

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position As At 30 June 2011

	<-----GROUP----->		<-----COMPANY----->	
	30/6/2011 RM'000	31/12/2010 RM'000	30/6/2011 RM'000	31/12/2010 RM'000
ASSETS				
Cash and short term funds	7,288,221	8,673,341	272,064	126,043
Deposits and placements with banks and other financial institutions	163,914	18,088	21,043	176,412
Financial assets held-for-trading	15	149,853	-	-
Financial investments available-for-sale	9,734,953	8,528,907	-	-
Financial investments held-to-maturity	656,085	533,458	-	-
Loans, advances and financing	28,422,875	26,574,066	-	-
Derivative financial assets	33,861	43,254	-	-
Statutory deposits with Bank Negara Malaysia	877,971	275,167	-	-
Investment in subsidiaries	-	-	3,536,914	3,636,991
Amount due from subsidiary	-	-	600,005	300,074
Investment in jointly controlled entities	105,843	113,311	128,520	128,520
Investment in associate	154,698	152,779	10,597	10,597
Amount due from associate	66,310	90,624	66,310	90,624
Trade receivables	130,248	270,012	-	-
Other assets	488,750	305,813	3,564	2,569
Tax recoverable	88,533	76,291	3,624	6,181
Deferred tax assets	7,708	10,180	-	-
Property and equipment	179,745	176,897	1,022	734
Intangible assets	1,009,490	1,011,867	10	12
TOTAL ASSETS	49,409,220	47,003,908	4,643,673	4,478,757
LIABILITIES AND EQUITY				
Deposits from customers	36,029,628	33,098,432	-	-
Deposits and placements of banks and other financial institutions	5,892,186	6,837,631	-	-
Bills and acceptances payable	148,922	110,161	-	-
Trade payables	126,455	258,802	-	-
Recourse obligation on loans sold to Cagamas Berhad	280,826	286,370	-	-
Derivative financial liabilities	55,505	57,560	-	-
Other liabilities	732,062	738,025	8,004	108,086
Amount due to subsidiaries	-	-	589,268	689,348
Provision for taxation	6,362	188	-	-
Deferred tax liabilities	28,416	25,082	141	141
Borrowings	666,310	390,624	666,310	390,624
TOTAL LIABILITIES	43,966,672	41,802,875	1,263,723	1,188,199

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	30/6/2011 RM'000	31/12/2010 RM'000	30/6/2011 RM'000	31/12/2010 RM'000
EQUITY				
Share capital	1,494,576	1,494,576	1,494,576	1,494,576
Reserves:-				
Share premium	1,400,410	1,400,410	1,400,410	1,400,410
Statutory reserve	990,542	990,542	-	-
Investment fluctuation reserve	85,891	84,630	-	-
Retained profits	1,471,129	1,230,875	484,964	395,572
TOTAL EQUITY	<u>5,442,548</u>	<u>5,201,033</u>	<u>3,379,950</u>	<u>3,290,558</u>
 TOTAL LIABILITIES AND EQUITY	 <u>49,409,220</u>	 <u>47,003,908</u>	 <u>4,643,673</u>	 <u>4,478,757</u>
 COMMITMENTS AND CONTINGENCIES	 <u>20,466,965</u>	 <u>18,901,770</u>	 <u>-</u>	 <u>-</u>
 CAPITAL ADEQUACY				
Before deducting proposed dividends:				
Core capital ratio	10.57%	12.64%		
Risk-weighted capital ratio	<u>12.62%</u>	<u>13.92%</u>		
After deducting proposed dividends:				
Core capital ratio	10.57%	12.33%		
Risk-weighted capital ratio	<u>12.62%</u>	<u>13.61%</u>		
 NET ASSETS PER SHARE (RM)	 <u>3.64</u>	 <u>3.48</u>		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 30 June 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/6/2011 RM'000	30/6/2010 RM'000	30/6/2011 RM'000	30/6/2010 RM'000
Revenue	642,775	534,605	1,264,488	1,054,630
Interest income	481,790	397,407	937,884	763,287
Interest expense	(260,911)	(188,490)	(507,227)	(354,932)
Net interest income	220,879	208,917	430,657	408,355
Islamic banking income	46,691	44,538	93,803	88,040
Other operating income	78,833	72,756	159,364	160,909
Operating income	346,403	326,211	683,824	657,304
Other operating expenses	(165,846)	(157,499)	(332,973)	(307,408)
Operating profit before allowance for impairment on loans, advances and financing	180,557	168,712	350,851	349,896
Allowance for impairment on loans, advances and financing	4,934	(19,192)	(20,225)	(31,627)
Allowance for impairment on other assets	191	441	991	545
Transfer to profit equalisation reserve	(134)	(271)	(134)	(271)
Operating profit	185,548	149,690	331,483	318,543
Finance cost	(4,999)	(3,312)	(8,729)	(5,405)
Share of results of a jointly controlled entity	(3,124)	(2,319)	(6,478)	2,740
Share of results of associate	517	2,290	1,968	7,794
Gain on dilution of interest in associate	-	7,962	-	7,962
Profit before taxation and zakat	177,942	154,311	318,244	331,634
Taxation	(43,480)	(37,979)	(77,524)	(79,970)
Zakat	(275)	(4,626)	(466)	(4,626)
Net profit for the financial period attributable to equity holders of the Company	134,187	111,706	240,254	247,038
Earnings per share attributable to the equity holders of the Company (sen)				
- Basic and fully diluted	8.98	7.48	16.08	16.53

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Period Ended 30 June 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/6/2011 RM'000	30/6/2010 RM'000	30/6/2011 RM'000	30/6/2010 RM'000
Profit after taxation and zakat	134,187	111,706	240,254	247,038
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	20,634	6,812	1,889	(3,074)
- Deferred tax on revaluation of financial investments available-for-sale	(5,464)	(2,412)	(628)	144
Other comprehensive income for the period, net of tax	15,170	4,400	1,261	(2,930)
Total comprehensive income for the financial period attributable to the equity holders of the Company	149,357	116,106	241,515	244,108

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 30 June 2011

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/6/2011 RM'000	30/6/2010 RM'000	30/6/2011 RM'000	30/6/2010 RM'000
Revenue	8,002	5,094	108,452	91,360
Interest income	8,002	5,094	14,264	8,283
Interest expense	-	-	-	-
Net interest income	8,002	5,094	14,264	8,283
Islamic banking income	-	-	-	-
Other operating income	-	-	94,236	83,077
Operating income	8,002	5,094	108,500	91,360
Other operating expenses	(2,266)	(1,989)	(4,154)	(3,683)
Operating profit before allowance for impairment on loans, advances and financing	5,736	3,105	104,346	87,677
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	5,736	3,105	104,346	87,677
Finance cost	(4,999)	(3,312)	(8,729)	(5,405)
Profit before taxation and zakat	737	(207)	95,617	82,272
Taxation	(392)	(130)	(6,225)	(20,723)
Zakat	-	-	-	-
Net profit for the financial period attributable to equity holders of the Company	345	(337)	89,392	61,549

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Period Ended 30 June 2011

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	89,392	61,549	89,392	61,549
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	89,392	61,549	89,392	61,549

