,920	53,000	-	245,920
Norhayati binti Mohd Daud	1.45	265,000	-	33,920	53,000	-	245,920
Nur Zarina binti Ghazali	1.45	265,000	-	33,920	53,000	-	245,920
Shamsudin bin Hj Md Yusoff	1.45	265,000	-	33,920	53,000	-	245,920
Sheela Thaver A/P Gangatharan V Thaver	1.45	265,000	-	33,920	53,000	-	245,920
Zaili bin Ismail	1.45	265,000	-	33,920	53,000	-	245,920

#The additional Options were granted pursuant to the ESOS By-Law 15.1(e) as a result of the implementation of Rights Issue with Warrants exercise during the financial year.

Directors' Report (cont'd.)

Other statutory information

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company as disclosed in Note 38 to the financial statements.
- (f) In the opinion of the directors:
 - (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.



Directors' Report (cont'd.)

Significant event

On 14 February 2011, the Company proposed renounceable rights issue of up to 506,985,548 new ordinary shares of RM1.00 each in Malaysia Building Society Berhad ("MBSB") ("MBSB Shares") ("Rights Shares") at an issue price of RM1.00 for each Rights Share on the basis of 5 Rights Shares for every 7 existing MBSB Shares held together with up to 506,985,548 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed.

The Rights Issue was completed on 7 June 2011.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 February 2012.

Tan Sri Abdul Halim bin Ali
Chairman

Aw Hong Boo
Director

Kuala Lumpur, Malaysia



Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Abdul Halim bin Ali and Aw Hong Boo, being two of the directors of Malaysia Building Society Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 94 to 191 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 46 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 February 2012.

Tan Sri Abdul Halim bin Ali
Chairman

Aw Hong Boo
Director

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tang Yow Sai, being the officer primarily responsible for the financial management of Malaysia Building Society Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 94 to 191 are in my opinion 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.

Subscribed and solemnly declared by
the abovenamed Tang Yow Sai at
Kuala Lumpur in the Federal
Territory on 20 February 2012

Tang Yow Sai

Before me,

Independent Auditors' Report

To The Members of Malaysia Building Society Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Malaysia Building Society Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, statements of comprehensive income, statements of changes in equity and statements of 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 pages 94 to 191.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, 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 entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

To The Members of Malaysia Building Society Berhad (cont'd.)
(Incorporated in Malaysia)

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 46 on page 192 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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. 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.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
20 February 2012

Statements of Financial Position

As At 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets					
Cash and short term funds	5	1,355,599	888,829	1,342,502	874,456
Trade receivables	6	394	1,182	-	-
Other receivables	7	242,121	187,636	216,695	160,513
Inventories	8	121,839	121,780	41,096	41,096
Loans, advances and financing	9	15,184,631	10,706,530	15,234,878	10,756,879
Investments held-to-maturity	10	204,354	200,000	204,354	200,000
Loans to subsidiaries	11	-	-	237,768	89,662
Investments in subsidiaries	12	-	-	68,895	69,047
Investment properties	13	880	1,425	-	-
Property development cost	14	124,548	-	-	-
Property, plant and equipment	15	118,252	106,814	39,962	49,008
Land use rights	16	9,621	9,786	-	-
Intangible assets	17	2,568	1,962	2,566	1,962
Total assets		17,364,807	12,225,944	17,388,716	12,242,623
Liabilities and shareholders' equity					
Deposits from customers	18	13,511,948	10,483,743	13,511,948	10,483,743
Bank borrowings	19	100,044	200,119	100,044	200,119
Other borrowings	19	451,632	-	451,632	-
Trade payables	20	178	4,442	-	-
Other payables	21	138,489	89,588	152,666	103,500
Provision for taxation and zakat		77,202	83,581	77,153	83,532
Recourse obligation on loans sold to Cagamas Berhad	22	1,933,384	964,093	1,933,384	964,093
Deferred tax liabilities	23	21,781	19,256	4,800	2,201
Total liabilities		16,234,658	11,844,822	16,231,627	11,837,188

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

As At 31 December 2011 (cont'd.)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share capital	24	1,215,501	700,298	1,215,501	700,298
Share premium		498,498	497,252	498,498	497,252
Share option reserve		2,410	2,085	2,410	2,085
Warrant reserve		99,246	-	99,246	-
Capital reserve		17,838	17,838	17,838	17,838
Capital redemption reserve		12,486	12,486	12,486	12,486
Accumulated losses		(715,830)	(848,837)	(688,890)	(824,524)
Total equity		<u>1,130,149</u>	<u>381,122</u>	<u>1,157,089</u>	<u>405,435</u>
Total liabilities and shareholders' equity		<u>17,364,807</u>	<u>12,225,944</u>	<u>17,388,716</u>	<u>12,242,623</u>

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the year ended 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	25	1,269,438	769,940	1,247,441	745,469
Interest income	26	366,877	319,068	354,682	307,167
Interest expense	27	(161,320)	(142,552)	(161,320)	(142,552)
Net interest income		205,557	176,516	193,362	164,615
Net income from Islamic banking operations	44	397,857	173,918	397,857	173,918
Operating income		603,414	350,434	591,219	338,533
Other income	28	160,335	91,154	148,245	78,293
Net income		763,749	441,588	739,464	416,826
Other operating expenses	29	(160,815)	(121,957)	(133,833)	(101,583)
Operating profit		602,934	319,631	605,631	315,243
Allowance for impairment losses on loans, advances and financing	32	(174,672)	(112,234)	(174,672)	(112,234)
Profit before taxation and zakat		428,262	207,397	430,959	203,009
Taxation	33	(102,306)	(60,848)	(102,375)	(60,936)
Zakat		(524)	(524)	(524)	(524)
Profit for the year		325,432	146,025	328,060	141,549
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		325,432	146,025	328,060	141,549
Earnings per share (sen)					
Basic	34 (a)	32.43	20.85		
Diluted	34 (b)	27.15	20.77		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2011

Group	<----- Non Distributable ----->							Accumulated Losses	Total
	Ordinary Shares RM'000	Share Premium RM'000	Capital Reserve RM'000	Share Option Reserve RM'000	Warrants Reserve RM'000	Capital Redemption Reserve - Redeemable Cumulative Preference Shares RM'000	RM'000		
At 1 January 2010	700,172	497,169	17,838	-	-	12,486	(973,886)	253,779	
Total comprehensive income for the year	-	-	-	-	-	-	146,025	146,025	
Dividend	-	-	-	-	-	-	(21,005)	(21,005)	
Share options granted under ESOS recognised in profit or loss (Note 30)	-	-	-	2,141	-	-	-	2,141	
Issue of ordinary shares pursuant to ESOS	126	83	-	(27)	-	-	-	182	
Transfer of share option reserve to accumulated losses upon forfeiture of share options	-	-	-	(29)	-	-	29	-	
At 31 December 2010	700,298	497,252	17,838	2,085	-	12,486	(848,837)	381,122	
Total comprehensive income for the year	-	-	-	-	-	-	325,432	325,432	
Dividend	-	-	-	-	-	-	(93,187)	(93,187)	
Share options granted under ESOS recognised in profit or loss (Note 30)	-	-	-	1,977	-	-	-	1,977	
Issue of ordinary shares pursuant to rights issue	506,425	(4,493)	-	-	-	-	-	501,932	
Issue of ordinary shares pursuant to ESOS	8,710	5,718	-	(1,882)	-	-	259	12,805	
Issue of ordinary shares pursuant to warrants	68	13	-	-	99,246	-	(99,259)	68	
Transfer of share option reserve to accumulated losses upon forfeiture of share options	-	-	-	(95)	-	-	95	-	
Revised ESOS subscription price	-	8	-	325	-	-	(333)	-	
At 31 December 2011	1,215,501	498,498	17,838	2,410	99,246	12,486	(715,830)	1,130,149	

Capital reserve arose out of the transfer of the reserve of Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement and is not distributable as cash dividends.

Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares and is not distributable as cash dividends.

Statements of Changes in Equity

For the year ended 31 December 2011

Company	<----- Non Distributable ----->							Total
	Ordinary Shares RM'000	Share Premium RM'000	Capital Reserve RM'000	Share Option Reserve RM'000	Warrants Reserve RM'000	Capital Redemption Reserve - Redeemable Cumulative Preference Shares RM'000	Accumulated Losses RM'000	
At 1 January 2010	700,172	497,169	17,838	-	-	12,486	(945,097)	282,568
Total comprehensive income for the year	-	-	-	-	-	-	141,549	141,549
Dividend	-	-	-	-	-	-	(21,005)	(21,005)
Share options granted under ESOS recognised in profit or loss (Note 30)	-	-	-	2,141	-	-	-	2,141
Issue of ordinary shares pursuant to ESOS	126	83	-	(27)	-	-	-	182
Transfer of share option reserve to accumulated losses upon forfeiture of share options	-	-	-	(29)	-	-	29	-
At 31 December 2010	700,298	497,252	17,838	2,085	-	12,486	(824,524)	405,435
Total comprehensive income for the year	-	-	-	-	-	-	328,060	328,060
Dividend	-	-	-	-	-	-	(93,187)	(93,187)
Share options granted under ESOS recognised in profit or loss (Note 30)	-	-	-	1,977	-	-	-	1,977
Issue of ordinary shares pursuant to rights issue	506,425	(4,493)	-	-	-	-	-	501,932
Issue of ordinary shares pursuant to ESOS	8,710	5,718	-	(1,882)	-	-	258	12,804
Issue of ordinary shares pursuant to warrants	68	13	-	-	99,246	-	(99,259)	68
Transfer of share option reserve to accumulated losses upon forfeiture of share options	-	-	-	(95)	-	-	95	-
Revised ESOS subscription price	-	8	-	325	-	-	(333)	-
At 31 December 2011	1,215,501	498,498	17,838	2,410	99,246	12,486	(688,890)	1,157,089

Capital reserve arose out of the transfer of the reserve of Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement and is not distributable as cash dividends.

Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares and is not distributable as cash dividends.

Statements of Cash Flows

For the year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit before taxation	428,262	207,397	430,959	203,009
Adjustments for:				
Depreciation:				
- investment properties	45	48	-	-
- property, plant and equipment	7,146	6,780	3,427	1,993
Amortisation:				
- land use rights	165	165	-	-
- intangible assets	660	366	660	338
Gain on disposal of property, plant and equipment	(3,117)	(7)	(3,117)	(7)
Gain on disposal of investment properties	(1,100)	-	-	-
Gain on disposal of foreclosed properties	-	(200)	-	(200)
Gain on disposal of inventories	-	(190)	-	(190)
Impairment loss on:				
- investments in subsidiaries	-	-	153	1,324
- foreclosed properties	-	6,710	-	6,710
(Write back)/allowance for impairment of:				
- amount due from/loans to subsidiaries	-	-	2,594	9,480
- other receivables	35,380	19,164	12,232	-
- trade receivables	(1,204)	-	-	-
Reversal of accruals	(4,827)	-	-	-
Allowance for impairment losses on loans and financing	174,672	112,234	174,672	112,234
Share options granted under ESOS	1,977	2,141	1,977	2,141

Statements of Cash Flows

For the year ended 31 December 2011 (cont'd.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities (cont'd.)				
Operating profit before working capital changes	638,059	354,608	623,557	336,832
Increase in loans, advances and financing	(4,623,089)	(3,143,331)	(4,478,000)	(3,076,536)
(Increase)/decrease in inventories	(59)	3,000	-	680
Decrease in trade receivables	788	2,116	-	-
(Increase)/decrease in other receivables	(128,074)	59,695	(256,540)	36,988
Increase in investments held-to-maturity	(4,354)	(156,930)	(4,354)	(156,930)
Increase in property development costs	(124,548)	-	-	-
Increase in amount due (from)/to subsidiaries	-	-	(153,907)	(804)
Increase in deposits from customers	3,028,205	2,921,333	3,028,205	2,921,333
Increase in payables	44,637	790	49,166	1,013
Proceeds from disposal of foreclosed properties	-	6,200	-	6,200
Decrease in loans to subsidiaries	-	-	2,178	7,255
Cash (used in)/generated from operations	(1,168,435)	47,481	(1,189,695)	76,031
Tax paid	(102,306)	(11,533)	(102,375)	(11,533)
Tax refund	2,886	14	2,886	-
Zakat paid	(761)	(524)	(761)	(524)
Net cash (used in)/generated from operating activities	(1,268,616)	35,438	(1,289,945)	63,974
Cash flows from investing activities				
Purchase of property, plant and equipment	(29,620)	(2,306)	(5,417)	(33,606)
Purchase of intangible assets	(1,306)	(1,428)	(1,304)	(1,428)
Proceeds from disposal of property, plant and equipment	20,623	205	20,623	205
Proceeds from disposal of investment properties	1,600	-	-	-
Proceeds from disposal of inventories	-	870	-	870
Net cash (used in)/generated from investing activities	(8,703)	(2,659)	13,902	(33,959)

The accompanying notes form an integral part of the financial statements.



Statements of Cash Flows

For the year ended 31 December 2011 (cont'd.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from financing activities				
(Repayment)/Proceeds in bank borrowings	(100,075)	200,119	(100,075)	200,119
Long term financing facility	451,632	-	451,632	-
Repayment of other borrowings	-	(50,004)	-	(50,004)
Recourse obligation on loans sold to Cagamas Berhad	969,291	(36,517)	969,291	(36,517)
Dividends paid - ordinary shares	(93,187)	(21,005)	(93,187)	(21,005)
Net proceeds from issuance of ordinary shares	516,428	182	516,428	182
Net cash generated from financing activities	<u>1,744,089</u>	<u>92,775</u>	<u>1,744,089</u>	<u>92,775</u>
Net increase in cash and cash equivalents	466,770	125,554	468,046	122,790
Cash and cash equivalents at beginning of year	<u>888,829</u>	<u>763,275</u>	<u>874,456</u>	<u>751,666</u>
Cash and cash equivalents at end of year (Note 5)	<u>1,355,599</u>	<u>888,829</u>	<u>1,342,502</u>	<u>874,456</u>



Notes to the Financial Statements

31 December 2011

1. Corporate information

The Company is a public limited liability company, incorporated under the Companies Act, 1965, and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 11th Floor, Wisma MBSB, 48, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur.

The immediate and ultimate holding body of the Company is the Employees Provident Fund, a statutory body established in Malaysia.

The principal activities of the Company are the granting of loans on the security of freehold and leasehold properties and provision of retail and corporate financing and related services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 February 2012.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS and Issues Committee ("IC") Interpretation which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 3.

The financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below. The financial statements incorporate those activities relating to Islamic business operations which have been undertaken by the Group and by the Company. Islamic business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah. The separate financial statements of the Islamic business operations are disclosed in Note 44 to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(b) Subsidiaries and basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2 (c)(i) below.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(iii) Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transaction with minority interest are accounted for using the entity concept method, whereby, transaction with minority interests are accounted for as transaction with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(c) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Software licences

The useful life of software licences is assessed to be finite and is amortised on a straight-line basis over 5 years.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2.5%
Building renovation	20.0%
Furniture and equipment	20.0%
Motor vehicles	20.0%
Data processing equipment	20.0%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(e) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(e) Employee benefits (cont'd.)

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Employee share option scheme

The Malaysia Building Society Berhad's Employee Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees (including executive directors) other than subsidiaries which are dormant, to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation rate is 2.5%.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(f) Investment properties (cont'd.)

Transfers are made to or from investment property only when there is change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(g) Property development cost

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(h) Inventories

Inventories of completed properties are stated at the lower of cost (determined on the specific identification basis) and net realisable value. Costs include costs associated with the acquisition of land, direct costs and appropriate development overheads.