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 30 June 2011

←-----Attributable to Equity Holders of the Company-----→

GROUP	Issued and fully paid ordinary shares of RMI each		Non-distributable			Distributable		Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	Investment fluctuation reserve RM'000	Retained profits RM'000		
At 1 January 2011	1,494,576	1,494,576	1,400,410	990,542	84,630	1,230,875	5,201,033	
Net profit for the financial period	-	-	-	-	-	240,254	240,254	
Other comprehensive income	-	-	-	-	1,261	-	1,261	
Total comprehensive income for the financial period	-	-	-	-	1,261	240,254	241,515	
At 30 June 2011	1,494,576	1,494,576	1,400,410	990,542	85,891	1,471,129	5,442,548	
At 1 January 2010	1,494,371	1,494,371	1,399,980	874,360	75,463	959,316	4,803,490	
Net profit for the financial period	-	-	-	-	-	247,038	247,038	
Other comprehensive income	-	-	-	-	(2,930)	-	(2,930)	
Total comprehensive income for the financial period	-	-	-	-	(2,930)	247,038	244,108	
Issue of share capital pursuant to the exercise of Warrant 2000/2010	135	135	282	-	-	-	417	
At 30 June 2010	1,494,506	1,494,506	1,400,262	874,360	72,533	1,206,354	5,048,015	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 30 June 2011

	←-----Attributable to Equity Holders of the Company-----→				
	Issued and fully paid ordinary shares of RMI each	Nominal value RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total Equity RM'000
COMPANY					
At 1 January 2011					
Total comprehensive income for the financial period				395,572	3,290,558
- Net profit for the financial period				89,392	89,392
At 30 June 2011	1,494,576	1,494,576	1,400,410	484,964	3,379,950
At 1 January 2010					
Total comprehensive income for the financial period				351,748	3,246,099
- Net profit for the financial period				61,549	61,549
Issue of share capital pursuant to the exercise of Warrant 2000/2010	135	135	282	-	417
At 30 June 2010	1,494,506	1,494,506	1,400,262	413,297	3,308,065

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Period Ended 30 June 2011

	<----- 6 Months Ended ----->	
	30/6/2011	30/6/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	318,244	331,634
Adjustment for non-operating and non-cash items	(57,520)	(38,688)
Operating profit before changes in working capital	260,724	292,946
Net changes in operating assets	(2,549,201)	(2,459,647)
Net changes in operating liabilities	1,920,707	2,434,499
Payment of tax and zakat	(85,495)	(63,969)
Taxation refund	6,938	1,239
Net cash generated (used in)/from operating activities	(446,327)	205,068
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	143,055	106,747
Net (purchase)/disposal of:		
- securities	(1,294,292)	447,288
- property and equipment	(17,536)	(6,146)
- intangible assets	(830)	(545)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	3,954	902
Proceeds from disposal of property and equipment	817	1,164
Proceeds from disposal of foreclosed properties	8,609	7,960
Amount due from associate	24,314	(90,624)
Net cash (used in)/generated from investing activities	(1,131,909)	466,746
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	275,686	90,624
Proceed from issuance of shares	-	417
Dividends paid to shareholders	(100,884)	(95,266)
Net cash used in financing activities	174,802	(4,225)
Net (decrease)/increase in cash and cash equivalents	(1,403,434)	667,589
Cash and cash equivalents at beginning of the period	8,621,191	6,174,651
Cash and cash equivalents at end of the period	7,217,757	6,842,240
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	7,288,221	6,901,053
Adjustment for money held in trust on behalf of clients and remisers	(70,464)	(58,813)
	7,217,757	6,842,240

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

Part A - Explanatory Notes pursuant to Financial Reporting Standard (FRS 134) and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the current financial quarter ended 30 June 2011 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values:

- (i) financial assets held-for-trading,
- (ii) financial investments available-for-sale,
- (iii) derivative financial instruments, and
- (iv) investment properties.

The unaudited condensed financial statements has been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation appolied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2010 except for the adoption of the following revised/new Financial Reporting Standards ("FRS"), Amendments to FRS, IC interpretations and Technical Release ("TR") that are effective for the Group's financial year beginning 1 January 2011.

- The Revised FRS 3 Business Combinations
- The Revised FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7 Financial Instruments: Disclosures
- TR i-4 Shariah Compliant Sale Contracts
- Improvements to FRSs (2010)

The adoption of these standards and amendments will not have any significant impact to the results of the Group and the Company for the financial period under review.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2010 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Company during the financial quarter under review.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the financial quarter under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, shares, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Company.

A8. DIVIDENDS PAID

No dividend has been paid during the current financial quarter ended 30 June 2011.

A9. FINANCIAL ASSETS

	Group	
	30/6/2011	31/12/2010
	RM'000	RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Malaysian Government Investment Issuance ('GII')	2	-
Bank Negara Malaysia Notes	-	99,853
Negotiable Instruments of Deposit	-	50,000
Unquoted Securities		
- Private Debt Securities in Malaysia	13	-
Total financial assets held-for-trading	15	149,853
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	1,293,173	1,515,091
Malaysian Government Treasury Bills	4,994	166,566
Malaysian Government Investment Issuance	3,418,914	2,212,366
Cagamas Bonds	220,170	220,551
Bank Negara Malaysia Sukuk	-	31,712
Khazanah Bonds	13,663	13,250
Bankers' Acceptance and Islamic Acceptance Bills	456,416	556,994
Bank Negara Malaysia Notes	492,950	1,006,592
Negotiable Instruments of Deposit and Islamic Debt Certificate	170,085	140,057
	6,070,365	5,863,179
Quoted Securities		
- Shares in Malaysia	63,322	58,669
- Private Debt Securities in Malaysia	2,167	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,031	4,031
Unquoted Securities		
- Shares in Malaysia	110,407	108,073
- Private Debt Securities in Malaysia	2,811,592	2,075,872
- Private Debt Securities outside Malaysia	762,307	507,172
	9,824,191	8,619,163
Allowance for impairment of securities	(89,238)	(90,256)
Total financial investments available-for-sale	9,734,953	8,528,907
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	37,123	38,123
Unquoted Securities		
- Private Debt Securities in Malaysia	706,894	583,435
- Redeemable Convertible Unsecured Loan Stock in Malaysia	12,919	12,919
	756,936	634,477
Allowance for impairment of securities	(100,851)	(101,019)
Total financial investments held-to-maturity	656,085	533,458
Total securities held	10,391,053	9,212,218