Inventories of land held for sale are stated at the lower of cost (determined on the specific identification basis) and net realisable value. Costs include costs associated with the acquisition of land and direct costs.

Hotel inventories comprising food, beverage and hotel supplies are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there have been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(l) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and held-to-maturity investments.

i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

ii) Investments held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and Company have the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, investments held-to-maturity are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments held-to-maturity are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(m) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(m) Impairment of financial assets (cont'd.)

i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristic. Objective evidence of impairment for portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivables becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(n) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include deposits from customers, trade payables, other payables, bank borrowings and recourse obligations on loans sold to Cagamas Berhad.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Deposits from customers, bank and financial institutions are stated at placement values.

Bank borrowings and recourse obligations on loans sold to Cagamas Berhad are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowing are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.



Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(n) Financial liabilities (cont'd.)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(q) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(q) Leases (cont'd.)

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(r) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income and profit from operations of Islamic business

Interest income is recognised in the statement of comprehensive income for all interest bearing assets on an accrual basis using the effective interest method. Profit from the Islamic business operations is recognised on an accrual basis in accordance with the principles of Shariah.

(ii) Sale of properties

Revenue from sale of completed properties is recognised upon transfer of significant risks and rewards of ownership to the buyer.

(iii) Fee income

Loan arrangement fees, commissions and insurance fees are recognised as income at the time the underlying transactions are completed and there are no other contingencies associated with the fees.

Commitment fees are recognised as income based on time apportionment.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(s) Revenue recognition (cont'd.)

(vi) Other income

Revenue from rental of hotel rooms, sale of food and beverage, group tours and hotel arrangements, are recognised upon invoices being issued and services rendered.

(t) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



Notes to the Financial Statements

31 December 2011 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Changes in accounting policies

(a) New, amended and revised FRS and IC Interpretations effective for annual periods on or after 1 January 2011

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following FRSs, Amendments to FRSs, IC Interpretations and Technical Release mandatory for annual financial periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011.

Amendments to FRS 132 Classification of Rights Issues
FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3 Business Combinations (revised)
FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 2 Share-based Payment
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 138 Intangible Assets
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 Additional Exemptions for First-time Adopters
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7 Improving Disclosures about Financial Instruments
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease
IC Interpretation 18 Transfers of Assets from Customers
TR i-4 Shariah Compliant Sale Contracts

Notes to the Financial Statements

31 December 2011 (cont'd.)

3. Changes in accounting policies (cont'd.)

(a) New, amended and revised FRS and IC Interpretations effective for annual periods on or after 1 January 2011

Adoption of the FRSs, Amendments to FRSs, IC Interpretation and Technical Release above standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

(b) Transition to MFRS Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

4. Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the provision of services or for administration purposes. If these properties could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the provision of services or for administration purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes to the Financial Statements

31 December 2011 (cont'd.)

4. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Impairment of the loans and receivables

The assessment for impairment performed by the management on impaired loans and receivables is based primarily on conditions prevailing and information available about the counterparty's financial position, fair value of the underlying collaterals and future recoverable cash flows in workout/restructuring arrangements.

Inherently, this assessment is subject to a significant degree of judgement and is heavily dependent on the estimates of collateral values and recoverable cash flows.

(ii) Employee benefits

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 24.

5. Cash and short term funds

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at banks and on hand	184,298	40,470	172,012	26,206
Short term deposits with licensed banks	1,171,301	848,359	1,170,490	848,250
Cash and short term funds, being the cash and cash equivalents for the purpose of the statements of cash flows	<u>1,355,599</u>	<u>888,829</u>	<u>1,342,502</u>	<u>874,456</u>

Included in cash at banks of the Group is an amount of RM4,125,000 (2010: RM4,047,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Short-term deposits are made for varying periods of between four days and three years depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2011 for the Group and the Company was 3.30% (2010: 3.30%).

Notes to the Financial Statements

31 December 2011 (cont'd.)

6. Trade receivables

	Group	
	2011 RM'000	2010 RM'000
Third parties	26,129	28,121
Less: Allowance for impairment	(25,735)	(26,939)
Trade receivables, net	394	1,182

Movements in allowance for impairment are as follows:

	Group	
	2011 RM'000	2010 RM'000
Balance as at 1 January	26,939	27,684
Charge for the year:		
Rental from third parties	5	-
Completed properties	14	-
Reversal of impairment losses:		
Rental from third parties	-	(1)
Completed properties	(1,223)	(744)
	25,735	26,939

Included in trade receivables are retention sums on contracts amounting to RM59,000 (2010: RM59,000). The Group has no significant concentration of credit risk within trade receivables that may arise from exposures to a single debtor or to groups of debtors.

Trade receivables are non-interest bearing and are generally on 7 to 30 day (2010: 7 to 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

7. Other receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured advances in respect of certain projects	222,681	200,576	-	-
Loan commitment fees	8,740	8,740	8,740	8,740
Amount due from subsidiaries	-	-	63,561	65,991
Foreclosed properties	150,545	86,806	150,545	86,806
Prepayments and deposits	1,741	1,381	1,107	756
Sundry receivables	61,140	50,264	60,825	57,528
	444,847	347,767	284,778	219,821
Less: Allowance for impairment	(202,726)	(160,131)	(68,083)	(59,308)
	242,121	187,636	216,695	160,513

Notes to the Financial Statements

31 December 2011 (cont'd.)

7. Other receivables (cont'd.)

Movements in allowance for impairment are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance as at 1 January	160,131	187,057	59,308	106,063
Transfer from individual allowance for foreclosed properties (Note 9(vi))	17,535	-	17,535	-
Charge for the year:				
Foreclosed properties	-	7,190	-	7,190
Unsecured advances in respect of certain projects	30,363	18,970	-	-
Reversal of impairment losses:				
Amount due from subsidiaries	-	-	(3,457)	(859)
Written off:				
Sundry receivables	-	(11,153)	-	(11,153)
Foreclosed properties	(5,303)	(1,355)	(5,303)	(1,355)
Interest waived under a restructuring scheme	-	(40,578)	-	(40,578)
	<u>202,726</u>	<u>160,131</u>	<u>68,083</u>	<u>59,308</u>

Details of allowance for impairment are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured advances in respect of certain projects	158,916	128,553	-	-
Loan commitment fees	8,718	8,718	8,718	8,718
Amount due from subsidiaries	-	-	28,504	31,961
Sundry receivables	10,389	10,389	6,158	6,158
Foreclosed properties	24,703	12,471	24,703	12,471
	<u>202,726</u>	<u>160,131</u>	<u>68,083</u>	<u>59,308</u>

The unsecured advances in respect of certain projects relate to monies advanced and interest charged on these advances by a subsidiary of the Company.

The amount due from subsidiaries are unsecured, bear interest of 3.76% (2010:3.39%) per annum and are repayable on demand.

Included in prepayments and deposits of the Group and of the Company are rental deposits paid to ultimate holding body ("EPF") amounting to RM69,000 (2010: RM75,000).

The Group has no significant concentration of credit risk within other receivables that may arise from exposure to a single debtor or to groups of debtors other than the unsecured advances in respect of certain projects.

Notes to the Financial Statements

31 December 2011 (cont'd.)

8. Inventories

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At cost:				
Hotel inventories	219	160	-	-
At net realisable value:				
Land held for sale	121,620	121,620	41,096	41,096
	121,620	121,620	41,096	41,096
Total inventories	121,839	121,780	41,096	41,096

The cost of inventories of the Group and of the Company recognised as an expense was RMNil (2010: RM974,000).

Included in the inventories of the Group and of the Company are land previously acquired for development with the following carrying amounts:

	Group and Company	
	2011 RM'000	2010 RM'000
Title registered under the name of a subsidiary	8,197	8,197
	8,197	8,197

9. Loans, advances and financing

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
End finance:				
Normal housing programme	3,684,956	3,910,292	3,684,956	3,910,475
Low cost housing programme	22,027	21,008	22,027	21,008
Islamic:				
Property	1,855,080	1,873,299	1,855,080	1,873,299
Personal	8,717,754	3,981,833	8,717,754	3,981,833
Bridging, structured and term loans	3,498,056	4,688,898	3,782,563	4,973,324
Staff loans	26,207	22,303	26,207	22,303
Gross loans, advances and financing	17,804,080	14,497,633	18,088,587	14,782,242
Allowance for impairment:				
- Collectively assessed	(694,828)	(637,309)	(694,828)	(637,309)
- Individually assessed	(1,924,621)	(3,153,794)	(2,158,881)	(3,388,054)
Net loans, advances and financing	15,184,631	10,706,530	15,234,878	10,756,879

Notes to the Financial Statements

31 December 2011 (cont'd.)

9. Loans, advances and financing (cont'd.)

Included in bridging, structured and term loans granted by the Company in respect of joint venture projects are the following impaired amounts:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans to subsidiaries	-	-	64,317	59,032
Loans to joint venture partners	44,784	118,191	44,784	118,191
	<u>44,784</u>	<u>118,191</u>	<u>109,101</u>	<u>177,223</u>

Included in Islamic personal financing is an amount of RM800,000,000 that is charged to the Islamic financing facility granted to the Company by the Employee Provident Fund as disclosed in Note 19.

(i) The maturity structure of loans, advances and financing is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Maturing within one year	3,274,748	4,142,519	3,274,748	4,427,128
One year to three years	252,397	169,732	252,397	169,732
Three years to five years	144,739	595,023	144,739	595,023
Over five years	14,132,196	9,590,359	14,416,703	9,590,359
	<u>17,804,080</u>	<u>14,497,633</u>	<u>18,088,587</u>	<u>14,782,242</u>

(ii) Loans, advances and financing according to purpose are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Purchase of residential properties	5,325,759	5,544,938	5,325,759	5,544,938
Purchase of non-residential properties	255,689	276,520	255,689	276,520
Personal use	8,724,578	3,987,460	8,724,578	3,987,460
Property development	3,217,916	4,571,137	3,502,423	4,855,746
Working capital	259,287	90,900	259,287	90,900
Others	20,851	26,678	20,851	26,678
	<u>17,804,080</u>	<u>14,497,633</u>	<u>18,088,587</u>	<u>14,782,242</u>

(iii) Loans, advances and financing according to type of customer are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Domestic non-bank financial institutions	79,549	90,900	79,549	90,900
Domestic business enterprises:				
- Small medium enterprises	3,353,527	4,474,231	3,638,034	4,758,840
- Others	163,742	123,584	163,742	123,584
Individuals	14,207,262	9,808,918	14,207,262	9,808,918
	<u>17,804,080</u>	<u>14,497,633</u>	<u>18,088,587</u>	<u>14,782,242</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

9. Loans, advances and financing (cont'd.)

(iv) Loans, advances and financing according to interest/profit rate sensitivity are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate:				
Personal financing	8,724,578	3,987,460	8,724,578	3,987,460
Bridging, structured and term loans	2,313,290	4,068,570	2,313,290	4,068,570
Variable rate:				
Cost of fund plus	6,766,212	6,441,603	7,050,719	6,726,212
	<u>17,804,080</u>	<u>14,497,633</u>	<u>18,088,587</u>	<u>14,782,242</u>

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance as at 1 January	4,907,989	5,125,494	5,192,415	5,412,194
Classified as impaired during the year	746,587	695,423	746,668	693,149
Reclassified as non-impaired	(1,252,381)	(591,606)	(1,252,381)	(591,606)
Amount recovered	(167,850)	(72,499)	(167,850)	(72,499)
Amount written off	(1,096,591)	(248,823)	(1,096,591)	(248,823)
Balance as at end of year	<u>3,137,754</u>	<u>4,907,989</u>	<u>3,422,261</u>	<u>5,192,415</u>
Collective allowance	(61,320)	(71,857)	(61,320)	(71,857)
Individual allowance	(1,782,639)	(3,153,796)	(2,016,901)	(3,388,056)
Allowance for impairment	<u>(1,843,959)</u>	<u>(3,225,653)</u>	<u>(2,078,221)</u>	<u>(3,459,913)</u>
Net impaired loans, advances and financing	<u>1,293,795</u>	<u>1,682,336</u>	<u>1,344,040</u>	<u>1,732,502</u>
Net impaired loans as a percentage of net loans, advances and financing	<u>9%</u>	<u>16%</u>	<u>9%</u>	<u>16%</u>

(vi) Movements in the allowance for impairment are as follows:

	Group and Company	
	2011 RM'000	2010 RM'000
Collective Impairment		
Balance as at 1 January	637,309	-
- effects of FRS 139 adoption	-	591,346
- as restated	637,309	591,346
Written off	-	(27)
Impairment during the year (Note 32)	57,519	45,990
Balance as at end of year	<u>694,828</u>	<u>637,309</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

9. Loans, advances and financing (cont'd.)

(vi) Movements in the allowance for impairment are as follows: (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Individual Impairment				
Balance as at 1 January	3,153,794	-	3,388,054	-
- effects of FRS 139 adoption	-	3,337,327	-	3,571,587
- as restated	3,153,794	3,337,327	3,388,054	3,571,587
Impairment during the year (Note 32)	116,495	64,828	116,495	64,828
Written off	(1,328,133)	(248,361)	(1,328,133)	(248,361)
Transfer to impairment for foreclosed properties (Note 7)	(17,535)	-	(17,535)	-
Balance as at end of year	1,924,621	3,153,794	2,158,881	3,388,054

The Group and Company's loans, advances and financing are mainly collateralised by properties. The value of collateral held in respect of its past due loans, advances and financing are as follows:

	Group and Company	
	2011 RM'000	2010 RM'000
End finance and Islamic property	5,973,637	6,220,695
Bridging, structured and term loans	2,389,686	2,016,736
	8,363,323	8,237,431

10. Investments held-to-maturity

	Group and Company	
	2011 RM'000	2010 RM'000
Unquoted Private Debt Securities ("PDS")	204,354	200,000
	204,354	200,000
Market/Indicative value	211,345	203,942

11. Loans to subsidiaries

	Company	
	2011 RM'000	2010 RM'000
Secured	39,660	41,347
Unsecured	284,271	128,427
	323,931	169,774
Less: Allowance for impairment	(86,163)	(80,112)
	237,768	89,662

Notes to the Financial Statements

31 December 2011 (cont'd.)

11. Loans to subsidiaries (cont'd.)

Movements in allowance for impairment are as follows:

	Company	
	2011	2010
	RM'000	RM'000
Balance as at 1 January	80,112	69,773
Charge for the year:		
Secured	1,565	1,375
Unsecured	4,486	8,964
	<u>86,163</u>	<u>80,112</u>

Details of allowance for impairment are as follows:

	Company	
	2011	2010
	RM'000	RM'000
Secured	33,725	32,160
Unsecured	52,438	47,952
	<u>86,163</u>	<u>80,112</u>

The loans to subsidiaries are repayable on demand.

The secured loans are secured against landed properties.

The weighted average effective annual interest rates of loans to subsidiaries at the reporting date was 3.76% (2010: 3.39%) per annum.

12. Investments in subsidiaries

	Company	
	2011	2010
	RM'000	RM'000
Unquoted shares at cost	210,805	210,805
Less: Accumulated impairment losses	(141,910)	(141,758)
	<u>68,895</u>	<u>69,047</u>

Details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest Held (%)		Principal Activities
	2011	2010	
MBSB Properties Sdn. Bhd.	100	100	Letting of real property
MBSB Development Sdn. Bhd.	100	100	Property development

Notes to the Financial Statements

31 December 2011 (cont'd.)

12. Investments in subsidiaries (cont'd.)

Name of Subsidiaries	Effective Interest Held (%)		Principal Activities
	2011	2010	
Prudent Legacy Sdn. Bhd.	92	92	Property development
Sigmaprise Sdn. Bhd.	100	100	Hotel operations
Gadini Sdn. Bhd.	100	100	Property development
Ganesha Sdn. Bhd.	100	100	Property development
Springtide Sdn. Bhd.	100	100	Property development
Trimonds Sdn. Bhd.	100	100	Investment holding
MBSB Project Management Sdn. Bhd.	100	100	Ceased operations
Definite Pure Sdn. Bhd.	100	100	Dormant
Malaya Borneo Building Society Limited ("MBBS") *	100	100	Dormant
Farawide Sdn. Bhd.	100	100	Hotel operations services
Raynergy Sdn. Bhd.	100	100	Dormant
Idaman Usahamas Sdn. Bhd.	100	100	Property development
Ombak Pesaka Sdn. Bhd.	100	-	Hotel operations

* Audited by a firm of auditors other than Ernst & Young.

All the above subsidiaries are incorporated in Malaysia except for MBBS which is incorporated in Singapore.

Notes to the Financial Statements

31 December 2011 (cont'd.)

13. Investment properties

	Group	
	2011	2010
	RM'000	RM'000
At cost:		
At 1 January	2,456	2,456
Less: Disposal	(902)	-
At 31 December	1,554	2,456
Accumulated depreciation and impairment loss:		
At 1 January	(1,031)	(983)
Depreciation charge for the year	(45)	(48)
Disposals	402	-
	(674)	(1,031)
Net book value:		
At 31 December	880	1,425

Valuation of investment properties

Investment properties are measured at cost, including transaction costs. The fair value of the investment properties as at 31 December 2011 amounted to approximately RM919,000 (2010: RM2,664,000), which has been determined based on valuations at September 2010 and April 2011 respectively. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison method that involves the comparison of recent sales of similar properties in the area.

Included in investment properties of the Group are the following properties which are:

	At net book value Group	
	2011	2010
	RM'000	RM'000
Pending subdivision of titles	489	510
Charged to the ultimate holding body ("EPF") *	391	396

* As at 31 December 2011, loans from ultimate holding body, EPF have been fully repaid.



Notes to the Financial Statements

31 December 2011 (cont'd.)

14. Property development cost

	Group		
	Freehold land RM'000	Development costs RM'000	Total RM'000
At cost:			
At 1 January 2011	-	-	-
Cost incurred during the year	64,697	59,851	124,548
At 31 December 2011	<u>64,697</u>	<u>59,851</u>	<u>124,548</u>

Included in property development cost incurred during the financial year are:

	Group	
	2011 RM'000	2010 RM'000
Interest expense	<u>107</u>	<u>-</u>

Property development cost refer to freehold land and development expenditure located at Lot No. PTD 63695, Title No. HSD 200923, Mukim Tebrau, District of Johor Bahru, Johor.

Notes to the Financial Statements

31 December 2011 (cont'd.)

15. Property, plant and equipment

Group

	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Total RM'000
Cost							
At 1 January 2011	26,250	166,917	17,094	22,168	859	12,715	246,003
Additions	-	21,338	4,560	2,779	-	943	29,620
Disposals	(10,426)	(8,031)	-	(3)	(373)	(375)	(19,208)
Reversal/reclassification	-	-	-	(14)	-	-	(14)
At 31 December 2011	15,824	180,224	21,654	24,930	486	13,283	256,401
Accumulated depreciation and impairment losses							
At 1 January 2011:							
Accumulated depreciation	-	53,724	12,233	20,157	658	11,275	98,047
Accumulated impairment losses	371	40,771	-	-	-	-	41,142
	371	94,495	12,233	20,157	658	11,275	139,189
Depreciation charge for the year (Note 29)							
	-	3,666	1,907	958	89	526	7,146
Disposals	-	(954)	-	-	(373)	(375)	(1,702)
Impairment written off	-	(6,484)	-	-	-	-	(6,484)
At 31 December 2011	371	90,723	14,140	21,115	374	11,426	138,149
Analysed as:							
Accumulated depreciation	-	56,436	14,140	21,115	374	11,426	103,491
Accumulated impairment losses	371	34,287	-	-	-	-	34,658
	371	90,723	14,140	21,115	374	11,426	138,149
Net book value							
At 31 December 2011	15,453	89,501	7,514	3,815	112	1,857	118,252

Notes to the Financial Statements

31 December 2011 (cont'd.)

15. Property, plant and equipment (cont'd.)

Group

	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Total RM'000
Cost							
At 1 January 2010	26,412	167,061	16,439	21,252	784	12,757	244,705
Additions	-	-	671	1,024	151	460	2,306
Disposals	(162)	(144)	(16)	(108)	(76)	(513)	(1,019)
Reversal/Reclassification	-	-	-	-	-	11	11
At 31 December 2010	26,250	166,917	17,094	22,168	859	12,715	246,003
Accumulated depreciation and impairment losses							
At 1 January 2010:							
Accumulated depreciation	-	50,170	10,683	19,232	521	11,307	91,913
Accumulated impairment losses	371	40,793	-	-	-	-	41,164
	371	90,963	10,683	19,232	521	11,307	133,077
Depreciation charge for the year (Note 29)							
	-	3,639	1,550	975	137	479	6,780
Disposals	-	(107)	-	(50)	-	(511)	(668)
At 31 December 2010	371	94,495	12,233	20,157	658	11,275	139,189
Analysed as:							
Accumulated depreciation	-	53,724	12,233	20,157	658	11,275	98,047
Accumulated impairment losses	371	40,771	-	-	-	-	41,142
	371	94,495	12,233	20,157	658	11,275	139,189
Net book value							
At 31 December 2010	25,879	72,422	4,861	2,011	201	1,440	106,814

Notes to the Financial Statements

31 December 2011 (cont'd.)

15. Property, plant and equipment (cont'd.)

Company

	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Total RM'000
Cost							
At 1 January 2011	20,394	26,977	10,021	8,185	668	11,764	78,009
Additions	-	-	3,217	1,259	-	941	5,417
Disposals	(10,426)	(8,031)	-	(3)	(373)	(375)	(19,208)
Reversal/reclassification	-	-	-	(14)	-	-	(14)
At 31 December 2011	9,968	18,946	13,238	9,427	295	12,330	64,204
Accumulated depreciation and impairment losses							
At 1 January 2011:							
Accumulated depreciation	-	1,022	4,093	6,378	479	10,545	22,517
Accumulated impairment losses	-	6,484	-	-	-	-	6,484
	-	7,506	4,093	6,378	479	10,545	29,001
Depreciation charge for the year (Note 29)	-	524	1,675	650	57	521	3,427
Disposals	-	(954)	-	-	(373)	(375)	(1,702)
Impairment written off	-	(6,484)	-	-	-	-	(6,484)
At 31 December 2011	-	592	5,768	7,028	163	10,691	24,242
Analysed as:							
Accumulated depreciation	-	592	5,768	7,028	163	10,691	24,242
	-	592	5,768	7,028	163	10,691	24,242
Net book value							
At 31 December 2011	9,968	18,354	7,470	2,399	132	1,639	39,962

Notes to the Financial Statements

31 December 2011 (cont'd.)

15. Property, plant and equipment (cont'd.)

Company	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Total RM'000
Cost							
At 1 January 2010	10,588	8,542	6,239	7,490	668	11,806	45,333
Additions	9,968	18,579	3,798	803	-	458	33,606
Disposals	(162)	(144)	(16)	(108)	-	(511)	(941)
Reversal/Reclassification	-	-	-	-	-	11	11
At 31 December 2010	20,394	26,977	10,021	8,185	668	11,764	78,009
Accumulated depreciation and impairment losses							
At 1 January 2010:							
Accumulated depreciation	-	897	3,311	5,958	379	10,625	21,170
Accumulated impairment losses	-	6,506	-	-	-	-	6,506
	-	7,403	3,311	5,958	379	10,625	27,676
Depreciation charge for the year (Note 29)	-	210	782	470	100	431	1,993
Disposals	-	(107)	-	(50)	-	(511)	(668)
At 31 December 2010	-	7,506	4,093	6,378	479	10,545	29,001
Analysed as:							
Accumulated depreciation	-	1,022	4,093	6,378	479	10,545	22,517
Accumulated impairment losses	-	6,484	-	-	-	-	6,484
	-	7,506	4,093	6,378	479	10,545	29,001
Net book value							
At 31 December 2010	20,394	19,471	5,928	1,807	189	1,219	49,008

Notes to the Financial Statements

31 December 2011 (cont'd.)

15. Property, plant and equipment (cont'd.)

Included in freehold land and buildings are the net book value of properties which are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Pending subdivision of titles	984	1,023	239	248
Charged to the ultimate holding body	34,257	35,401	-	-

16. Land use rights

	Group	
	2011 RM'000	2010 RM'000
Cost:		
At 1 January/31 December	11,718	11,718
Accumulated amortisation:		
At 1 January	1,932	1,767
Amortisation for the year	165	165
At 31 December	2,097	1,932
Net carrying amount	9,621	9,786
Amount to be amortised:		
- Not later than one year	165	165
- Later than one year but not later than five years	660	660
- Later than five years	8,796	8,961

Included in land use rights are the net book value of properties which are:

	Group	
	2011 RM'000	2010 RM'000
Charged to the ultimate holding body ("EPF")	3,907	3,930

Notes to the Financial Statements

31 December 2011 (cont'd.)

17. Intangible assets

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Software licences				
Cost				
At 1 January	9,745	8,328	9,566	8,149
Additions	1,306	1,428	1,304	1,428
Reversal/reclassification	(40)	(11)	(40)	(11)
At 31 December	<u>11,011</u>	<u>9,745</u>	<u>10,830</u>	<u>9,566</u>
Accumulated depreciation and impairment losses				
At 1 January 2011:	7,783	7,417	7,604	7,266
Amortisation for the year (Note 29)	660	366	660	338
At 31 December	<u>8,443</u>	<u>7,783</u>	<u>8,264</u>	<u>7,604</u>
Net book value				
At 31 December 2011	<u>2,568</u>	<u>1,962</u>	<u>2,566</u>	<u>1,962</u>

18. Deposits from customers

	Group and Company	
	2011 RM'000	2010 RM'000
By type of products:		
Savings	38,224	31,223
Fixed deposits	<u>13,473,724</u>	<u>10,452,520</u>
	<u>13,511,948</u>	<u>10,483,743</u>
By type of customers:		
Government and statutory bodies	3,764,014	2,813,014
Business enterprises	8,378,125	6,372,195
Individuals	1,330,985	1,266,630
Others	38,824	31,904
	<u>13,511,948</u>	<u>10,483,743</u>

19. Bank and other borrowings

	Group and Company	
	2011 RM'000	2010 RM'000
Total borrowings		
Bank borrowings	100,044	200,119
Other borrowings	451,632	-
	<u>551,676</u>	<u>200,119</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

19. Bank and other borrowings (cont'd.)

	Group and Company	
	2011	2010
	RM'000	RM'000
Maturity of borrowings:		
Within one year	201,676	200,119
Within one to five years	350,000	-
	<u>551,676</u>	<u>200,119</u>

The weighted average effective annual interest rates of borrowings at the reporting date were as follows:

	Group and Company	
	2011	2010
	%	%
Bank borrowings	4.07	3.45
Other borrowings	<u>5.50</u>	<u>-</u>

Bank borrowings represent unsecured revolving credit and interest charged on these borrowings from licensed commercial banks based on the lenders' cost of funds plus 0.50%. The bank borrowings are due within one year.

Other borrowings relates to a Bai Al-Inah Islamic financing facility granted by the ultimate holding body, Employees Provident Fund Board secured on selected personal financing portfolio.

20. Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 (2010: 30 to 60) days.

21. Other payables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Due to subsidiaries	-	-	17,891	17,891
Al-Mudharabah security deposit	40,220	16,077	40,220	16,077
Accruals	26,546	15,578	26,546	15,578
Commission payable	10,755	-	10,755	-
Others	60,968	57,933	57,254	53,954
	<u>138,489</u>	<u>89,588</u>	<u>152,666</u>	<u>103,500</u>

The amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

Notes to the Financial Statements

31 December 2011 (cont'd.)

22. Recourse obligation on loans sold to Cagamas Berhad

	Group and Company	
	2011	2010
	RM'000	RM'000
Mature within 12 months	90,655	47,004
Mature after 12 months	1,842,729	917,089
	<u>1,933,384</u>	<u>964,093</u>

These amounts relate to proceeds received from conventional housing loans and personal financing sold to Cagamas Berhad with recourse to the Company. Under the agreement, the Company undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined criteria.

23. Deferred taxation

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	19,256	17,704	2,201	575
Recognised in profit or loss (Note 33)	2,525	1,552	2,599	1,626
At 31 December	<u>21,781</u>	<u>19,256</u>	<u>4,800</u>	<u>2,201</u>
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	21,781	19,256	4,800	2,201
	<u>21,781</u>	<u>19,256</u>	<u>4,800</u>	<u>2,201</u>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting were as follows:

Deferred tax liabilities of the Group:

	Fair value adjustment arising from business combination	Property, plant and equipment	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	16,605	2,201	450	19,256
Recognised in profit or loss (Note 33)	-	2,525	-	2,525
At 31 December 2011	<u>16,605</u>	<u>4,726</u>	<u>450</u>	<u>21,781</u>
At 1 January 2010	16,679	575	450	17,704
Recognised in profit or loss (Note 33)	(74)	1,626	-	1,552
At 31 December 2010	<u>16,605</u>	<u>2,201</u>	<u>450</u>	<u>19,256</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

23. Deferred taxation (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2011	2,201
Recognised in profit or loss (Note 33)	2,599
At 31 December 2011	<u>4,800</u>
At 1 January 2010	575
Recognised in profit or loss (Note 33)	1,626
At 31 December 2010	<u>2,201</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unused tax losses	138,702	129,361	-	-
Allowance for impairment	-	-	261,814	259,068
Impairment losses on inventories of land held for sale	66,076	66,076	49,023	49,023
Collective impairment	654,724	595,321	695,289	637,309
Unabsorbed capital allowances	22,442	19,316	-	-
Others	43,370	29,740	27,638	12,704
	<u>925,314</u>	<u>839,814</u>	<u>1,033,764</u>	<u>958,104</u>

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company's dormant subsidiaries are subject to no substantial changes in shareholdings of the Company and of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

Notes to the Financial Statements

31 December 2011 (cont'd.)

24. Share capital (cont'd.)

(a) Employee Share Option Scheme ("ESOS")

The Malaysia Building Society Berhad's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 April 2010. The ESOS was implemented on 12 August 2010 and is to be in force for a period of 5 years from date of implementation.

The salient features of the ESOS are as follows:

- (i) Eligible persons are employees of the Group who are on the payroll of the Group other than a subsidiary which is dormant.
- (ii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.
- (iii) The option price for each share shall be the average of the main market quotation of the shares of the Company in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer, or the par value of the shares of the Company of RM1, whichever is higher.
- (iv) The actual number of new shares which may be offered to an eligible employee shall be at the discretion of the Option Committee and, subject to any adjustments that may be made under Clause 15 of the by-laws, shall not be less than 100 shares but not more than maximum allowable allocation and shall always be in multiple of 100 shares.
- (v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of five years from 12 August 2010 in respect of all or any part of the Company's shares comprised in the option, such part in multiples of 100 shares. Any partial exercise of an option shall not preclude the grantee from exercising the option in respect of the balance of the Company's shares comprised in the option.
- (vi) No option shall be granted to an Executive Director of the Company unless the specific grant of option and the related allotment of the Company's shares to the Executive Director shall have first been approved by the shareholders of the Company in general meeting.