A10. LOANS, ADVANCES AND FINANCING

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
(a) <u>BY TYPE</u>		
Overdrafts	1,752,967	1,971,364
Term loans/financing		
- Housing loans/financing	4,208,825	3,885,327
- Syndicated term loans/financing	1,395,328	1,394,211
- Hire purchase receivables	8,477,336	7,835,986
- Other term loans/financing	9,381,775	8,240,501
Bills receivables	56,272	39,077
Trust receipts	279,321	266,050
Claims on customers under acceptance credits	688,040	659,074
Staff loans/financing (of which RM NIL to Directors)	156,816	160,557
Credit/charge cards	96,606	101,682
Revolving credit	2,506,156	2,566,889
Margin financing	45,784	40,955
Factoring	5,408	3,185
Gross loans, advances and financing	29,050,634	27,164,858
Less: Allowance for impairment		
- Collective impairment	(433,659)	(405,085)
- Individual impairment	(194,100)	(185,707)
Total net loans, advances and financing	28,422,875	26,574,066
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic banking institutions	207	-
Domestic non-banking institutions		
- Stock-broking companies	-	270
- Others	2,188,698	2,146,330
Domestic business enterprises		
- Small medium enterprises	6,976,256	6,833,345
- Others	7,010,806	6,284,713
Government and statutory bodies	80,111	75,394
Individuals	12,401,188	11,549,238
Other domestic entities	144,087	45,584
Foreign entities	249,281	229,984
	29,050,634	27,164,858
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	285,565	292,884
- Hire purchase receivables	8,477,337	7,834,034
- Other fixed rate loans/financing	4,218,980	3,975,266
- Margin financing	45,784	31,356
Variable rate		
- BLR plus	10,616,521	10,210,602
- Cost plus	5,406,447	4,820,716
	29,050,634	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	1,284,857	824,650
Purchase of landed property of which :-		
- Residential	4,243,337	4,014,078
- Non-residential	3,391,342	2,637,636
Purchase of securities	264,322	357,881
Purchase of transport vehicles	8,615,442	7,869,187
Fixed assets other than land and building	369,095	339,184
Personal use	809,100	731,288
Credit card	96,606	101,682
Consumer durable	953	1,067
Merger and acquisition	-	4,867
Working capital	9,354,847	9,912,895
Others	620,733	370,443
	29,050,634	27,164,858
(e) <u>BY SECTOR</u>		
Primary agriculture	499,615	532,442
Mining and quarrying	368,703	373,899
Manufacturing	1,836,171	1,834,288
Electricity, gas and water supply	175,040	215,707
Construction	2,702,434	2,494,920
Real estate	2,737,454	2,410,269
Wholesale and retail trade and restaurants and hotels	1,337,000	1,244,657
Transport, storage and communication	1,267,817	1,084,086
Finance, insurance and business services	4,461,662	4,421,179
Education, health and others	1,008,607	855,655
Household	12,516,420	11,654,880
Others	139,711	42,876
	29,050,634	27,164,858
(f) <u>BY MATURITY STRUCTURE</u>		
Maturing within one year	6,505,527	6,951,917
One year to three years	2,885,490	2,808,471
Three years to five years	5,015,215	4,475,504
Over five years	14,644,402	12,928,966
	29,050,634	27,164,858
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>		
Perlis	19,899	27,648
Kedah	927,484	902,980
Pulau Pinang	1,329,698	1,271,331
Perak	907,491	853,633
Selangor	8,195,472	7,753,378
Wilayah Persekutuan	9,474,807	9,114,769
Negeri Sembilan	738,958	721,564
Melaka	690,814	663,856
Johor	2,345,518	2,027,324
Pahang	614,702	623,000
Terengganu	581,455	567,382
Kelantan	263,123	256,176
Sarawak	993,353	806,070
Sabah	1,230,562	1,173,362
Labuan	270,912	277,901
Abroad	466,386	124,484
	29,050,634	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/6/2011	31/12/2010
	RM'000	RM'000
(h) <u>IMPAIRED/NON-PERFORMING LOANS, ADVANCES AND FINANCING</u>		
(i) <u>Movements of impaired loans, advances and financing</u>		
Balance at the beginning of financial period/year	989,769	1,143,127
Classified as impaired during the financial period/year	264,881	689,486
Reclassified as non-impaired during the financial period/year	(193,079)	(313,634)
Amount recovered during the financial period/year	(94,486)	(234,926)
Amount written-off during the financial period/year	(10,107)	(282,920)
Amount converted to financial investments held-for-trading	-	(11,364)
Balance at the end of financial period/year	956,978	989,769
(ii) <u>Impaired loans, advances and financing by economic purpose</u>		
Construction	60,437	63,407
Purchase of landed property of which :-		
- Residential	380,335	407,763
- Non-residential	41,287	44,744
Purchase of securities	3,018	3,020
Purchase of transport vehicles	94,528	81,586
Fixed assets other than land and building	3,428	3,633
Personal use	12,477	16,373
Credit card	533	636
Consumer durable	32	34
Working capital	360,790	368,356
Others	113	217
	956,978	989,769
(iii) <u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	11,472	11,937
Mining and quarrying	80	50
Manufacturing	97,550	99,831
Electricity, gas and water supply	1,853	2,360
Construction	242,052	253,827
Real estate	7,877	8,263
Wholesale and retail trade and restaurants and hotels	67,675	65,303
Transport, storage and communication	5,049	4,633
Finance, insurance and business services	13,494	15,108
Education, health and others	7,492	8,301
Household	502,283	520,156
Others	101	-
	956,978	989,769

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/6/2011	31/12/2010
	RM'000	RM'000
(h) <u>IMPAIRED/NON-PERFORMING LOANS, ADVANCES AND FINANCING</u>		
(iv) <u>Impaired loans, advances and financing by geographical distribution</u>		
Perlis	365	840
Kedah	48,091	40,612
Pulau Pinang	25,794	30,120
Perak	17,281	16,202
Selangor	444,776	445,219
Wilayah Persekutuan	172,227	185,921
Negeri Sembilan	38,768	37,483
Melaka	14,751	15,854
Johor	77,676	88,097
Pahang	18,110	17,013
Terengganu	8,185	8,009
Kelantan	6,579	6,171
Sarawak	7,666	6,614
Sabah	16,277	14,387
Labuan	14	45
Abroad	60,418	77,182
	956,978	989,769
(v) <u>Movements in allowance for impairment on loans, advances and financing</u>		
Collective impairment		
Balance at the beginning of financial period/year	405,085	458,245
Allowance (net of recovery) made during the financial period/year	38,520	(1,654)
Amount written-off during the financial period/year	(9,894)	(51,148)
Amount written-back during the financial period/year	(52)	(358)
Balance at the end of financial period/year	433,659	405,085
Individual impairment		
Balance at the beginning of financial period/year	185,707	261,477
Allowance made during the financial period/year	21,113	200,097
Amount recovered during the financial period/year	(7,919)	(23,799)
Amount converted to financial investments held-for-trading	-	(11,364)
Allowance written-off during the financial period/year	-	(234,152)
Unwind of discount of allowance	(4,801)	(6,552)
Balance at the end of financial period/year	194,100	185,707

A11. TRADE RECEIVABLES

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	1,993	896
Amount due from stock-broking clients	97,159	107,966
Amount due from Bursa Securities Clearing Sdn Bhd	35,127	165,326
	134,279	274,188
Less Allowance for impairment		
- Collective impairment	(196)	(190)
- Individual impairment	(3,835)	(3,986)
	130,248	270,012

Movement in allowance for impairment and interest-in-suspense on trade receivables:-

Collective impairment

Balance at the beginning of financial period/year	190	136
Allowance made during the financial period/year	6	177
Amount recovered during the financial period/year	-	(123)
Balance at the end of financial period/year	196	190

Individual impairment

Balance at the beginning of financial period/year	3,986	4,341
Allowance made during the financial period/year	110	128
Amount recovered during the financial period/year	(261)	(483)
Balance at the end of financial period/year	3,835	3,986

A12. OTHER ASSETS

Clearing accounts	190,651	4,160
Income / interest receivable	103,165	87,615
Foreclosed properties	153,032	161,261
Other debtors, deposits and prepayments	39,157	50,032
Amount due from jointly controlled entity	2,745	2,745
	488,750	305,813