The number of Company's shares allocated, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total Company's shares available under the Scheme.

The number of Company's shares allocated to any individual Executive Director or employee who, either singly or collectively through persons connected (which term shall have the same meaning as that assigned to "a person connected with a director" in Section 122A of the Malaysian Companies Act), holds 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total Company's shares available under the Scheme.

- (vii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Notes to the Financial Statements

31 December 2011 (cont'd.)

24. Share capital (cont'd.)

(a) Employee Share Option Scheme ("ESOS") (cont'd.)

- (viii) In respect of ESOS granted in year ended 31 December 2011, 40% of the options granted are exercisable immediately and the remaining 60% of the options shall become exercisable in subsequent years during the validity of the option provided that the employee has been in continuous service with the Group throughout the period.
- (ix) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

Movement of ESOS during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, ESOS during the year:

	Group			
	2011		2010	
	No.'000	WAEP (RM)	No.'000	WAEP (RM)
Outstanding at 1 January	48,628	-	-	-
- Granted	5,963	1.45	49,552	1.45
- Exercised	(8,710)	1.45	(126)	1.45
- Lapsed	(3,953)	1.45	(798)	1.45
Outstanding at 31 December	41,928	1.45	48,628	1.45
Exercisable at 31 December	11,156	1.45	9,625	1.45

- The weighted average fair value of options granted during the financial year was RM0.22 (2010: RM0.22).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.61 (2010: RM1.51).
- The exercise price for options outstanding at the end of the year was RM1.17 (2010: RM1.45). The weighted average remaining contractual life for these options is 3.60 years (2010: 4.60 years).

ESOS exercised during the year

ESOS exercised during the financial year resulted in the issuance of 8,709,640 ordinary shares at an average price of RM1.45 each. Pursuant to the Rights Issue and Warrants, the exercise price of RM1.45 was re-adjusted to RM1.17 as per the ESOS By-Law 15.1(e).

Fair value of ESOS granted during the year

The fair value of ESOS granted in the current year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted.

Notes to the Financial Statements

31 December 2011 (cont'd.)

24. Share capital (cont'd.)

(a) Employee Share Option Scheme ("ESOS") (cont'd.)

Fair value of ESOS granted during the year (cont'd.)

The following table lists the inputs to the model used:

	Granted on 12.08.2010
Fair value per ESOS granted (RM)	0.22
Weighted average share price (RM)	1.44
Weighted average exercise price (RM)	1.45
Expected volatility (%)	20.00
Expected life (years)	5
Risk free rate (%)	3.91%
Expected dividend yield (%)	3%

The expected life of the share option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

25. Revenue

Revenue of the Company comprises of gross financing income, gross interest income, fee and commission income, and other income as disclosed in Notes 26, 28 and 44 to the financial statements.

Revenue of the Group comprises all types of revenue derived from the business of granting of financing and loans, property development, property management, letting of real property and hotel operations.

26. Interest income

	<u>Group</u>		<u>Company</u>	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income from:				
- Loans, advances and financing	333,191	293,411	320,996	281,510
- Investment held to maturity	10,228	3,809	10,228	3,809
- Deposits and placements with banks and other financial institutions	23,458	21,848	23,458	21,848
	<u>366,877</u>	<u>319,068</u>	<u>354,682</u>	<u>307,167</u>

27. Interest expense

	<u>Group and Company</u>	
	2011 RM'000	2010 RM'000
Bank borrowings	1,027	443
Other borrowings	4,426	5,314
Deposits from customers	155,867	136,795
	<u>161,320</u>	<u>142,552</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

28. Other income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental income	347	295	110	48
Sale of completed properties	-	3,288	-	-
Revenue from hotel operations	9,564	9,034	-	-
Loan agency fees	61	130	61	130
Loan processing fees	107,142	55,103	107,142	55,103
Insurance commission	21,477	11,676	21,477	11,676
Loan facility fees	4,395	223	4,395	223
Legal notice fee	2,207	1,670	2,207	1,670
Sundry income	10,925	9,338	9,736	9,046
Gain from disposal of:				
Property, plant and equipment	3,117	7	3,117	7
Investment properties	1,100	-	-	-
Foreclosed properties	-	200	-	200
Inventories	-	190	-	190
	<u>160,335</u>	<u>91,154</u>	<u>148,245</u>	<u>78,293</u>

29. Other operating expenses

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Personnel expenses (Note 30)	82,849	59,463	79,847	56,905
Cost of completed properties sold	-	3,000	-	-
Establishment related expenses	8,879	6,862	8,668	9,162
Promotion and marketing related expenses	5,920	3,399	5,708	3,205
General administrative expenses	41,223	23,359	36,864	14,797
(Write back)/allowance for impairment of:				
Investments in subsidiaries	-	-	152	1,324
Amount due from subsidiaries	-	-	(3,457)	(859)
Loans to subsidiaries	-	-	6,051	10,339
Other receivables	21,944	19,164	-	-
Foreclosed properties	-	6,710	-	6,710
	<u>160,815</u>	<u>121,957</u>	<u>133,833</u>	<u>101,583</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

29. Other operating expenses (cont'd.)

Included in other operating expenses are the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration:				
Statutory audits	408	344	357	298
Non-audit fees	447	58	420	31
Amortisation:				
- land use rights (Note 16)	165	165	-	-
- intangible assets (Note 17)	660	366	660	339
Depreciation:				
- investment properties (Note 13)	45	48	-	-
- property, plant and equipment (Note 15)	7,146	6,780	3,427	1,993
Directors' remuneration (Note 31)	910	754	910	754
Rental of buildings	-	-	3,347	6,453

30. Personnel expenses

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	57,189	45,641	54,794	43,610
Social security costs	541	426	498	389
Pension costs:				
- Employees Provident Fund	10,048	7,100	9,801	6,896
Share options granted under ESOS	1,977	2,141	1,977	2,141
Other staff related expenses	6,824	4,155	6,507	3,869
Staff gratuity	6,270	-	6,270	-
	<u>82,849</u>	<u>59,463</u>	<u>79,847</u>	<u>56,905</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

31. Directors' remuneration

	Group and Company	
	2011	2010
	RM'000	RM'000
Directors of the Company		
Non-Executive:		
Fees	673	530
Other emoluments	237	224
Total	910	754

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2011	2010
Non-executive directors:		
RM1,000 - RM50,000	2	-
RM50,001 - RM100,000	3	8
RM100,001 - RM200,000	5	-

Details of the Directors' remuneration of each Director during the financial year 2011 are as follows:

Directors	Director Fees for the financial year		
	2011 (RM'000)	Allowance (RM'000)	Total (RM'000)
1. YBhg Tan Sri Abdul Halim bin Ali	120	41	161
2. Tuan Syed Zaid bin Syed Jaffar Albar	80	29	109
3. Encik Aw Hong Boo	95	38	133
4. Encik Jasmy bin Ismail	80	27	107
5. Encik Lim Tian Huat (appointed on 4 April 2011)	60	21	81
6. YBhg Dato' Shahril Ridza bin Ridzuan (appointed on 30 November 2011)	7*	3	10
7. Encik Lau Tiang Hua (retired on 31 March 2011)	25	8	33
8. Encik Khalid bin Haji Sufat (resigned on 2 September 2011)	53	19	72
9. Puan Cindy Tan Ler Chin (resigned on 30 November 2011)	73*	26	99
10. YBhg Datuk Abdullah bin Haji Kuntom (resigned on 16 January 2012)	80	25	105
	673	237	910

* 50% of the Directors' Fees is paid to the organization to whom the Director represents.

Notes to the Financial Statements

31 December 2011 (cont'd.)

32. Allowance for impairment losses on loans, advances and financing

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans, advances and financing:				
- Collective impairment (Note 9(vi))	57,519	45,990	57,519	45,990
- Individual impairment (Note 9(vi))	116,495	64,828	116,495	64,828
- Settlement costs	-	305	-	305
Bad debts on loans and financing				
- Written off	658	1,111	658	1,111
	<u>174,672</u>	<u>112,234</u>	<u>174,672</u>	<u>112,234</u>

33. Taxation

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	127,199	62,388	127,194	62,388
Over provision in prior years:				
Malaysian income tax	(27,294)	(3,092)	(27,294)	(3,078)
	<u>99,905</u>	<u>59,296</u>	<u>99,900</u>	<u>59,310</u>
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	2,525	1,552	2,599	1,626
	<u>2,525</u>	<u>1,552</u>	<u>2,599</u>	<u>1,626</u>
Total income tax expense	<u>102,430</u>	<u>60,848</u>	<u>102,499</u>	<u>60,936</u>
RPGT recovered	(124)	-	(124)	-
	<u>102,306</u>	<u>60,848</u>	<u>102,375</u>	<u>60,936</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2011 has reflected these changes.

The Company had, in October 2010, submitted an application to Ministry of Finance ("MoF") seeking approval to apply the Guidelines on Income Tax Treatment from Adopting FRS 139 - Financial Instruments: Recognition and Measurement ("Guidelines"). The Guidelines were issued by MoF on 1 April 2008 and are only applicable to financial institutions regulated by Bank Negara Malaysia ("BNM") that are licensed pursuant to the Banking and Financial Institutions Act 1989, or the Islamic Banking Act 1983 or prescribed pursuant to the Development Financial Institutions Act 2002.

Pending the said approval as at the date of this report, provision for tax payable for the financial year ended 31 December 2010 and 2011 was made without adopting the Guidelines. Should the approval be obtained, provision for tax payable for the financial year ended 31 December 2010 and 2011 would be revised.

Notes to the Financial Statements

31 December 2011 (cont'd.)

33. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2011 RM'000	2010 RM'000
Profit before taxation	<u>428,262</u>	<u>207,397</u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	107,066	51,849
Effect of income not subject to tax	(8,644)	(12,425)
Effect of expenses not deductible for tax purposes	10,569	12,149
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(642)	395
Deferred tax assets not recognised	21,375	12,046
Overprovision of income tax in prior years	(27,294)	(3,092)
Recognition of deferred tax on fair value adjustment upon consolidation	-	(74)
Tax for the year	<u>102,430</u>	<u>60,848</u>
Company		
Profit before taxation	<u>430,959</u>	<u>203,009</u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	107,740	50,752
Effect of income not subject to tax	(779)	-
Effect of expenses not deductible for tax purposes	3,917	1,781
Deferred tax assets not recognised	18,915	11,481
Overprovision of income tax in prior years	(27,294)	(3,078)
Tax for the year	<u>102,499</u>	<u>60,936</u>

34. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2011	2010
Net profit for the year (RM'000)	325,432	146,025
Weighted average number of ordinary shares in issue ('000)	1,003,622	700,199
Basic earnings per share (sen)	<u>32.43</u>	<u>20.85</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

34. Earnings per share (cont'd.)

(b) Diluted

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

	2011	2010
Net profit for the year (RM'000)	325,432	146,025
Weighted average number of ordinary shares in issue ('000)	1,003,622	700,199
Adjusted for assumed conversion of ESOS ('000)	1,061	2,927
Adjusted for assumed conversion of warrants ('000)	193,791	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,198,474</u>	<u>703,126</u>
Diluted earning per share (sen)	<u>27.15</u>	<u>20.77</u>

35. Dividends

	Dividends in respect of		Net Dividends	
	financial year		per Ordinary Share	
	2011	2010	2011	2010
	RM'000	RM'000	Sen	Sen
Recognised during the year				
- Final 9.0% less 25% taxation, on 705,280,997 ordinary shares, declared on 8 March 2011, paid on 28 April 2011	-	47,606	-	6.75
- Interim dividend of 5% less 25% taxation, on 1,215,490,694 ordinary shares, declared on 2 August 2011, paid on 5 September 2011	45,581	-	3.75	-
Proposed for approval at AGM				
- Final 7% less 25% taxation, on 1,215,500,650 ordinary shares	<u>63,814</u>	<u>-</u>	<u>5.25</u>	<u>-</u>
	<u>109,395</u>	<u>47,606</u>	<u>9.00</u>	<u>6.75</u>

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

Notes to the Financial Statements

31 December 2011 (cont'd.)

36. Significant related party transactions/balances

(a) Transactions/balances with Employees Provident Fund, the ultimate holding body:

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Expenses					
Interest on loans		12,726	875	12,726	875
Rental paid		283	276	283	276
Agency fees		-	1	-	1
Balances					
Term loan	19	451,632	-	451,632	-

(b) Transactions/balances with subsidiaries:

	Company	
	2011 RM'000	2010 RM'000
Income/(expenses)		
Interest charged on loans/advances	17,489	18,503
Rental paid	(1,748)	(5,458)
Balances		
Purchase of land and building	-	32,000
Loans to subsidiaries	323,931	169,774
Bridging, structured and term loans	252,045	252,045
Amount due from subsidiaries	63,561	65,991
Amount due to subsidiaries	17,891	17,891
End finance loans	128	229

The directors are of the opinion that all the transactions/balances above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes to the Financial Statements

31 December 2011 (cont'd.)

36. Significant related party transactions/balances (cont'd.)

(c) The remuneration of directors and other members of key management during the year was as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
Short-term employee benefits	4,295	3,089
Share-based payment	44	38
	<u>4,339</u>	<u>3,127</u>

Included in the total key management personnel are:

	Group and Company	
	2011	2010
	RM'000	RM'000
Directors' remuneration comprising fees and allowances (Note 31)	910	754
The Chief Executive Officer's remuneration comprising salary, bonus, allowances and other emoluments	<u>2,357</u>	<u>1,530</u>

(d) Transactions and balances with directors and key management:

	Group and Company	
	2011	2010
	RM'000	RM'000
Income/(expenses)		
Interest cost incurred on savings and deposits	(43)	(21)
Amount due to in respect of savings and deposits	<u>1,338</u>	<u>1,163</u>

Executive directors of the Group and other members of key management of the Group and the Company have been granted the following number of options under the Employee Share Option Scheme:

	Group and Company	
	2011	2010
	RM'000	RM'000
At 1 January	769	-
Granted	113	875
Exercised	(63)	(106)
Expired	-	-
At 31 December	<u>819</u>	<u>769</u>

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

Notes to the Financial Statements

31 December 2011 (cont'd.)

37. Commitments and contingencies

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Operational Commitments				
Loan commitments not provided for in the financial statements:				
End finance	243,602	104,870	243,602	104,870
Islamic	217,780	147,824	217,780	147,824
Bridging, structured and term loans	2,925,838	174,234	2,925,838	174,234
Property development:				
Approved and contracted for	421,528	421,528	1,667	1,667
Total	<u>3,808,748</u>	<u>848,456</u>	<u>3,388,887</u>	<u>428,595</u>
(ii) Capital Commitments				
Property, plant and equipment:				
Approved but not contracted for	<u>86,953</u>	<u>44,914</u>	<u>86,953</u>	<u>44,914</u>
(iii) Contingencies				
Fully secured:				
Financial guarantees	<u>80,375</u>	<u>19,405</u>	<u>80,375</u>	<u>19,405</u>

The financial guarantees are secured by way of fixed charge over the borrowers' development project land or debenture created over the fixed and floating charge over the specific or entire assets of the borrower.

Notes to the Financial Statements

31 December 2011 (cont'd.)

38. Contingent liabilities (Unsecured)

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

The contractor's application to amend the statement of claim was dismissed on 22 June 2010 and the Court fixed 10 November 2011 for case management. The Court of Appeal had on 13 December 2011 allowed the contractor's application to amend statement of claim.