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	35,331	43,002
Amount due from other shareholders of a subsidiary		
- Liabilities directly associated with properties previously classified as land held-for-sale	1,414	10,541
Interest payable	210,504	180,510
Margin and collateral deposits	78,441	65,191
Trust accounts for clients and remisiers	70,464	52,150
Clearing accounts	-	44,616
Defined contribution plan	8,292	12,616
Accrued employee benefits	1,423	896
Other creditors and accruals	316,081	218,187
Profit equalisation reserve	134	-
Dividend payable	-	100,884
Provision for zakat	9,978	9,432
	732,062	738,025

A14. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	351,890	295,945	687,499	571,270
Money at call and deposit with financial institutions	30,782	28,762	63,106	49,692
Financial assets held-for-trading	29	2	64	211
Financial investments available-for-sale	71,512	45,755	132,751	98,437
Financial investments held-to-maturity	5,645	5,025	10,304	8,310
Derivatives	14,932	11,736	26,582	23,619
Others	20	19	58	63
	<u>474,810</u>	<u>387,244</u>	<u>920,364</u>	<u>751,602</u>
Accretion of discount less amortisation of premium	6,980	10,163	17,520	11,685
	<u>481,790</u>	<u>397,407</u>	<u>937,884</u>	<u>763,287</u>
 The above interest income includes interest/income earned on impaired loans, advances and financing - Unwinding of discount of allowance (Net)	 600	 1,203	 (999)	 3,233

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	24,109	27,496	59,778	48,905
Deposits from customers	214,616	138,365	406,179	258,110
Loans sold to Cagamas Berhad	3,525	3,662	7,075	7,347
Derivatives	17,442	17,125	31,850	34,371
Others	1,219	1,842	2,345	6,199
	<u>260,911</u>	<u>188,490</u>	<u>507,227</u>	<u>354,932</u>

A16. OTHER OPERATING INCOME

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	100	45	297	131
Brokerage (net)	14,446	13,627	33,055	29,209
Underwriting fees	5	-	198	793
Portfolio management fees	2,359	1,895	4,743	3,897
Corporate advisory fees	660	2,046	2,550	3,332
Commission	3,065	3,021	6,362	5,767
Service charges and fees	11,804	10,694	26,213	22,234
Guarantee fees	5,971	7,188	11,438	13,952
Arrangement fees	2,183	1,052	3,918	2,127
Agency fees	745	563	1,062	1,065
Other fee income	6,541	(177)	7,119	16
	<u>47,879</u>	<u>39,954</u>	<u>96,955</u>	<u>82,523</u>
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	4,248	423	4,732	780
- unrealised gains/(losses)	13	37	(124)	50
Gains on derivatives:				
- realised	1,114	(144)	2,182	130
- unrealised	(3,875)	(3,241)	492	(438)
Gains on financial investments available-for-sale				
- net gain on disposal	6,786	3,404	12,362	22,105
- gross dividend income	255	209	302	227
Gains on financial investments held-to-maturity				
- net gain on redemption	2,053	2,053	2,053	2,053
- gross dividend income	3,395	610	3,652	895
	<u>13,989</u>	<u>3,351</u>	<u>25,651</u>	<u>25,802</u>
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	15,920	31,237	35,437	38,893
- unrealised	(4,062)	(10,938)	(8,196)	1,181
Rental income	698	505	1,272	870
Gains on disposal of property and equipment	(42)	16	123	110
Gains on disposal of foreclosed properties	12	535	13	607
Other non-operating income	4,439	8,096	8,109	10,923
	<u>16,965</u>	<u>29,451</u>	<u>36,758</u>	<u>52,584</u>
Total Other Operating Income	<u>78,833</u>	<u>72,756</u>	<u>159,364</u>	<u>160,909</u>

A17. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended 30/6/2011 RM'000	30/6/2010 RM'000	Cumulative Quarter Ended 30/6/2011 RM'000	30/6/2010 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	72,984	68,649	148,080	135,949
Defined contribution plan	10,612	10,810	22,147	21,379
Other personnel costs	10,427	9,191	22,636	17,224
	94,023	88,650	192,863	174,552
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,349	1,229	3,513	1,693
Entertainment	908	462	1,645	879
Travelling and accommodation	1,132	1,055	1,961	1,874
Dealers' handling fees	288	(170)	862	72
Commission	178	441	294	460
Others	384	413	876	941
	5,239	3,430	9,151	5,919
<u>Establishment-related expenses</u>				
Rental of premises	6,619	6,331	13,270	12,693
Equipment rental	265	237	535	465
Repair and maintenance	7,314	7,100	14,455	12,924
Depreciation	5,406	6,360	11,001	12,675
Amortisation	2,338	5,414	4,919	10,805
IT consultancy fee	14,101	13,440	28,217	26,934
Dataline rental	175	1,386	1,323	2,783
Security services	2,546	2,304	4,920	4,537
Others	4,412	4,454	8,717	8,706
	43,176	47,026	87,357	92,522
<u>General administrative expenses</u>				
Telecommunication expenses	1,676	1,631	3,250	3,098
Director's Remuneration	434	348	876	609
Auditors' remuneration:				
(i) Statutory audit	343	378	705	713
(ii) Others	293	184	335	205
Professional fees	4,014	5,561	8,025	9,710
Property & equipment written off	252	-	353	57
Postage and courier charges	1,039	1,198	2,035	2,569
Stationery and consumables	2,933	1,984	5,034	3,484
Subscription fees	394	380	825	812
Subsidies and allowances	269	322	524	589
Transaction levy	367	253	888	618
Commissioned dealers representative performance incentive	672	1,203	1,722	2,728
Others	10,722	4,951	19,030	9,223
	23,408	18,393	43,602	34,415
Total other operating expenses	165,846	157,499	332,973	307,408

A18. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

	-----Group----->			
	Individual Quarter Ended 30/6/2011 RM'000	30/6/2010 RM'000	Cumulative Quarter Ended 30/6/2011 RM'000	30/6/2010 RM'000
Collective impairment				
- allowance made during the financial period	21,253	17,288	38,474	38,855
Individual impairment				
- allowance made during the financial year	14,409	21,346	21,223	64,783
- allowance written-back during the financial year	(5,661)	(5,716)	(12,981)	(10,420)
Bad debts				
- recovered	(40,286)	(47,572)	(76,528)	(98,315)
- written off	4,842	3,902	9,362	6,392
Provision for litigation loss	-	30,000	40,000	30,000
Allowance for other impaired debts				
- other debtors	509	(56)	675	332
	<u>(4,934)</u>	<u>19,192</u>	<u>20,225</u>	<u>31,627</u>

A19. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

(Write-back of)/additional allowance for impairment loss:-

- Financial investments available-for-sale	(191)	102	(991)	(2)
- Financial investments held-to-maturity	-	(543)	-	(543)
	<u>(191)</u>	<u>(441)</u>	<u>(991)</u>	<u>(545)</u>

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2011 and 30 June 2010 are as follows:-

<-----Individual quarter ended 30 June 2011----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	563,490	74,753	-	3,050	-	641,293
Intersegment revenue	3,164	2,835	-	482	(6,481)	-
Unallocated revenue	-	-	-	-	-	1,482
Revenue	<u>566,654</u>	<u>77,588</u>	<u>-</u>	<u>3,532</u>	<u>(6,481)</u>	<u>642,775</u>
Segment results	157,117	21,593	-	1,100	6,520	186,330
Unallocated expenses						(5,781)
Share of results of:						
- a jointly controlled entity	-	-	(3,124)	-	-	(3,124)
- associate	-	-	517	-	-	517
Profit before taxation and zakat						<u>177,942</u>
Taxation and zakat						<u>(43,755)</u>
Net profit for the quarter						<u>134,187</u>

<-----Individual quarter ended 30 June 2010----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	483,612	47,716	-	2,091	-	533,419
Intersegment revenue	589	790	-	271	(1,650)	-
Unallocated revenue	-	-	-	-	-	1,186
Revenue	<u>484,201</u>	<u>48,506</u>	<u>-</u>	<u>2,362</u>	<u>(1,650)</u>	<u>534,605</u>
Segment results	133,744	12,309	-	521	3,908	150,482
Unallocated expenses						(4,104)
Share of results of:						
- a jointly controlled entity	-	-	(2,319)	-	-	(2,319)
- associate	-	-	2,290	-	-	2,290
Gain on dilution of interest in associate	-	-	7,962	-	-	7,962
Profit before taxation and zakat						<u>154,311</u>
Taxation and zakat						<u>(42,605)</u>
Net profit for the quarter						<u>111,706</u>

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Current year's cumulative quarter ended 30 June 2011----->

RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	1,114,438	141,192	-	5,704	-	1,261,334
Intersegment revenue	4,647	4,007	-	716	(9,370)	-
Unallocated revenue	-	-	-	-	-	3,154
Revenue	1,119,085	145,199	-	6,420	(9,370)	1,264,488
Segment results	280,552	38,918	-	1,853	11,110	332,433
Unallocated expenses	-	-	-	-	-	(9,679)
Share of results of:						
- jointly controlled entity	-	-	(6,478)	-	-	(6,478)
- associate	-	-	1,968	-	-	1,968
Profit before taxation and zakat						318,244
Taxation and zakat						(77,990)
Net profit for the cumulative quarter						240,254

<-----Preceding year's cumulative quarter ended 30 June 2010----->

RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	939,131	110,087	-	4,226	-	1,053,444
Intersegment revenue	841	1,591	-	517	(2,949)	-
Unallocated revenue	-	-	-	-	-	1,186
Revenue	939,972	111,678	-	4,743	(2,949)	1,054,630
Segment results	272,738	40,190	-	1,004	7,097	321,029
Unallocated expenses	-	-	-	-	-	(7,891)
Share of results of:						
- jointly controlled entity	-	-	2,740	-	-	2,740
- associate	-	-	7,794	-	-	7,794
Gain on dilution of interest in associate	-	-	7,962	-	-	7,962
Profit before taxation and zakat						331,634
Taxation and zakat						(84,596)
Net profit for the cumulative quarter						247,038

A21. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Company's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

There were no changes in the valuation of property and equipment that were brought forward from the previous financial year ended 31 December 2010.

A22. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A23. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial quarter under review.

A24. COMMITMENTS AND CONTINGENCIES

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

GROUP	30/6/2011				31/12/2010			
	Principal Amount RM'000	Positive fair value of derivative contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000	Principal Amount RM'000	Positive fair value of derivative contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
Direct credit substitutes	444,952	-	444,952	431,170	408,608	-	408,608	299,520
Transaction related contingent items	2,209,226	-	1,104,613	934,632	2,387,456	-	1,193,728	1,022,073
Short-term self-liquidating trade related contingencies	1,422,664	-	284,533	167,667	1,232,752	-	246,551	140,554
Obligation under underwriting commitments	25,339	-	6,500	1,300	19,691	-	9,845	1,969
Foreign exchange related contracts	3,049,994	12,337	38,870	18,247	2,214,726	25,839	50,818	19,949
- Less than one year	181,120	9,836	17,033	6,554	181,120	7,419	15,897	6,326
- One year to less than five years	119,752	-	297	148	93,784	-	14	3
Interest rate related contracts	1,412,150	2,271	40,426	9,313	940,228	1,757	31,214	7,242
- Less than one year	444,648	7,830	39,129	8,644	445,273	7,079	38,490	8,842
- One year to less than five years	4,437,296	-	887,460	787,524	4,256,209	-	-	-
- Five years and above	6,116,293	-	1,223,258	1,016,644	6,127,819	-	-	-
Irrevocable commitments to extend credit	603,531	-	120,706	90,450	594,104	-	118,821	89,026
- Maturity more than one year	20,466,965	32,274	4,207,777	3,472,293	18,901,770	42,094	2,113,986	1,595,504
- Maturity less than 1 year								
Unutilised credit card lines								

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

A25. CAPITAL ADEQUACY

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

	30/6/2011 RM'000	31/12/2010 RM'000
<u>Tier 1 Capital</u>		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	462,790	551,422
Statutory reserve	1,041,692	1,041,692
	<u>3,716,672</u>	<u>3,805,304</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets	(1,835)	(5,650)
Total Tier 1 capital (a)	<u>3,524,453</u>	<u>3,609,270</u>
<u>Tier 2 Capital</u>		
Subordinated loans	600,000	300,000
Collective impairment #	181,824	162,870
Total Tier 2 capital (b)	<u>781,824</u>	<u>462,870</u>
Total capital (a) + (b)	4,306,277	4,072,140
Less:-		
Investment in capital instruments of other banking institutions	(58,191)	(56,216)
Investment in subsidiaries	(41,180)	(41,180)
Capital base	<u>4,206,906</u>	<u>3,974,744</u>

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

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

	30/6/2011 RM'000	31/12/2010 RM'000
Credit risk	30,856,374	26,157,944
Market risk	173,895	125,094
Operational risk	2,316,131	2,276,503
Total risk-weighted assets	<u>33,346,400</u>	<u>28,559,541</u>

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

Before deducting proposed dividends:-

Core capital ratio	10.57%	12.64%
Risk-weighted capital ratio	<u>12.62%</u>	<u>13.92%</u>

After deducting proposed dividends:-

Core capital ratio	10.57%	12.33%
Risk-weighted capital ratio	<u>12.62%</u>	<u>13.61%</u>

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

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

A26. COMPARATIVE FIGURES

Certain comparative figures have also been restated to conform with current year's presentation.

A27. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Statements of Financial Position

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
ASSETS		
Cash and short term funds	2,654,432	2,635,218
Financial assets held-for-trading	2	-
Financial investments available-for-sale	1,504,118	1,334,083
Loans, advances and financing	4,037,721	3,555,596
Investment in jointly-controlled entity	500	500
Other assets	57,993	20,186
Tax recoverable	3,419	3,816
Deferred tax assets	5,710	4,291
Property and equipment	2,476	2,123
Intangible assets	1,136	1,462
TOTAL ASSETS	8,267,507	7,557,275
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	5,548,784	5,533,474
Deposits and placements of banks and other financial institutions	2,040,370	1,345,086
Other liabilities	221,778	245,211
Total Liabilities	7,810,932	7,123,771
SHAREHOLDERS' EQUITY		
Share capital	260,000	260,000
Reserves	196,575	173,504
Total Equity	456,575	433,504
TOTAL LIABILITIES & EQUITY	8,267,507	7,557,275
COMMITMENTS AND CONTINGENCIES	2,103,198	2,022,889