Pre-trial case management is fixed on 21 March 2012 and full trial is from 26 to 30 March 2012.

- (ii) A creditor of a wound-up unrelated company has alleged that a subsidiary of the Company ("Subsidiary"), together with three (3) other defendants as co-conspirators, were involved in a scheme to sell off a major asset of the unrelated company and had thereafter allowed that company to be wound-up in order to defeat the said creditor's claim for payment from that company amounting to RM4.8 million for good sold and delivered.

The full trial has been completed. The matter has been decided in favour of the Subsidiary. The creditor has filed an appeal on 19 March 2010 against the decision. The appeal is pending a hearing date.

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

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

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

The Company had on 22 May 2009 filed a Notice of Appeal following the Court's dismissal of the Company's application to hold a trial of preliminary issue. On 8 February 2011, the Court has fixed the main suit for trial on 13 and 16 May 2011. On 22 March 2011, the Court of Appeal allowed the Company's appeal with liberty to propose further questions to the High Court for determination.

The matter came up for hearing on 13 May 2011 and was fixed for decision on 30 May 2011 whereby the Plaintiff's claim was dismissed with cost of RM15,000. The Plaintiff had lodged an appeal to the Court of Appeal.

The Plaintiff's appeal came up for hearing on 17 November 2011 and the same was dismissed with costs.

Notes to the Financial Statements

31 December 2011 (cont'd.)

38. Contingent liabilities (Unsecured) (cont'd.)

- (v) A third party and its holding company (collectively "Plaintiffs") have instituted a civil suit against the Company and its subsidiary for an alleged breach of facility agreement.

The Company and its subsidiary had filed its defence and counterclaim in response to the suit. The Company and its subsidiary had also filed an application to strike out the Plaintiff's suit which was dismissed with costs on 24 May 2010. The Company filed the appeal on 4 June 2010 against the said decision.

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

The main suit was fixed for case management on 19 January 2012.

The Company's striking out appeal is fixed for hearing on 3 April 2012.

The directors after obtaining advice from the Company's solicitors, are of the opinion that the Company has reasonably good cases in respect of all the claims against the Company and as such, no provision has been made in the financial statements.

39. Financial Risk Management

- (a) Financial risk management objectives and policies

Risk management forms an integral part of the Group's and the Company's activities and remains an important feature in all its business, operations, delivery channels and decision-making processes. The extent to which the Group and the Company are able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Group's and the Company's risk management function is independent of its operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to the endorsement by the Group Risk Management Division and submitted to Audit & Risk Management Committee ("ARMCO") and/or Board Committees for approvals.

In essence, the objectives of the Group's and the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposures and risk requirements;
 - (ii) Ensure risk taking activities are consistent with the approved policies and the aggregated risk position are within the risk appetite as approved by the Board; and
 - (iii) Help create shareholder value through proper allocation of risk and facilitate the risk assessments of new business and products independently.
- (b) Risk management framework

The Group and the Company employs an Enterprise-wide Risk Management framework to manage its risks effectively. The framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group and the Company; implemented through a number of committees established by Board of Directors. This framework provides the Board and its management with a tool to anticipate and manage both existing and potential risks, taking into consideration the dynamic risk profiles, as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(c) Risk organisation

At the apex of the Group's and the Company's risk management structure is the Board of Directors, which comprises executive and non-executive directors of the Group and the Company. In line with best practices, the Board determines the risk policy objectives for the Group and the Company, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the ARMCO who undertakes the oversight function for overall risk limits and ensures that the Group and the Company are within the risk appetite as established by the Board. Other than ARMCO, the Board is also supported by specialised and supervisory committees, details of which are as follows:

- (i) Executive Committee ("EXCO"): EXCO assists the Board to evaluate and approve loan applications within their approval authority limits and consider recommendation from ARC on all matters relating to impaired loans as well as the capital expenditure and operating expenditure of the Group and the Company.
- (ii) Arrears & Recovery Committee ("ARC"): ARC deliberates on proposals for recovery of impaired loans, approve proposals within its authority and recommends to the Board on proposals beyond ARC's authority. Additionally, ARC also monitors the progress of recovery of impaired loans and formulates recovery strategies.
- (iii) Asset & Liability Committee ("ALCO"): ALCO is responsible for the Group's and the Company's liquidity management by focusing on the maturity gap, liquidity position, loans portfolio concentration, deposits composition and depositors' concentration. ALCO also manages the interest rate exposures and interest margin of the Group and the Company by reviewing the lending rates, cost of funds, interest margin and the repricing gaps.
- (iv) Credit & Rehabilitation Assessment Committee ("CARAC"): CARAC deliberates and recommends to the relevant Board or Board Committee for Corporate Loan and Mortgage applications and decide whether to proceed with the preparation of the Board paper based on completed credit assessment report. CARAC also deliberates and recommends any appeal on variations to the terms and conditions as earlier approved by Board or Board Committees. CARAC also deliberates and approves the submission of the relevant corporate rehabilitation papers for the Board or Board Committees.
- (v) Retail Loans Committees ("RLCs"): RLCs deliberates and approves or recommends to the relevant Board for new mortgage loan applications as well as any appeal on variations to the earlier approved terms and conditions of the loan within the approval authority limit.
- (vi) Management Committee ("MANCO"): MANCO deliberates the implementation of the enterprise-wide risk management framework which addresses credit, market and operational and strategic risks and also resolve operational issues within the policies established by the Board and recommending policy changes to the Board.

(d) Risk reporting & monitoring

The Group's and the Company's credit portfolios are monitored through early alert reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. All business units undertake regular and comprehensive analysis of their credit portfolios and report to the relevant committees and overseen by Group Risk Management Division (GRM). GRM provides independent reporting to the business units and the Board to ensure independence in relation to the prompt identification and communication of emerging credit issues of the Group and the Company to the Board.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(e) Credit risk mitigation

All credit facilities are granted on the credit standing of the borrower, source of repayment, debt servicing ability and the collateral provided. The valuation of the collateral is conducted periodically. The main types of collateral taken by the Group and the Company are marketable securities, real estate, inventory and receivables. Personal guarantees are also taken as a part of the collateral to support moral commitment from the principal shareholders and directors. Corporate guarantees are often obtained when the borrower's credit worthiness is insufficient to justify granting credit facilities.

(f) Concentration risk

Concentration of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Company monitors their portfolios, to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations. GRM also applies single customer counterparty limits to protect against unacceptably large exposures to single risk. GRM conducts analysis and reporting of concentration risk to ARMCO on a quarterly basis.

Credit risk

Credit risk is the risk of loss to the Group and the Company due to the deterioration in credit worthiness of its borrowers and consequently their inability to discharge their contractual obligations to the Group and the Company. Credit risk remains the most significant risk to which the Group and the Company are exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level in line with the Group's and the Company's risk appetite and to ensure that the returns are commensurate to the risk underwritten.

A new credit platform was established in 2010 with the primary objective of enhancing the efficiency and effectiveness of the credit oversight as well as credit approval process for all retail and corporate loans of the Group and the Company. The platforms include two credit committees, being Retail Loans Committee Team A for credit exposures of up to RM 600,000 and the Retail Loans Committee Team B for the smaller exposures of retail portfolios. Credit proposals are submitted to the relevant credit committees for approval or concurrence, and are subsequently submitted to GRM for independent assessment. Credit exposures are evaluated by GRM and are monitored against approved limits on a periodic basis on a portfolio and individual basis.

(i) Maximum exposure

The maximum exposure without taking into account the fair value of collateral for each class of financial assets is the carrying value of these assets as shown below:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financial Assets:				
Loans, Advances and Financing:				
End finance and Islamic property	5,159,747	5,353,777	5,159,747	5,353,960
Personal financing	8,521,802	3,885,061	8,521,802	3,885,061
Bridging, structured and term loans	1,503,082	1,467,692	1,553,329	1,517,858
Loans to subsidiaries	-	-	237,768	89,662
	<u>15,184,631</u>	<u>10,706,530</u>	<u>15,472,646</u>	<u>10,846,541</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(i) Maximum exposure (cont'd.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits with Financial Institutions and Bank Balance:				
Cash at banks and on hand	184,298	40,470	172,012	26,206
Short term deposits with licensed banks	1,171,301	848,359	1,170,490	848,250
	<u>1,355,599</u>	<u>888,829</u>	<u>1,342,502</u>	<u>874,456</u>
Other Financial Assets:				
Trade receivables	394	1,182	-	-
Investments held-to-maturity	204,354	200,000	204,354	200,000
Other receivables*	114,538	111,920	89,746	85,422
	<u>319,286</u>	<u>313,102</u>	<u>294,100</u>	<u>285,422</u>

* The other receivables excluded foreclosed properties and prepayments and deposits as these items are classified as non financial assets.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(ii) Credit quality

The credit quality of financial assets are analysed as follows:

Group	2011							
	<---- Past due But Not Impaired ---->							
	Neither Past Due Nor Impaired RM'000	Past Due Up To <1 Month RM'000	Past Due 1 To < 3 Months RM'000	Past Due 3 To < 6 Months RM'000	Impaired RM'000	Total Gross RM'000	Impairment Allowances RM'000	Total Net RM'000
Financial Assets:								
Loans, Advances and Financing:								
End finance and Islamic property	2,438,242	984,104	902,795	442,770	813,536	5,581,447	(421,700)	5,159,747
Personal financing	7,994,772	444,069	128,984	24,058	132,696	8,724,579	(202,777)	8,521,802
Bridging, structured and term loans	1,280,027	2,076	23,681	748	2,191,522	3,498,054	(1,994,972)	1,503,082
	<u>11,713,041</u>	<u>1,430,249</u>	<u>1,055,460</u>	<u>467,576</u>	<u>3,137,754</u>	<u>17,804,080</u>	<u>(2,619,449)</u>	<u>15,184,631</u>
Deposits with Financial Institutions and Bank Balance:								
Cash at banks and on hand	184,298	-	-	-	-	184,298	-	184,298
Short term deposits with licensed banks	1,171,301	-	-	-	-	1,171,301	-	1,171,301
	<u>1,355,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,355,599</u>	<u>-</u>	<u>1,355,599</u>
Other Financial Assets:								
Trade receivables	-	353	41	-	25,735	26,129	(25,735)	394
Other receivables	114,273	264	1	-	178,023	292,561	(178,023)	114,538
Investments held-to-maturity	204,354	-	-	-	-	204,354	-	204,354
	<u>318,627</u>	<u>617</u>	<u>42</u>	<u>-</u>	<u>203,758</u>	<u>523,044</u>	<u>(203,758)</u>	<u>319,286</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(ii) Credit quality

Group	2010							
	<---- Past due But Not Impaired ---->							
	Neither Past Due Nor Impaired RM'000	Past Due Up To <1 Month RM'000	Past Due 1 To < 3 Months RM'000	Past Due 3 To < 6 Months RM'000	Impaired RM'000	Total Gross RM'000	Impairment Allowances RM'000	Total Net RM'000
Financial Assets:								
Loans, Advances and Financing:								
End finance and Islamic property	2,649,186	1,038,193	899,923	465,970	768,003	5,821,275	(467,498)	5,353,777
Personal financing	2,424,557	1,037,300	449,895	29,945	45,763	3,987,460	(102,399)	3,885,061
Bridging, structured and term loans	591,525	-	1,271	1,879	4,094,223	4,688,898	(3,221,206)	1,467,692
	<u>5,665,268</u>	<u>2,075,493</u>	<u>1,351,089</u>	<u>497,794</u>	<u>4,907,989</u>	<u>14,497,633</u>	<u>(3,791,103)</u>	<u>10,706,530</u>
Deposits with Financial Institutions and Bank Balance:								
Cash at banks and on hand	40,470	-	-	-	-	40,470	-	40,470
Short term deposits with licensed banks	848,359	-	-	-	-	848,359	-	848,359
	<u>888,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>888,829</u>	<u>-</u>	<u>888,829</u>
Other Financial Assets:								
Trade receivables	-	1,138	44	-	26,939	28,121	(26,939)	1,182
Other receivables	111,665	250	5	-	147,660	259,580	(147,660)	111,920
Investments held-to-maturity	200,000	-	-	-	-	200,000	-	200,00
	<u>311,665</u>	<u>1,388</u>	<u>49</u>	<u>-</u>	<u>174,599</u>	<u>487,701</u>	<u>(174,599)</u>	<u>313,102</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(ii) Credit quality (cont'd.)

Company

	2011							
	----- Past due But Not Impaired -----							
	Neither Past Due Nor Impaired RM'000	Past Due Up To <1 Month RM'000	Past Due 1 To < 3 Months RM'000	Past Due 3 To < 6 Months RM'000	Impaired RM'000	Total Gross RM'000	Impairment Allowances RM'000	Total Net RM'000
Financial Assets:								
Loans, Advances and Financing:								
End finance and Islamic property	2,438,242	984,104	902,795	442,770	813,536	5,581,447	(421,700)	5,159,747
Personal financing	7,994,772	444,069	128,984	24,058	132,696	8,724,579	(202,777)	8,521,802
Bridging, structured and term loans	1,280,027	2,076	23,683	748	2,476,029	3,782,563	(2,229,232)	1,553,329
	<u>11,713,041</u>	<u>1,430,249</u>	<u>1,055,462</u>	<u>467,576</u>	<u>3,422,261</u>	<u>18,088,587</u>	<u>(2,853,709)</u>	<u>15,234,880</u>
Loans to subsidiaries	<u>150,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,313</u>	<u>323,931</u>	<u>(86,163)</u>	<u>237,768</u>
Deposits with Financial Institutions and Bank Balance:								
Cash at banks and on hand	172,012	-	-	-	-	172,012	-	172,012
Short term deposits with licensed banks	1,170,490	-	-	-	-	1,170,490	-	1,170,490
	<u>1,342,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,342,502</u>	<u>-</u>	<u>1,342,502</u>
Other Financial Assets:								
Other receivables	133,126	-	-	-	-	133,126	(43,380)	89,746
Investments held-to-maturity	204,354	-	-	-	-	204,354	-	204,354
	<u>337,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,480</u>	<u>(43,380)</u>	<u>294,100</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(ii) Credit quality (cont'd.)

Company

	2010							
	<---- Past due But Not Impaired ---->							
	Neither Past Due Nor Impaired RM'000	Past Due Up To <1 Month RM'000	Past Due 1 To < 3 Months RM'000	Past Due 3 To < 6 Months RM'000	Impaired RM'000	Total Gross RM'000	Impairment Allowances RM'000	Total Net RM'000
Financial Assets:								
Loans, Advances and Financing:								
End finance and Islamic property	2,649,186	1,038,193	899,923	466,153	768,003	5,821,458	(467,498)	5,353,960
Personal financing	2,424,557	1,037,300	449,895	29,945	45,763	3,987,460	(102,399)	3,885,061
Bridging, structured and term loans	591,525	-	1,271	1,879	4,378,649	4,973,324	(3,455,466)	1,517,858
	<u>5,665,268</u>	<u>2,075,493</u>	<u>1,351,089</u>	<u>497,977</u>	<u>5,192,415</u>	<u>14,782,242</u>	<u>(4,025,363)</u>	<u>10,756,879</u>
Loans to subsidiaries	<u>323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,451</u>	<u>169,774</u>	<u>(80,112)</u>	<u>89,662</u>
Deposits with Financial Institutions and Bank Balance:								
Cash at banks and on hand	26,206	-	-	-	-	26,206	-	26,206
Short term deposits with licensed banks	848,250	-	-	-	-	848,250	-	848,250
	<u>874,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>874,456</u>	<u>-</u>	<u>874,456</u>
Other Financial Assets:								
Other receivables	132,259	-	-	-	-	132,259	(46,837)	85,422
Investments held-to-maturity	200,000	-	-	-	-	200,000	-	200,000
	<u>332,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,259</u>	<u>(46,837)</u>	<u>285,422</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Neither Past Due Nor Impaired

a) High Grade

This refers to cash at banks and short term deposits with licensed financial institutions.

b) Standard Grade

This refers to financial assets in respect of loans, advances and financing which have been disbursed in previous years and are neither past due nor impaired. Standard Grade financial assets also include other financial assets that are neither past due nor impaired.

c) New Loans During The Year

This refers to financial assets in respect of loans, advances and financing which were disbursed during the year and are neither past due nor impaired.