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statements

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	83,381	69,067	165,032	132,589
Allowance for losses on financing	(3,296)	(2,939)	(5,421)	(7,418)
Transfer to profit equalisation reserve	(134)	(271)	(134)	(271)
	79,951	65,857	159,477	124,900
Income attributable to depositors	(45,983)	(31,815)	(88,936)	(58,364)
Income attributable to shareholders	33,968	34,042	70,541	66,536
Income derived from investment of Shareholders' funds	5,086	4,578	9,994	8,554
	39,054	38,620	80,535	75,090
Other operating expenses	(22,380)	(23,573)	(46,255)	(45,441)
Profit before tax and zakat	16,674	15,047	34,280	29,649
Taxation	(3,926)	(3,618)	(7,661)	(10,309)
Zakat	-	(4,626)	-	(4,626)
Net profit for the financial period	12,748	6,803	26,619	14,714

(ii) Unaudited Statements of Comprehensive Islamic Income

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	12,748	6,803	26,619	14,714
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	725	3,503	(4,731)	1,588
- Deferred tax on revaluation of financial investments available-for-sale	(181)	(875)	1,183	(397)
Other comprehensive income for the financial period, net of tax	544	2,628	(3,548)	1,191
Total comprehensive income for the financial period attributable to the equity holders of the Company	13,292	9,431	23,071	15,905

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
(iii) <u>Financing</u>		
<u>By type</u>		
Cash line	195,610	223,926
Term financing		
- Housing financing	1,154,855	1,053,556
- Syndicated term financing	101,937	116,995
- Hire purchase receivables	1,156,424	1,061,166
- Other term financing	1,171,454	934,792
Bills financing	214	1,389
Trust receipts	41,824	43,958
Interest-free accepted bills	148,678	57,938
Staff financing	8,360	8,035
Revolving credit	152,623	142,463
	4,131,979	3,644,218
Less : Allowance for impairment		
- Collective impairment	(57,078)	(52,481)
- Individual impairment	(37,180)	(36,141)
Total net financing	4,037,721	3,555,596

(iv) Impaired/non-performing financing

(a) Movements of impaired financing

Balance at the beginning of financial period/year	152,601	130,840
Classified as impaired during the financial period/year	48,507	92,689
Reclassified as non-impaired during the financial period/year	(47,043)	(42,087)
Amount recovered during the financial period/year	(10,756)	(22,714)
Amount written-off during the financial period/year	(266)	(6,127)
Balance at the end of financial period/year	143,043	152,601

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/6/2011	31/12/2010
	RM'000	RM'000
(iv) Impaired/non-performing financing (cont.)		
(b) <u>Movements in the allowance for impairment on financing</u>		
Collective impairment		
Balance at the beginning of financial period/year	52,481	43,925
Allowance for impairment made during the financial period/year	4,839	13,365
Amount written-off during the financial period/year	(242)	(4,809)
Balance at the end of financial period/year	<u>57,078</u>	<u>52,481</u>
Individual impairment		
Balance at the beginning of financial period/year	36,141	23,228
Allowance for impairment during the financial period/year	3,747	25,307
Amount recovered during the financial period/year	(1,913)	(9,891)
Amount written-off during the financial period/year	-	(1,175)
Unwind of discount of allowance	(795)	(1,328)
Balance at the end of financial period/year	<u>37,180</u>	<u>36,141</u>
(vi) Deposits from customers		
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,622,713	1,488,093
Savings deposits	196,583	192,016
	<u>1,819,296</u>	<u>1,680,109</u>
Mudharabah Funds		
Demand deposits	10,723	10,794
Savings deposits	77,573	66,187
General investment deposits	2,825,212	3,134,711
Special investment deposits	815,980	641,673
	<u>3,729,488</u>	<u>3,853,365</u>
Total deposits from customers	<u>5,548,784</u>	<u>5,533,474</u>

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group reported a higher pretax profit of RM177.9 million for the current financial quarter ended 30 June 2011 as compared to RM154.3 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2011, the Group's pretax profit however decreased slightly by RM13.4 million or 4.0% to RM318.2 million as compared to RM331.6 million achieved last year. Both the net interest income and Islamic banking income were up by RM22.3 million and RM5.8 million respectively, while the allowance for loan impairment was lower by RM11.4 million for the period under review. However, this was not sufficient to cushion the increase in overhead expenses and finance cost of RM25.6 million and RM3.3 million respectively, the drop in share of profit in associate of RM5.8 million as well as the share of losses in jointly-controlled entity of RM6.5 million as compared to a profit of RM2.7 million for the same period last year. In addition, there was a non-recurring gain of RM8.0 million on dilution of interest in associate in the previous year.

AFFIN Bank Berhad ("ABB") group recorded a higher pretax profit of RM157.1 million for the current financial quarter as compared to RM133.7 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2011, the ABB Group also registered a higher pretax profit of RM280.6 million as compared to RM272.7 million for the same period last year. This was mainly due to the increase in both net interest income and Islamic banking income totaling RM22.5 million and lower allowance for loan impairment of RM12.4 million. For the period under review, the overhead expenses however increased by RM18.6 million while the other operating income reduced by RM8.9 million.

AFFIN Investment Bank Berhad ("AIBB") group reported a higher pretax profit of RM21.6 million for the current financial quarter as compared to RM12.3 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2011, the AIBB group however registered a slightly lower pretax profit of RM38.9 million as compared to RM40.2 million achieved last year. The increase in other operating income of RM5.8 million was not sufficient to cushion both the increase in overhead expenses of RM5.7 million and the allowance for loan impairment of RM0.3 million as compared to a write-back of RM0.8 million for the same period last year. As for AFFIN Fund Management Berhad, the Company posted a higher pretax profit of RM5.2 million as compared to RM0.7 million for the previous year, mainly due to higher upfront fee on sale of unit trust of RM5.1 million and higher management fee income of RM0.8 million, net of higher overhead expenses of RM1.6 million.

AFFIN Moneybrokers Sdn Bhd reported a higher pretax profit of RM1.0 million for the current financial quarter as compared to RM0.4 million for the same quarter last year. For the half-year ended 30 June 2011, the Company also registered a higher pretax profit of RM1.6 million as compared to RM0.8 million for the same period last year, mainly due to higher net brokerage income net of higher overheads.

AXA AFFIN Life Insurance Berhad ("AALI") reported a higher pretax loss of RM5.3 million for the current financial quarter as compared to the pretax loss of RM3.3 million for the preceding year's corresponding quarter. AALI also reported a higher pretax loss of RM9.0 million for the half-year ended 30 June 2011 as compared to RM3.0 million suffered last year, mainly due to lower gain on disposal of investment securities of RM2.6 million and recognition of higher pretax deficit from Life Fund Revenue Accounts of RM2.5 million. The lower deficit recorded in the previous year's Life Fund Revenue Accounts was mainly attributable to the recognition of unallocated surplus brought forward from FY2009. Included in the share of losses in jointly controlled entity of RM6.5 million for the half-year ended 30 June 2011 was an adjustment of RM1.3 million on over-recognition of Group's share of profit in AALI for the previous financial year.

AXA AFFIN General Insurance Berhad ("AAGI") reported a lower pretax profit of RM2.1 million for the current financial quarter as compared to RM10.0 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2011, AAGI also registered a lower pretax profit of RM3.3 million as compared to RM14.0 million achieved last year. The increase in both earned premium and investment income of RM61.9 million and RM4.9 million were not sufficient to cushion the increase in net claims, overhead expenses, net commission and finance cost of RM38.7 million, RM20.8 million, RM9.9 million and RM4.6 million respectively, as well as the drop in gain on disposal of investment securities of RM3.8 million. Included in the share of results in associate of RM2.0 million for the half-year ended 30 June 2011 was an adjustment of RM1.1 million on under-recognition of Group's share of profit in AAGI for the previous financial year.

B2. COMMENTS ON CURRENT FINANCIAL PERFORMANCE AGAINST THE PRECEDING QUARTER'S

The Group recorded a higher pretax profit of RM177.9 million for the current financial quarter as compared to RM140.3 million for the preceding quarter ended 31 March 2011. This was mainly due to the increase in net interest income of RM11.1 million as well as the write-back of allowance for loan impairment of RM4.9 million as compared to a charge of RM25.2 million for the preceding quarter.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Barring any unforeseen circumstances, the Group is expected to perform well and achieve satisfactory results for the financial year ending 31 December 2011.

Based on the current performance, the Board of Directors is of the view that the Group will be on track to achieve following announced headline Key Performance Indicators (KPIs) for the financial year 2011:-

<u>Headline KPIs</u>	As announced	Actual
	for financial year 2011	achieved for 6 months ended 30/6/2011
(i) After Tax Returns on Equity (ROE)	10.0%	4.5%
(ii) After Tax Returns on Assets (ROA)	1.1%	0.5%
(iii) Gross Impaired Loan Ratio	2.8%	3.3%
(iv) Earnings Per Share (EPS)	35.3 sen	16.08 sen

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profit forecast and profit guarantee issued by the Company.

B5. TAXATION

	←-----Group-----→			
	Individual Quarter Ended 30/6/2011	Individual Quarter Ended 30/6/2010	Cumulative Quarter Ended 30/6/2011	Cumulative Quarter Ended 30/6/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation:-				
- Income tax based on profit for the financial year	31,211	39,616	72,603	80,328
Deferred tax:-				
- Relating to originating temporary differences	12,268	(1,632)	4,671	(1,604)
Recognition of deferred tax benefits previously not recognised	-	-	-	(1,908)
Under/(over) provision in prior years:				
- Current taxation	1	(5)	250	3,154
	43,480	37,979	77,524	79,970

The Group's effective tax rate was slightly lower than the prevailing statutory tax rate mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties other than in the ordinary course of business of the Group.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the financial year other than in the ordinary course of business of the Group.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Save as disclosed below, there were no corporate proposals announced but not completed as at 30 June 2011:-

Proposed acquisition of a controlling stake in PT Bank Ina Perdana, Indonesia (cont.)

On 15 January 2010, The Board of Directors ("Board") of AFFIN Holdings Berhad ("AHB") announced that Bank Negara Malaysia ("BNM") had vide its letter dated 14 January 2010 granted its approval for AHB to commence negotiations with the existing shareholders of PT Bank Ina Perdana ("Bank Ina"), Indonesia for a possible acquisition of a controlling stake in Bank Ina ("Proposal").

The necessary approvals of BNM will be sought should AHB intends to proceed with the Proposal upon conclusion of the negotiation.

The Board has considered Indonesia to be the first overseas venture for the Group which is seen to have significant growth potential given that Indonesia is the fourth most populous nation in the world and the banking penetration remains low.

On 4 August 2010, AFFIN Investment Bank Berhad ("AIBB") had on behalf of the Board of AHB, announced that AFFIN Bank Berhad ("AFFIN Bank"), a wholly-owned subsidiary of AHB, entered into the following agreements:-

- (i) Share Purchase Agreement with P.T. Kharisma Prima Karya ("PT Kharisma" or the "Vendor") for the acquisition of 65,280,000 existing ordinary shares of Indonesian Rupiah ("Rp") 1,000 each in Bank Ina ("Existing Shares"), representing 20.82% of the enlarged issued and paid-up share capital of Bank Ina for a cash consideration to be determined later ("Proposed Acquisition").

The consideration for the Proposed Acquisition will be based on the price to book ratio of 3.15 times over the agreed Net Tangible Assets ("NTA") per Existing Share of Bank Ina as per the balance sheet as at the end of the month preceding the month (or the latest practicable month end) where the date of the last conditions precedent as set out in the Share Purchase Agreement are fulfilled and/or waived ("Completion Balance Sheet").

- (ii) Subscription Agreement with the Vendor and Bank Ina for the subscription of 185,600,000 new ordinary shares of par value to be determined later in Bank Ina ("Subscription Shares"), representing 59.18% of the enlarged issued and paid-up share capital of Bank Ina for a cash consideration to be determined later ("Proposed Subscription").

The consideration for the Proposed Subscription will be based on the NTA per Existing Share of Bank Ina as per the Completion Balance Sheet.

- (iii) Call Option Agreement with the Vendor pursuant to which the Vendor irrevocably agreed to grant AFFIN Bank an option for AFFIN Bank to call on the Vendor to require it to sell to AFFIN Bank all or any of 56,488,856 Existing Shares held by the Vendor ("Option Shares") representing 18.01% of the enlarged issued and paid-up share capital of Bank Ina at a call option price to be determined later.

The option price shall be determined based on the price to book ratio of 3.15 times over the NTA per share of Bank Ina at the material future date as determined by AFFIN Bank and the Vendor for each Option Share but in any case, the option price shall not be less than the price to book ratio of 3.15 times over the NTA per Existing Share of Bank Ina pursuant to the Completion Balance Sheet as at the Closing Date.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Proposed acquisition of a controlling stake in PT Bank Ina Perdana, Indonesia (cont.)

- (iv) Put Option Agreement with the Vendor pursuant to which AFFIN Bank irrevocably agreed to grant the Vendor an option for the Vendor to put to AFFIN Bank to require it to purchase from the Vendor all or any of the Option Shares at a put option price to be determined later, the basis of which is similar to that of the option price set out in item (iii) above.
- (v) Non-Competition Agreement with the Vendor whereby the Vendor agrees for itself and shall procure that Bapak Oki Widjaja (a director and substantial shareholder of the Vendor), shall not venture or participate directly and/or indirectly in any business which competes with the business of Bank Ina in the Republic of Indonesia within a period of three (3) years from the date of completion of the Proposed Acquisition ("Closing Date"); and
- (vi) Shareholders Agreement with the Vendor and Bank Ina setting out certain commitments and their rights as shareholders of Bank Ina from the Closing Date.

The Call Option Agreement, Put Option Agreement, Non-Competition Agreement and Shareholders Agreement shall only take effect on the Closing Date.

The Share Purchase Agreement ("SPA") and Subscription Agreement ("SA") are conditional upon the fulfillment of the conditions precedent set out in the Share Purchase Agreement and Subscription Agreement within twelve (12) months from the date of the respective agreement, which include amongst others, the following:-

- (i) The approval of the shareholders of Bank Ina in extraordinary general meetings ("EGM") to be convened for amongst others, the Proposed Acquisition and Proposed Subscription;
- (ii) Issuance of the acquisition permit and/or written notification from Bank Indonesia ("BI") that AFFIN Bank has passed the Fit and Proper Test as governed by BI ("Fit and Proper Test"); and
- (iii) Approvals from BNM and BI for the Proposed Acquisition and Proposed Subscription and such other transactions contemplated in the Share Purchase Agreement and Subscription Agreement.