Credit quality of financial assets that are neither past due nor impaired by credit quality is as follows:

Group

	2011			Total RM'000
	←----- Rated ----->			
	High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000	
Financial Assets:				
Loans, Advances and Financing:				
End finance and Islamic property	-	2,290,972	147,270	2,438,242
Personal financing	-	2,021,570	5,973,202	7,994,772
Bridging, structured and term loans	-	93,125	1,186,902	1,280,027
	-	4,405,667	7,307,374	11,713,041
Deposits with Financial Institutions and Bank Balance:				
Cash at banks and on hand	184,298	-	-	184,298
Short term deposits with licensed banks	1,171,301	-	-	1,171,301
	1,355,599	-	-	1,355,599
Other Financial Assets:				
Other receivables	-	114,273	-	114,273
Investments held-to-maturity	-	204,354	-	204,354
	-	318,627	-	318,627

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Group

	2010			
	----- Rated ----->			
	High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000	Total RM'000
Financial Assets:				
Loans, Advances and Financing:				
End finance and Islamic property	-	2,261,537	387,649	2,649,186
Personal financing	-	497,358	1,927,199	2,424,557
Bridging, structured and term loans	-	273,452	318,073	591,525
	-	3,032,347	2,632,921	5,665,268
Deposits with Financial Institutions and Bank Balance:				
Cash at banks and on hand	40,470	-	-	40,470
Short term deposits with licensed banks	848,359	-	-	848,359
	888,829	-	-	888,829
Other Financial Assets:				
Other receivables	-	111,665	-	111,665
Investments held-to-maturity	-	200,000	-	200,000
	-	311,665	-	311,665

Company

	2011			
	----- Rated ----->			
	High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000	Total RM'000
Financial Assets:				
Loans, Advances and Financing:				
End finance and Islamic property	-	2,290,972	147,270	2,438,242
Personal financing	-	2,021,570	5,973,202	7,994,772
Bridging, structured and term loans	-	93,125	1,186,902	1,280,027
	-	4,405,667	7,307,374	11,713,041

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Company

	2011			
	----- Rated ----->			Total RM'000
High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000		
Deposits with Financial Institutions and Bank Balance:				
Cash at banks and on hand	172,012	-	-	172,012
Short term deposits with licensed banks	1,170,490	-	-	1,170,490
	<u>1,342,502</u>	<u>-</u>	<u>-</u>	<u>1,342,502</u>
Loans to subsidiaries	<u>-</u>	<u>150,618</u>	<u>-</u>	<u>150,618</u>
Other Financial Assets:				
Other receivables	-	133,126	-	133,126
Investments held-to-maturity	-	204,354	-	204,354
	<u>-</u>	<u>337,480</u>	<u>-</u>	<u>337,480</u>

Company

	2010			
	----- Rated ----->			Total RM'000
High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000		
Financial Assets:				
Loans, Advances and Financing:				
End finance and Islamic property	-	2,261,537	387,649	2,649,186
Personal financing	-	497,358	1,927,199	2,424,557
Bridging, structured and term loans	-	273,452	318,073	591,525
	<u>-</u>	<u>3,032,347</u>	<u>2,632,921</u>	<u>5,665,268</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(ii) Credit quality (cont'd.)

Company

	2010			
	----- Rated ----->			
	High Grade RM'000	Standard Grade RM'000	New Loans During The Year RM'000	Total RM'000
Deposits with Financial Institutions and Bank Balance:				
Cash at banks and on hand	26,206	-	-	26,206
Short term deposits with licensed banks	848,250	-	-	848,250
	<u>874,456</u>	<u>-</u>	<u>-</u>	<u>874,456</u>
Loans to subsidiaries	<u>-</u>	<u>323</u>	<u>-</u>	<u>323</u>
Other Financial Assets:				
Other receivables	-	132,259	-	132,259
Investments held-to-maturity	-	200,000	-	200,000
	<u>-</u>	<u>332,259</u>	<u>-</u>	<u>332,259</u>

Past Due But Not Impaired

Past due but not impaired are loans and receivables where the customer has failed to make a principal or interest payment when contractually due, and includes loans, advances and financing which have no past due or no overdraft for a period of less than six months.

Impaired

This refers to financial assets in respect of loans, advances and financing in which exposure are assessed individually and considered impaired based on the Company policies.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(iii) Industry analysis

Group

31 December 2011	Property Development RM'000	Financial Services RM'000	Telecom- munication RM'000	Food RM'000	Consumer RM'000	Oil and gas RM'000	Services ¹ RM'000	Others RM'000	Total RM'000
Financial Assets:									
Cash and short term funds	8,844	1,342,502	-	-	-	-	4,253	-	1,355,599
Trade receivables	8	-	-	-	-	-	386	-	394
Other receivables	22	-	-	-	-	-	292	114,224	114,538
Loans, advances and financing:									
-End finance and Islamic property	-	-	-	-	5,159,747	-	-	-	5,159,747
-Personal financing	-	-	-	-	8,521,802	-	-	-	8,521,802
-Bridging, structured and term loans	1,267,701	69,523	933	19,086	61,401	56,087	21,385	6,966	1,503,082
Investments held-to-maturity	-	-	-	-	-	-	-	204,354	204,354
	<u>1,276,575</u>	<u>1,412,025</u>	<u>933</u>	<u>19,086</u>	<u>13,742,950</u>	<u>56,087</u>	<u>26,316</u>	<u>325,544</u>	<u>16,859,516</u>

Company

31 December 2011	Property Development RM'000	Financial Services RM'000	Telecom- munication RM'000	Food RM'000	Consumer RM'000	Oil and gas RM'000	Services ¹ RM'000	Others RM'000	Total RM'000
Financial Assets:									
Cash and short term funds	-	1,342,502	-	-	-	-	-	-	1,342,502
Other receivables	-	-	-	-	-	-	-	89,746	89,746
Loans, advances and financing:									
-End finance and Islamic property	-	-	-	-	5,159,747	-	-	-	5,159,747
-Personal financing	-	-	-	-	8,521,802	-	-	-	8,521,802
-Bridging, structured and term loans	1,317,723	69,498	1,183	19,086	61,401	56,087	21,385	6,966	1,553,329
Investments held-to-maturity	-	-	-	-	-	-	-	204,354	204,354
Loans to subsidiaries	-	157,645	-	-	-	-	80,123	-	237,768
	<u>1,317,723</u>	<u>1,569,645</u>	<u>1,183</u>	<u>19,086</u>	<u>13,742,950</u>	<u>56,087</u>	<u>101,508</u>	<u>301,066</u>	<u>17,109,248</u>

¹Services includes hotel operation

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Credit risk (cont'd.)

(iii) Industry analysis (cont'd.)

Group

31 December 2010	Property Development RM'000	Financial Services RM'000	Telecom- munication RM'000	Food RM'000	Consumer RM'000	Oil and gas RM'000	Services ¹ RM'000	Others RM'000	Total RM'000
Financial Assets:									
Cash and short term funds	8,582	874,468	-	-	-	-	5,779	-	888,829
Trade receivables	464	-	-	-	-	-	718	-	1,182
Other receivables	523	-	-	-	-	-	484	110,913	111,920
Loans, advances and financing:									
-End finance and Islamic property	-	-	-	-	5,353,777	-	-	-	5,353,777
-Personal financing	-	-	-	-	3,885,061	-	-	-	3,885,061
-Bridging, structured and term loans	1,361,650	81,984	11,822	12,236	-	-	-	-	1,467,692
Investments held-to-maturity	-	-	-	-	-	-	-	200,000	200,000
	1,371,219	956,452	11,822	12,236	9,238,838	-	6,981	310,913	11,908,461

Company

31 December 2010	Property Development RM'000	Financial Services RM'000	Telecom- munication RM'000	Food RM'000	Consumer RM'000	Oil and gas RM'000	Services ¹ RM'000	Others RM'000	Total RM'000
Financial Assets:									
Cash and short term funds	-	874,456	-	-	-	-	-	-	874,456
Other receivables	-	-	-	-	-	-	-	85,422	85,422
Loans, advances and financing:									
-End finance and Islamic property	-	-	-	-	5,353,960	-	-	-	5,353,960
-Personal financing	-	-	-	-	3,885,061	-	-	-	3,885,061
-Bridging, structured and term loans	1,411,816	81,984	11,822	12,236	-	-	-	-	1,517,858
Investments held-to-maturity	-	-	-	-	-	-	-	200,000	200,000
Loans to subsidiaries	-	9,535	-	-	-	-	80,127	-	89,662
	1,411,816	965,975	11,822	12,236	9,239,021	-	80,127	285,422	12,006,419

¹Services includes hotel operation.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

(iv) Collateral

Effects of holding collateral

The credit risk of financial assets of the Group and the Company is mitigated by the collateral held against the financial assets.

The collateral mitigates credit risk and would reduce the extent of impairment allowance for the assets subject to impairment review.

For loan, advances and financing individual assessment allowance as at the date of the statement of financial position would be higher by approximately RM453,009,000 (2010: RM722,928,000) without the collateral held.

Reposessed collateral

	<u>Group and Company</u>	
	<u>2011</u>	<u>2010</u>
	<u>RM'000</u>	<u>RM'000</u>
Residential	8,306	8,306
Non residential	117,536	66,029
	<u>125,842</u>	<u>74,335</u>

The above assets are accounted for as foreclosed properties under other receivables in the statement of financial position. There were additional assets obtained for financial year ended 2011 of RM51,507,000 (2010: RM42,360,000).

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Market risk

Market risk is the risk of potential loss as a result of changes in the intrinsic value of financial instruments caused by the movement in market variables such as interest rates, equity pricing and other related macro economic factors that will eventually affect the Group's and the Company's profitability and capital preservation.

The Group's and the Company's market risk management includes the monitoring of fluctuations in net interest income or investment value due to changes in relevant market risk factors. ALCO monitors the exposure on a monthly basis through reports being produced by the Treasury Division. GRM, via its presence in the ALCO, provides advisory services and input on the Group's and the Company's market risk management.

In managing interest rate risk, the Group and the Company intends to maximise net interest income and net interest margin; and minimise the significant volatility in relation to the Group's and the Company's assets and liabilities.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax and shareholders' equity would have been RM56,418,000 higher/lower, arising mainly as a result of changes in interest expenses and interest income from fixed rate loans, advances and financing.

Liquidity risk

The Group's and the Company's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Liquidity risk management of the Group and the Company is governed by established risk tolerance levels as defined in the Group's and the Company's Market Risk Framework. ALCO would be informed of management action triggers to alert management to potential and emerging liquidity pressures. The Group's and the Company's early warning system and contingency funding plans are in place to alert and enable management to act effectively and efficiently during a liquidity crisis.

ALCO meets at least once a month to discuss the liquidity risk and funding profile and is chaired by the Chief Executive Officer. The ALM & Funding Unit which is responsible for the independent monitoring of the Group's and the Company's liquidity risk profile works closely with Treasury Division in the surveillance on market conditions and performs stress testing on liquidity positions.

Notes to the Financial Statements

31 December 2011 (cont'd.)

39. Financial Risk Management (cont'd.)

Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2010 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Company				
Financial liabilities:				
Deposits from customers	9,685,932	952,577	26,969	10,665,478
Bank borrowings	200,119	-	-	200,119
Trade and other payables	87,423	-	16,077	103,500
Recourse obligation on loans sold to Cagamas Berhad	36,152	118,991	835,577	990,720
	10,009,626	1,071,568	878,623	11,959,817

At the reporting date, the counterparties to the financial guarantees does not have a right to demand cash as the default event has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

40. Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that they maintains a strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manages their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group and the Company monitors their capital using a internally developed risk weighted capital adequacy ratio ("RWCR"), which is capital base divided by total risk weighted assets. The Group's and the Company's policy is to set the internal RWCR at a minimum of 7%.

Notes to the Financial Statements

31 December 2011 (cont'd.)

41. Fair values

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2011					
Financial assets					
Loans, advances and financing	9	15,184,631	13,344,175	15,234,878	13,394,420
Investments held-to-maturity	10	204,354	211,345	204,354	211,345
Financial liabilities					
Other borrowings	19	451,632	447,061	451,632	447,061
Deposits from customers	18	13,511,948	13,294,962	13,511,948	13,294,962
Recourse obligation on loans sold to Cagamas Berhad	22	1,933,384	1,923,791	1,933,384	1,923,791
2010					
Financial assets					
Loans, advances and financing	9	10,706,530	9,977,346	10,756,879	10,027,695
Investments held-to-maturity	10	200,000	203,942	200,000	203,942
Financial liabilities					
Deposits from customers	18	10,483,743	10,475,576	10,483,743	10,475,576
Recourse obligation on loans sold to Cagamas Berhad	22	964,093	942,909	964,093	942,909

Loans, advances and financing

The fair value of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate the carrying amount. For fixed rate loans with maturities of more than one year, the fair value are estimated based on expected future cash flows of contractual installment payments and discounted at prevailing rates offered for similar loans to new borrowers with similar credit profiles as of the reporting date.

The fair value of impaired fixed and variable rates loans is represented by their carrying amount, net of individual impairment provisions, being the expected recoverable amount.

Other borrowings

The fair values of other borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Investments held-to-maturity

The estimated fair value is based on estimated future cash flows discounted using market indicative rates of similar instruments at the reporting date.

Notes to the Financial Statements

31 December 2011 (cont'd.)

41. Fair values (cont'd.)

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.)

Deposits from customers

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities.

Recourse obligation on loans sold to Cagamas Berhad

The fair values for recourse obligations on loans sold to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

- (b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Cash and short term funds	5
Trade receivables	6
Other receivables (exclude foreclosed properties, deposits and prepayments)	7
Loans to subsidiaries	11
Bank borrowings	19
Trade payables	20
Other payables	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

- (c) Fair value of financial instruments that are not carried at fair value and whose cost could not be reliably measured.

The fair values of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs.

Determination of fair value and fair value hierarchy

As at 31 December 2011 and 31 December 2010, there is no financial instruments that are carried at fair value.