On 27 December 2010, AIBB had on behalf of the Board of AHB announced that BNM had vide its letter dated 23 December 2010 granted its approval to AFFIN Bank for the following:-

- (i) To establish a subsidiary by acquiring Bank Ina pursuant to Section 29 of the Banking and Financial Institution Act 1989; and
- (ii) To issue 121.356 million fully paid-up new ordinary shares to fund the proposal.

On 4 August 2011, AIBB had on behalf of AFFIN announced that in accordance with the terms of the SPA and SA, both the SPA and SA had lapsed on 4 August 2011 as the conditions precedent to these agreements had not been fulfilled as of 4 August 2011, being the date falling twelve (12) months from the date of the respective agreements of 4 August 2010. Consequently, all other agreements which only become operative upon completion of the SPA and SA namely, the Call Option Agreement, Put Option Agreement, Non-Competition Agreement and Shareholders Agreement, all dated 4 August 2010, ceased to have any further force and effect.

In view of the study currently being undertaken by Indonesia's central bank, Bank Indonesia, in respect of the policy to limit majority shareholdings in commercial banks in Indonesia ("Policy"), AFFIN and the parties to the SPA and SA were of the view that it would be in the best interest of all parties to discontinue with the existing agreements. All parties may renegotiate the terms of the Proposals after the Policy had been released.

B9. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	30/6/2011 RM'000	31/12/2010 RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	1,000,334	706,697
Demand Deposits	5,381,929	5,063,061
Savings Deposits	1,453,751	1,400,535
Fixed Deposits	24,206,634	22,166,952
Negotiable Instruments of Deposits ('NIDs')	3,171,000	3,119,514
Special Investment Deposits	815,980	641,673
	36,029,628	33,098,432
 Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	23,704,085	22,036,969
Six months to one year	3,349,258	3,176,519
One year to three years	21,563	50,026
Three years to five years	302,728	22,952
	27,377,634	25,286,466
 <u>By Type of Customers:-</u>		
Government and statutory bodies	9,047,739	5,554,300
Business enterprises	10,356,216	11,060,615
Individuals	5,858,634	5,003,875
Others	10,767,039	11,479,642
	36,029,628	33,098,432
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	3,570,137	5,412,341
Licensed investment banks	266,417	66,078
Bank Negara Malaysia	1,111,868	308,350
Other financial institutions	943,764	1,050,862
	5,892,186	6,837,631
 <u>By Maturity Structure:-</u>		
Due within six months	5,556,699	6,577,735
Six months to one year	335,487	259,896
	5,892,186	6,837,631
 (iii) <u>Borrowings</u>		
Unsecured		
- More than one year (medium/long-term)	666,310	390,624
	666,310	390,624

B10. REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all list issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group into realised and unrealised profits as at the reporting date is disclosed as follows:-

	Group	
	30/6/2011	31/12/2010
	RM'000	RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,189,701	957,831
- Unrealised		
- deferred tax recognised in the income statement	2,039	6,713
- other items of income and expense	44,429	26,858
	1,236,169	991,402
<u>Total share of retained profits in associate:-</u>		
- Realised	133,417	130,303
- Unrealised	1,307	2,453
<u>Total share of accumulated losses in jointly controlled entities:-</u>		
- Realised	(40,059)	(25,865)
- Unrealised	15,397	7,681
	1,346,231	1,105,974
Add: Consolidation adjustments	124,898	124,901
Total Group retained profits as per consolidated financial statements	1,471,129	1,230,875

The breakdown of realised and unrealised retained profits is determined based on the Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above does not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

B11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Details of derivative financial instruments outstanding as at reporting date are as follows:-

(i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:-

Group	<----- As at 30 June 2011 ----->			<----- As at 31 December 2010 ----->			
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000		Contract/ Notional Amount RM'000	Fair Value Assets RM'000		Liabilities RM'000
Trading derivatives:							
Foreign exchange contract							
- Currency forwards	1,219,155	4,524	6,116	728,471	2,381	19,025	
- Currency swaps	1,920,099	19,218	31,696	1,667,371	32,162	21,087	
- Currency options	91,860	113	14	-	-	-	
Interest rate contract							
- Interest rate swaps	1,976,550	10,006	17,679	1,479,285	8,711	17,448	
Total	5,207,664	33,861	55,505	3,875,127	43,254	57,560	

(ii) The derivative financial instrument of the Group classified by remaining period to maturity/repricing date (whichever earlier) as at reporting date are as follows:-

Items	<----- As at 30 June 2011 ----->						
	Contract/ Notional Amount RM'000	1 month or less RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 years RM'000
Trading derivatives:							
Foreign exchange contract							
- Currency forwards	1,219,155	816,280	254,678	97,746	50,451	-	-
- Currency swaps	1,920,099	1,112,838	548,924	77,217	-	181,120	-
- Currency options	91,860	19,080	62,880	9,900	-	-	-
	3,231,114	1,948,198	866,482	184,863	50,451	181,120	-
Interest rate contract							
- Interest rate swaps	1,976,550	1,556	-	-	118,196	619,359	1,237,439
Total	5,207,664	1,949,754	866,482	184,863	168,647	800,479	1,237,439

B11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (cont.)

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of the financial period, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM0.6 million (FYE 31/12/2010: RM13.7 million), while the notional amount of interest rate contract was RM1.33 billion (FYE 31/12/2010: RM903.3 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM55.9 million (FYE 31/12/2010: RM66.7 million) and RM79.9 million (FYE 31/12/2010: RM69.7 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

Cash Requirement of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2011, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2010.

B12. MATERIAL LITIGATION

There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM44.8 million (31 December 2010: RM86.3 million). Based on legal advice, the Directors of ABB are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

B13. PROPOSED DIVIDENDS

No dividend has been proposed for the current financial quarter ended 30 June 2011.

B14. EARNINGS PER SHARE

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
Net profit attributable to equity holders of the company (RM'000)	134,187	111,706	240,254	247,038
Weighted average number of ordinary shares in issue	1,494,575,806	1,494,371,417	1,494,575,806	1,494,371,417
Basic earnings per share (sen)	8.98	7.48	16.08	16.53
Diluted earnings per share (sen)	8.98	7.48	16.08	16.53

The basic and diluted earnings per share of the Group for the current financial quarter ended 30 June 2011 have been calculated based on the net profit attributable to the equity holders of the company of RM134,187,000 (30 June 2010: RM111,706,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (30 June 2010: 1,494,371,417).

The basic earnings per share of the Group for the cumulative quarter ended 30 June 2011 has been calculated based on the net profit attributable to the equity holders of the parent of RM240,254,000 (30 June 2010: RM247,038,000) divided by the weighted average number of ordinary shares in issue during the financial year under review of 1,494,575,806 (30 June 2010: 1,494,371,417).

B15. ECONOMIC PROFIT/(LOSS)

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	134,187	111,706	240,254	247,038
Less: Economic charge	(137,246)	(122,490)	(272,136)	(240,190)
Economic (loss)/profit for the financial year	(3,059)	(10,784)	(31,882)	6,848

Formula for calculation of economic charge:

- (i) Economic charge = Cost of equity x Average total equity for the financial year
- (ii) Cost of equity = Beta x Market risk premium + Risk-free rate

Beta = 5-year adjusted Bloomberg Beta

Market risk premium = the market return in excess of the return earned on risk-free assets.

Risk-free rate = the rate of return of a 10-year Malaysian Government Securities at the closing of the reporting period