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk

The table below summarises the Group's and the Company's exposure to interest rate risk. The table indicates effective average interest rates at the reporting date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2011	Up to 1	>1-3	>3-12	>1-5	Over 5	Non-	Total	Average interest rate % per annum
	month	months	months	years	years	interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets								
Cash and short term funds	1,166,292	246	4,650	113	-	184,298	1,355,599	3.30
Trade receivables	-	-	-	-	-	394	394	
Other receivables	-	-	-	-	-	242,121	242,121	
Loans, advances and financing:								
- non-impaired	474,964	53,795	221,680	288,634	12,851,763	-	13,890,836	8.43
- impaired	-	-	-	-	-	1,293,795	1,293,795	
Investments held-to-maturity	-	-	-	204,354	-	-	204,354	5.25
Other assets	-	-	-	-	-	377,708	377,708	
Total assets	1,641,256	54,041	226,330	493,101	12,851,763	2,098,316	17,364,807	
Liabilities								
Deposits from customers	6,584,511	3,287,339	2,510,773	1,102,078	26,647	600	13,511,948	3.56
Bank borrowings	100,044	-	-	-	-	-	100,044	4.07
Other borrowings	-	26,632	75,000	350,000	-	-	451,632	5.50
Trade payables	-	-	-	-	-	178	178	
Other payables	-	-	-	-	-	138,489	138,489	

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Group 2011 (cont'd.)	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	Non- interest sensitive RM'000	Total RM'000	Average interest rate % per annum
Liabilities (cont'd)								
Recourse obligation on loans sold to Cagamas Berhad	34,504	4,931	51,220	1,842,729	-	-	1,933,384	5.34
Other liabilities	-	-	-	-	-	98,983	98,983	
Total liabilities	6,719,059	3,318,902	2,636,993	3,294,807	26,647	238,250	16,234,658	
Shareholders' equity	-	-	-	-	-	1,130,149	1,130,149	
Total liabilities and shareholders' equity	6,719,059	3,318,902	2,636,993	3,294,807	26,647	1,368,399	17,364,807	
On-balance sheet interest sensitivity gap	(5,077,803)	(3,264,861)	(2,410,663)	(2,801,706)	12,825,116	729,917	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	
Total interest sensitivity gap	(5,077,803)	(3,264,861)	(2,410,663)	(2,801,706)	12,825,116	729,917	-	

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Group 2010	Up to 1	>1-3	>3-12	>1-5	Over 5	Non-	Total	Average interest rate % per annum
	month	months	months	years	years	interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets								
Cash and short term funds	780,560	30,296	33,694	3,809	-	40,470	888,829	3.30
Trade receivables	-	-	-	-	-	1,182	1,182	
Other receivables	-	-	-	-	-	187,636	187,636	
Loans, advances and financing:								
- non-impaired	3,113	339	4,118	149,577	8,867,047	-	9,024,194	7.94
- impaired	-	-	-	-	-	1,682,336	1,682,336	
Investments held-to-maturity	-	-	-	200,000	-	-	200,000	5.25
Other assets	-	-	-	-	-	241,767	241,767	
Total assets	783,673	30,635	37,812	353,386	8,867,047	2,153,391	12,225,944	
Liabilities								
Deposits from customers	4,238,267	3,273,997	1,844,132	1,127,347	-	-	10,483,743	3.27
Bank borrowings	200,119	-	-	-	-	-	200,119	3.45
Trade payables	-	-	-	-	-	4,442	4,442	
Other payables	-	-	-	-	-	89,588	89,588	
Recourse obligation on loans sold to Cagamas Berhad	11,226	11,319	67,635	873,913	-	-	964,093	5.60

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Group 2010	Up to 1	>1-3	>3-12	>1-5	Over 5	Non-	Total	Average interest rate % per annum
	month	months	months	years	years	interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities (cont'd.)								
Other liabilities	-	-	-	-	-	102,837	102,837	
Total liabilities	4,449,612	3,285,316	1,911,767	2,001,260	-	196,867	11,844,822	
Shareholders' equity	-	-	-	-	-	381,122	381,122	
Total liabilities and shareholders' equity	4,449,612	3,285,316	1,911,767	2,001,260	-	577,989	12,225,944	
On-balance sheet interest sensitivity gap	(3,665,939)	(3,254,681)	(1,873,955)	(1,647,874)	8,867,047	1,575,402	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	
Total interest sensitivity gap	(3,665,939)	(3,254,681)	(1,873,955)	(1,647,874)	8,867,047	1,575,402	-	

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Company 2011	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	Non- interest sensitive RM'000	Total RM'000	Average interest rate % per annum
Assets								
Cash and short term funds	1,166,292	246	3,952	-	-	172,012	1,342,502	3.30
Other receivables (excluding amount due from subsidiaries)	-	-	-	-	-	181,639	181,639	
Amount due from subsidiaries	-	-	-	-	-	35,056	35,056	
Loans, advances and financing:								
- non-impaired	474,964	53,795	221,680	288,634	12,851,765	-	13,890,838	8.43
- impaired	-	-	-	-	-	1,344,040	1,344,040	
Investments held-to-maturity	-	-	-	204,354	-	-	204,354	5.25
Loans to subsidiaries	-	-	-	-	-	237,768	237,768	
Other assets	-	-	-	-	-	152,519	152,519	
Total assets	1,641,256	54,041	225,632	492,988	12,851,765	2,123,034	17,388,716	
Liabilities								
Deposits from customers	6,584,511	3,287,339	2,510,773	1,102,078	26,647	600	13,511,948	3.56
Bank borrowings	100,044	-	-	-	-	-	100,044	4.07
Other borrowings	-	26,632	75,000	350,000	-	-	451,632	5.50
Recourse obligation on loans sold to Cagamas Berhad	34,504	4,931	51,220	1,842,729	-	-	1,933,384	5.34

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Company 2011 (cont'd.)	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	Non- interest sensitive RM'000	Total RM'000	Average interest rate % per annum
Liabilities (cont'd.)								
Other payables	-	-	-	-	-	152,666	152,666	
Other liabilities	-	-	-	-	-	81,953	81,953	
Total liabilities	6,719,059	3,318,902	2,636,993	3,294,807	26,647	235,219	16,231,627	
Shareholders' equity	-	-	-	-	-	1,157,089	1,157,089	
Total liabilities and shareholders' equity	6,719,059	3,318,902	2,636,993	3,294,807	26,647	1,392,308	17,388,716	
On-balance sheet interest sensitivity gap	(5,077,803)	(3,264,861)	(2,411,361)	(2,801,819)	12,825,118	730,726	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	
Total interest sensitivity gap	(5,077,803)	(3,264,861)	(2,411,361)	(2,801,819)	12,825,118	730,726	-	

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Company 2010	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	Non- interest sensitive RM'000	Total RM'000	Average interest rate % per annum
Assets								
Cash and short term funds	780,451	30,296	33,694	3,809	-	26,206	874,456	3.30
Other receivables (excluding amount due from subsidiaries)	-	-	-	-	-	126,483	126,483	
Amount due from subsidiaries	-	-	-	-	-	34,030	34,030	
Loans, advances and financing:								
- non-impaired	3,113	339	4,118	149,577	8,867,230	-	9,024,377	7.94
- impaired	-	-	-	-	-	1,732,502	1,732,502	
Investments held-to-maturity	-	-	-	200,000	-	-	200,000	5.25
Loans to subsidiaries	-	-	-	-	-	89,662	89,662	
Other assets	-	-	-	-	-	161,113	161,113	
Total assets	783,564	30,635	37,812	353,386	8,867,230	2,169,996	12,242,623	
Bank								
Deposits from customers	4,238,267	3,273,997	1,844,132	1,127,347	-	-	10,483,743	3.27
Bank borrowings	200,119	-	-	-	-	-	200,119	3.45
Recourse obligation on loans sold to Cagamas Berhad	11,226	11,319	67,635	873,913	-	-	964,093	5.60

Notes to the Financial Statements

31 December 2011 (cont'd.)

42. Interest rate risk (cont'd.)

Company 2010 (cont'd.)	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	Non- interest sensitive RM'000	Total RM'000	Average interest rate % per annum
Liabilities (cont'd.)								
Other payables	-	-	-	-	-	103,500	103,500	
Other liabilities	-	-	-	-	-	85,733	85,733	
Total liabilities	4,449,612	3,285,316	1,911,767	2,001,260	-	189,233	11,837,188	
Shareholders' equity	-	-	-	-	-	405,435	405,435	
Total liabilities and shareholders' equity	4,449,612	3,285,316	1,911,767	2,001,260	-	594,668	12,242,623	
On-balance sheet interest sensitivity gap	(3,666,048)	(3,254,681)	(1,873,955)	(1,647,874)	8,867,230	1,575,328	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	
Total interest sensitivity gap	(3,666,048)	(3,254,681)	(1,873,955)	(1,647,874)	8,867,230	1,575,328	-	



Notes to the Financial Statements

31 December 2011 (cont'd.)

43. Segment information

(a) Business segments:

The Group is organised into four major business segments:

- (i) Financing - the granting of loans on the security of freehold and leasehold properties and provision of retail financing and related services;
- (ii) Property development - the development of residential and commercial properties;
- (iii) Letting of real property - the letting of office buildings; and
- (iv) Hotel operations - the letting of hotel rooms, sale of food and beverage and other related income.

Other business segments include project management and investment holding, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes to the Financial Statements

31 December 2011 (cont'd.)

43. Segment information (cont'd.)

(a) Business segments

	Financing		Property Development		Letting of Real Property		Hotel operations		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	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	RM'000	RM'000	RM'000	RM'000
Revenue and expenses														
Revenue														
External sales	1,193,232	713,658	22,104	23,198	237	247	12,206	11,592	-	-	41,659	21,245	1,269,438	769,940
Inter-segment sales	54,209	31,811	-	-	1,748	5,458	-	-	-	-	(55,957)	(37,269)	-	-
Total revenue													1,269,438	769,940
Result														
Segment results	430,959	203,009	(19,431)	(22,243)	(9,472)	9,083	(3,551)	(3,818)	(1,891)	(81)	31,648	21,447	428,262	207,397
Taxation													(102,306)	(60,848)
Zakat													(524)	(524)
Net profit for the year													325,432	146,025
Assets														
Segment assets	17,388,716	12,242,623	41,611	42,559	44,009	45,654	63,916	62,474	148,860	390	(322,305)	(167,756)	17,364,807	12,225,944
Unallocated corporate assets													-	-
Consolidated total assets													17,364,807	12,225,944
Liabilities														
Segment liabilities	16,231,627	11,837,190	309,048	289,382	130,325	122,498	112,446	113,001	152,649	2,287	(701,437)	(519,536)	16,234,658	11,844,822
Unallocated corporate liabilities													-	-
Consolidated total liabilities													16,234,658	11,844,822

Notes to the Financial Statements

31 December 2011 (cont'd.)

43. Segment information (cont'd.)

(a) Business segments (cont'd.)

	Financing		Property Development		Letting of Real Property		Hotel operations		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	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	RM'000	RM'000	RM'000	RM'000
Other Information														
Capital expenditure	5,417	35,723	-	-	-	16	258	610	23,944	-	-	-	29,619	36,349
Depreciation and amortisation of land use rights, investment properties and property, plant and equipment	3,427	1,993	-	-	1,302	1,995	2,140	2,612	94	-	228	228	7,191	6,828
Amortisation - investments in subsidiaries	660	338	-	-	23	23	142	28	-	-	-	-	825	389
Non-cash expenses other than depreciation, amortisation and impairment losses	151	1,324	-	-	-	-	-	-	-	-	(151)	(1,324)	-	-
	177,266	128,424	16,552	19,166	4	(2)	-	-	8	-	(2,041)	(9,480)	191,789	138,108

(b) Geographical Segments:

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

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business

Statements of financial position as at 31 December 2011

	Note	Group and Company	
		2011 RM'000	2010 RM'000
Assets			
Cash and short term funds	(a)	59,673	307,480
Financing	(b)	10,392,002	5,693,877
Other receivables	(c)	1,925,378	2,138,444
Total assets		12,377,053	8,139,801
Liabilities			
Deposits from customers	(d)	9,030,086	6,392,104
Other payables	(e)	2,938,753	1,671,518
Provision for taxation		141,296	58,096
Provision for zakat		118	355
Total liabilities		12,110,253	8,122,073
Islamic fund		4,000	4,000
Retained profits		262,800	13,728
		266,800	17,728
Total liabilities and Islamic fund		12,377,053	8,139,801

Statements of comprehensive income for the year ended 31 December 2011

	Note	Group and Company	
		2011 RM'000	2010 RM'000
Income derived from investment of general investment deposits and Islamic capital funds	(f)	757,477	379,190
Income attributable to depositors		(359,620)	(205,272)
Net income from financing operations		397,857	173,918
Other income		136,004	73,730
Other expenses	(g)	(85,599)	(26,082)
Allowance for losses on financing		(115,467)	(101,079)
Profit before taxation and zakat		332,795	120,487
Taxation	(i)	(83,199)	(30,122)
Zakat		(524)	(524)
Profit after taxation and zakat		249,072	89,841

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

Statements of changes in equity for the year ended 31 December 2011

Group and Company

	Islamic fund RM'000	Retained profits RM'000	Total RM'000
At 1 January 2010	4,000	48,715	52,715
Effect of adopting FRS 139	-	(124,828)	(124,828)
Profit after taxation and zakat	-	89,841	89,841
At 31 December 2010	<u>4,000</u>	<u>13,728</u>	<u>17,728</u>
At 1 January 2011	4,000	13,728	17,728
Profit after taxation and zakat	-	249,072	249,072
At 31 December 2011	<u>4,000</u>	<u>262,800</u>	<u>266,800</u>

Statements of cash flows for the year ended 31 December 2011

	Group and Company	
	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	332,795	120,487
Adjustments for:		
Allowance for losses on financing	115,464	101,079
Operating profit before working capital changes	448,259	221,566
Increase in financing	(4,813,588)	(3,028,793)
Decrease/(increase) in other receivables	213,066	(177,931)
Increase in deposits from customers	2,637,982	3,221,360
Increase/(decrease) in other payables	1,267,235	(185,934)
Cash (used in)/generated from operations	(247,046)	50,268
Zakat paid	(761)	(677)
Net cash (used in)/generated from operating activities	(247,807)	49,591
Net (decrease)/increase in cash and short term funds	(247,807)	49,591
Cash and short term funds at beginning of financial year	307,480	257,889
Cash and short term funds at end of financial year	<u>59,673</u>	<u>307,480</u>

(a) Cash and short term funds

	Group and Company	
	2011 RM'000	2010 RM'000
Cash at banks	48,725	11,979
Deposits with licensed banks	10,948	295,501
	<u>59,673</u>	<u>307,480</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(a) Cash and short term funds (cont'd.)

The weighted average effective yield rates of deposits with licensed banks at the reporting date was 2.54% (2010: 2.79%).

The average maturities of deposits with licensed banks as at the end of the financial year were from overnight placement to 365 days (2010: 365 days).

(b) Financing

	Group and Company	
	2011	2010
	RM'000	RM'000
(i) By type:		
Term financing		
Corporate financing	223,882	132,655
Property financing	4,774,683	4,891,191
Personal financing	16,183,972	7,163,897
Staff financing	7,161	5,588
Less: Unearned income	(10,385,821)	(6,203,043)
	<u>10,803,877</u>	<u>5,990,288</u>
Allowance for impaired financing:		
- Collective assessment	(392,620)	(296,411)
- Individual assessment	(19,255)	-
Net financing	<u>10,392,002</u>	<u>5,693,877</u>
(ii) By contract:		
Bai Bithaman Ajil (deferred payment sale)	1,674,837	1,693,560
Bai Al-Inah (cost-plus)	8,521,801	3,885,154
Contract financing	195,364	115,163
	<u>10,392,002</u>	<u>5,693,877</u>
(iii) Movements in impaired financing (including income receivable)		
Impaired loans		
At beginning of year	159,176	135,414
Classified as impaired during the year	351,156	179,380
Reclassified as non-impaired during the year	(212,438)	(155,591)
Amount written off	-	(27)
At end of year	<u>297,894</u>	<u>159,176</u>
Individual/Collective assessment	(39,693)	(13,043)
Net impaired financing	<u>258,201</u>	<u>146,133</u>
Net impaired loans as a percentage of net financing	<u>2%</u>	<u>3%</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(b) Financing (cont'd.)

(iv) Movements in allowance for bad and doubtful debts and income-in-suspense are as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
Collective Impairment		
Balance as at 1 January	296,411	-
- effects of FRS 139 adoption	-	193,637
- as restated	296,411	193,637
Impairment during the year	96,209	101,079
Write off	-	(27)
Reclassification *	-	1,722
Balance as at end of year	392,620	296,411

* Reclassification of collective allowance into Islamic book

Individual Impairment

Balance as at 1 January	-	-
- effects of FRS 139 adoption	-	-
- as restated	-	-
Impairment during the year	19,255	-
Write off	-	-
Balance as at end of year	19,255	-

(c) Other receivables

	Group and Company	
	2011	2010
	RM'000	RM'000
Interbranch transaction	1,846,425	2,137,545
Others	78,953	899
	1,925,378	2,138,444

(d) Deposits from customers

(i) By type of deposit:

	Group and Company	
	2011	2010
	RM'000	RM'000
Al-Wadiah savings account	23,026	18,106
Mudharabah Fund	9,007,060	6,373,998
	9,030,086	6,392,104

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(d) Deposits from customers (cont'd.)

(ii) By type of customer:

	Group and Company	
	2011	2010
	RM'000	RM'000
Business enterprises	8,967,756	6,332,057
Individuals	62,330	60,047
	<u>9,030,086</u>	<u>6,392,104</u>

(e) Other payables

	Group and Company	
	2011	2010
	RM'000	RM'000
Amount due to conventional	2,498,619	1,473,989
Al-Mudharabah security deposits	40,220	16,077
Disbursement payable	56,968	24,963
Proportionate operating expenses	119,284	46,235
Cagamas	133,342	73,897
Others	90,320	36,357
	<u>2,938,753</u>	<u>1,671,518</u>

(f) Income derived from investment of general investment deposits and Islamic capital funds

	Group and Company	
	2011	2010
	RM'000	RM'000
Financing	749,129	374,020
Deposits with financial institutions	8,348	5,170
	<u>757,477</u>	<u>379,190</u>

(g) Other expenses

	Group and Company	
	2011	2010
	RM'000	RM'000
Personnel expenses (Note 44(h))	44,401	23,135
Promotion and marketing related expenses	3,894	1,700
General administrative expenses	37,304	1,247
	<u>85,599</u>	<u>26,082</u>

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(h) Personnel expenses

	<u>Group and Company</u>	
	2011	2010
	RM'000	RM'000
Wages and salaries	35,521	18,508
Social security costs	1,776	925
Pension costs - Employees Provident Fund	7,104	3,702
	<u>44,401</u>	<u>23,135</u>

(i) Taxation

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

A reconciliation of the income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	<u>Group and Company</u>	
	2011	2010
	RM'000	RM'000
Profit before taxation and zakat	<u>332,795</u>	<u>120,487</u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	83,199	30,122
Tax expense for the year	<u>83,199</u>	<u>30,122</u>

Deferred tax assets amounting to RMNil (2010: RMNil) have not been recognised in respect of the following items:

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(j) Yield/profit rate risk

The table below summarises the Group's and the Company's exposure to yield/profit rate risk for the Islamic business operations. The table indicates effective average yield/profit rates at the reporting date and the periods in which the financial instruments either reprice or mature, whichever is earlier.

Group and Company 2011	Up to 1	>1-3	>3-12	>1-5	Over 5	Non-yield/ profit rate	Total	Average
	month	months	months	years	years	sensitive		yield/profit
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate % per annum
Assets								
Cash and short term funds	-	-	-	-	-	59,673	59,673	2.54
Financing:								
- non-impaired	142	180	198,424	119,505	9,815,550	-	10,133,801	8.80
- impaired	-	-	-	-	-	258,201	258,201	
Other receivables	-	-	-	-	-	1,925,378	1,925,378	
Total assets	142	180	198,424	119,505	9,815,550	2,243,252	12,377,053	
Liabilities								
Deposits from customers	4,700,364	2,635,706	1,160,544	516,288	17,184	-	9,030,086	3.54
Other liabilities	-	-	-	-	-	3,080,167	3,080,167	
Total liabilities	4,700,364	2,635,706	1,160,544	516,288	17,184	3,080,167	12,110,253	
Equity	-	-	-	-	-	266,800	266,800	
Total liabilities and equity	4,700,364	2,635,706	1,160,544	516,288	17,184	3,346,967	12,377,053	

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(j) Yield/profit rate risk (cont'd.)

Group and Company 2011 (cont'd.)	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	Non-yield/ profit rate sensitive RM'000	Total RM'000	Average
								yield/profit rate % per annum
On-balance sheet yield/ profit sensitivity gap	(4,700,222)	(2,635,526)	(962,120)	(396,783)	9,798,366	(1,103,715)	-	
Off-balance sheet yield/ profit sensitivity gap	-	-	-	-	-	-	-	
Total yield/profit sensitivity gap	(4,700,222)	(2,635,526)	(962,120)	(396,783)	9,798,366	(1,103,715)	-	

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(j) Yield/profit rate risk (cont'd.)

Group and Company 2010	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	Non-yield/ profit rate sensitive RM'000	Total RM'000	Average
								yield/profit rate % per annum
Assets								
Cash and short term funds	292,027	236	3,238	-	-	11,979	307,480	2.79
Financing:								
- non-impaired	220	132	2,134	106,003	5,439,255	-	5,547,744	8.47
- impaired	-	-	-	-	-	146,133	146,133	
Other receivables	-	-	-	-	-	2,138,444	2,138,444	
Total assets	292,247	368	5,372	106,003	5,439,255	2,296,556	8,139,801	
Liabilities								
Deposits from customers	2,848,203	2,169,394	859,479	515,028	-	-	6,392,104	3.24
Other liabilities	-	-	-	-	-	1,729,969	1,729,969	
Total liabilities	2,848,203	2,169,394	859,479	515,028	-	1,729,969	8,122,073	
Equity	-	-	-	-	-	17,728	17,728	
Total liabilities and equity	2,848,203	2,169,394	859,479	515,028	-	1,747,697	8,139,801	

Notes to the Financial Statements

31 December 2011 (cont'd.)

44. The operations of Islamic business (cont'd.)

(j) Yield/profit rate risk (cont'd.)

Group and Company 2010 (cont'd.)	Up to 1	>1-3	>3-12	>1-5	Over 5	Non-yield/ profit rate	Total	Average
	month	months	months	years	years	sensitive		yield/profit
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate
On-balance sheet yield/ profit sensitivity gap	(2,555,956)	(2,169,026)	(854,107)	(409,025)	5,439,255	548,859	-	% per
Off-balance sheet yield/ profit sensitivity gap	-	-	-	-	-	-	-	annum
Total yield/profit sensitivity gap	(2,555,956)	(2,169,026)	(854,107)	(409,025)	5,439,255	548,859	-	

Notes to the Financial Statements

31 December 2011 (cont'd.)

45. Significant event

On 14 February 2011, the Company proposed renounceable rights issue of up to 506,985,548 new ordinary shares of RM1.00 each in Malaysia Building Society Berhad ("MBSB") ("MBSB Shares") ("Rights Shares") at an issue price of RM1.00 for each Rights Share on the basis of 5 Rights Shares for every 7 existing MBSB Shares held together with up to 506,985,548 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed.

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

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

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

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

Notes to the Financial Statements

31 December 2011 (cont'd.)

46. Supplementary information - realised and unrealised profits and losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all 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 as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required. The breakdown of accumulated losses of the Group and the Company as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

	<u>Group</u>	
	<u>December 2011 RM'000</u>	<u>December 2010 RM'000</u>
Total accumulated losses of the Group:		
-Realised	(1,172,455)	(1,274,713)
-Unrealised in respect of deferred tax recognised in profit or loss	<u>(2,525)</u>	<u>(1,552)</u>
	(1,174,980)	(1,276,265)
Add: Consolidated adjustments	<u>459,150</u>	<u>427,428</u>
Group accumulated losses	<u>(715,830)</u>	<u>(848,837)</u>
	<u>Company</u>	
	<u>December 2011 RM'000</u>	<u>December 2010 RM'000</u>
Total accumulated losses of the Company:		
-Realised	(686,291)	(822,898)
-Unrealised in respect of deferred tax recognised in profit or loss	<u>(2,599)</u>	<u>(1,626)</u>
Company accumulated losses	<u>(688,890)</u>	<u>(824,524)</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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



PROXY FORM

Borang Proksi

I/We IC No. of
 Saya/Kami No. K/P. dari
 Tel. No.

being a member/members of MALAYSIA BUILDING SOCIETY BERHAD hereby appoint
 sebagai ahli/ahli-ahli MALAYSIA BUILDING SOCIETY BERHAD dengan ini melantik

..... IC No. of
 No. K/P. dari
 or failing him IC No.
 atau gagal daripada beliau No. K/P.

of
 dari

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 5 April 2012 at 11.00 a.m. and at any adjournment thereof.
 atau gagal, Pengerusi Mesyuarat sebagai proksi saya/kami untuk mengundi bagi saya/kami bagi pihak saya/kami di Mesyuarat Agung Tahunan Syarikat yang akan diadakan di Ballroom 1, Tingkat 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Khamis, 5 April 2012 pada jam 11.00 pagi dan pada sebarang penangguhannya.

My/Our proxy to vote as indicated hereunder.
 Proksi saya/kami hendaklah mengundi sebagaimana yang dinyatakan di bawah ini.

NO. BIL.	RESOLUTIONS RESOLUSI-RESOLUSI	FOR UNTUK	AGAINST BERBANDING
1.	To receive and adopt the Audited Financial Statements of the Company and of the Group for the year ended 31 December 2011 and Reports of the Directors and Auditors thereon. Untuk menerima dan meluluskan Penyata Kewangan Syarikat dan Kumpulan bagi tahun berakhir 31 Disember 2011 dan Laporan Pengarah dan Juruaudit mengenainya.		
	Ordinary Resolution 1 Resolusi Biasa 1		
2.	To declare a final dividend of 7% less 25% income tax for the financial year ended 31 December 2011. Untuk mengisytiharkan dividen terakhir sebanyak 7% yang ditolak cukai pendapatan 25% bagi tahun kewangan berakhir 31 Disember 2011.		
	Ordinary Resolution 2 Resolusi Biasa 2		
3.	To approve payment of Directors' Fees amounting to RM673,333 for the financial year ended 31 December 2011. Untuk meluluskan pembayaran yuran Pengarah sebanyak RM673,333 bagi tahun kewangan berakhir 31 Disember 2011.		
	Ordinary Resolution 3 Resolusi Biasa 3		
4.	To re-elect the following Director who retire in accordance with Article 86 of the Company's Articles of Association and who being eligible offer himself for re-election:- Untuk melantik semula Pengarah berikut yang bersara selaras dengan Perkara 86 daripada Artikel Pertubuhan Syarikat dan yang oleh kerana layak, menawarkan diri beliau untuk dilantik semula: - (i) Encik Aw Hong Boo		
	Ordinary Resolution 4 Resolusi Biasa 4		
5.	To re-elect the following Directors who retire in accordance with Article 78 of the Company's Articles of Association and who being eligible offer themselves for re-election:- Untuk melantik semula para Pengarah berikut yang bersara selaras dengan Perkara 78 daripada Artikel Pertubuhan Syarikat dan yang kerana layak, menawarkan diri mereka untuk dilantik semula: - (i) Encik Lim Tian Huat (ii) Dato' Shahril Ridza bin Ridzuan (iii) Dato' Zuraidah binti Atan		
	Ordinary Resolution 5 Resolusi Biasa 5 Ordinary Resolution 6 Resolusi Biasa 6 Ordinary Resolution 7 Resolusi Biasa 7		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration. Untuk melantik semula Tetuan Ernst & Young sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menentukan persaraan mereka.		
	Ordinary Resolution 8 Resolusi Biasa 8		
7.	To approve the Proposed Amendment to Article 4 (b) of the Company's Articles of Association. Untuk meluluskan Cadangan Pindaan pada Artikel 4 (b), daripada Artikel Pertubuhan Syarikat.		
	Special Resolution 1 Resolusi Khas 1		
8.	To approve the Proposed Amendment to Article 73 A of the Company's Articles of Association. Untuk meluluskan Cadangan Pindaan pada Artikel 73 A daripada Artikel Pertubuhan Syarikat.		
	Special Resolution 2 Resolusi Khas 2		
9.	To approve the Proposed Insertion of New Article 75A to the Company's Articles of Association. Untuk meluluskan Cadangan Inseri Artikel Baru 75A kepada Artikel Pertubuhan Syarikat.		
	Special Resolution 3 Resolusi Khas 3		

CDS Account No. No. Akaun CDS	
Number of Shares Held Bilangan Pegangan Saham	

Date Signature in the presence of
 Tarikh Tandatangan Di hadapan

- Notes:
- Only members whose names appear in the Record of Depositors on 29 March 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 42nd Annual General Meeting or appoint proxy/proxies to attend and/or vote on his behalf.
 - A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
 - To be valid, this form duly completed must be deposited at the Company's registered office at 11th Floor, Wisma MBSB, 4B Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
 - A member entitled to attend and vote at the abovementioned meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company.
 - In the case of a corporate body, the proxy appointed must be in accordance with its Memorandum & Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney duly authorised.
 - Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
 - Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
 - If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.

- Nota-nota:
- Hanya ahli-ahli yang mana nama mereka terdapat di dalam Rekod Pendeposit pada 29 Mac 2012 (Rekod Pendeposit Mesyuarat Agung) layak untuk hadir, bersuara dan mengundi pada Mesyuarat Agung ke-42 atau melantik proksi/proksi-proksi untuk hadir dan/atau mengundi bagi pihak mereka.
 - Seorang proksi tidak perlu menjadi ahli Syarikat dan peruntukan Seksyen 149(1)(b) Akta Syarikat 1965 juga tidak terlibat kepada Syarikat.
 - Untuk menjadi sah, borang yang lengkap mestilah dihantar ke pejabat berdaftar Syarikat di Tingkat 11, Wisma MBSB, 4B Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur tidak kurang daripada empat puluh lapan (48) jam sebelum masa untuk mengadakan mesyuarat.
 - Seorang ahli yang berhak menghadiri dan mengundi pada mesyuarat tersebut di atas boleh melantik seorang proksi untuk menghadiri dan mengundi bagi pihak beliau dan proksi itu tidak perlu menjadi ahli Syarikat.
 - Dalam hal suatu pertubuhan perbadanan, proksi yang dilantik mesti mengikut Memorandum & Artikel Pertubuhan dan surat cara itu pelantikan seorang proksi hendaklah diberikan di bawah meterai syarikat atau di bawah tandatangan seorang pegawai atau peguam yang diberi kuasa.
 - Di mana ahli Syarikat adalah nomini yang dibenarkan sebagaimana yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat) 1991, ia boleh melantik sekurang-kurangnya satu (1) proksi bagi setiap akaun sekuriti yang dipegangnya dengan saham biasa Syarikat berada pada kredit akaun sekuriti tersebut.
 - Jika seorang ahli melantik lebih daripada satu (1) proksi, pelantikan tersebut adalah tidak sah melainkan beliau menyatakan bahagian pegangan beliau yang akan diwakili oleh setiap proksi.
 - Jika pelantik adalah sebuah perbadanan, borang proksi mestilah disempurnakan di bawah meterai atau di bawah tandatangan peguam.