

**MALAYSIA BUILDING SOCIETY BERHAD**  
**(Company No. 9417-K)**  
**(Incorporated in Malaysia)**

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Quarterly report on consolidated financial statements for the second quarter ended 30 June 2007.  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months ended		6 months ended	
	30 June		30 June	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Operating revenue	86,557	80,159	166,447	144,842
Interest income	69,460	61,483	135,907	117,678
Interest costs	(48,299)	(39,315)	(90,896)	(75,099)
Net interest income	21,161	22,168	45,011	42,579
Net income from Islamic Banking Operations	4,536	2,146	3,783	4,222
	25,697	24,314	48,794	46,801
Other operating income	7,330	14,238	13,599	17,703
Total income	33,027	38,552	62,393	64,504
Cost of completed properties sold	(341)	(8,902)	(341)	(10,125)
Operating expenses	(16,793)	(4,164)	(31,964)	(18,261)
Operating profit before allowance	15,893	25,486	30,088	36,118
Recovery of/(Provision for) losses on loans and financing	(1,093)	(10,284)	(10,446)	(17,463)
Profit before taxation and zakat	14,800	15,202	19,642	18,655
Taxation	15	(172)	33	(154)
Profit after taxation and zakat	14,815	15,030	19,675	18,501
Profit for the year	14,815	15,030	19,675	18,501
Earnings per share (sen)				
Basic	4.38	4.45	5.82	5.48
Diluted	2.36	2.27	3.10	2.81

**The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.**

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As at 30 June 2007 (RM'000)</b>	<b>As at 31 December 2006 (RM'000)</b>
<b>ASSETS</b>		
Cash and short term funds	521,139	309,579
Trade receivables	6,013	7,001
Other receivables	160,322	177,742
Inventories	176,717	177,017
Loans, advances and financing	5,574,357	5,086,389
Other investments	44,228	43,628
Investment properties	11,904	2,614
Property, plant and equipment	121,660	133,759
Intangible assets	1,127	1,387
Deferred tax assets	30,000	30,000
	6,647,467	5,969,116
<b>TOTAL ASSETS</b>	<b>6,647,467</b>	<b>5,969,116</b>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank borrowings	300,567	277,557
Deposits from customers	5,600,635	4,949,920
Other borrowings	175,000	200,033
Trade payables	15,452	15,314
Other payables	59,162	45,412
Provision for taxation	18,633	18,633
Recourse obligation on loans sold to Cagamas Berhad	14,760	15,006
Deferred tax liabilities	25,779	25,816
Redeemable convertible preference shares	3,840	7,968
Provision for liabilities	3,380	3,380
	6,217,208	5,559,039
<b>TOTAL LIABILITIES</b>	<b>6,217,208</b>	<b>5,559,039</b>

(Contd.)

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**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)**

	<b>As at 30 June 2007 (RM'000)</b>	<b>As at 31 December 2006 (RM'000)</b>
Share capital:		
Ordinary Shares	338,245	337,946
Redeemable Convertible Preference Shares	165,000	165,000
Reserves	(72,986)	(92,869)
Shareholders' equity	<u>430,259</u>	<u>410,077</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>6,647,467</u></u>	<u><u>5,969,116</u></u>

**The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FINANCIAL PERIOD ENDED 30 JUNE 2007**

	← Share Capital →		← Non Distributable			→ Capital Redemption Reserve - Redeemable		
	Ordinary Shares	Redeemable Cumulative Preference Shares	Share Premium	Capital Reserve	Share Option Reserve	Cumulative Preference Shares	Accumulated Losses	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At 1.1.2006	337,856	165,000	660,922	17,838	-	12,486	(818,430)	375,672
Net profit for the 6 months period	-	-	-	-	-	-	18,501	18,501
Dividend	-	-	-	-	-	-	(6,081)	(6,081)
At 30.06.2006	337,856	165,000	660,922	17,838	-	12,486	(806,010)	388,092
At 1.1.2007	337,946	165,000	660,922	17,838	214	12,486	(784,329)	410,077
Net profit for the 6 months period	-	-	-	-	-	-	19,675	19,675
Issue of ordinary shares pursuant to ESOS	299	-	-	-	208	-	-	507
At 30.06.2007	338,245	165,000	660,922	17,838	422	12,486	(764,654)	430,259

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6 months ended 30 June 2007 RM'000</b>	<b>6 months ended 30 June 2006 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	19,642	18,655
Adjustments for :		
Depreciation	3,378	3,443
Amortisation of intangible asset	260	-
Gain on disposal of property, plant and equipment	(5,431)	(61)
(Reversal of) write down of inventories of completed properties	-	(1,688)
(Reversal of) impairment loss on investments in unquoted shares	(600)	(22)
Provision for doubtful debts of other receivables	7,749	7,891
Allowance for losses on loans and financing, net of reversals	10,446	17,463
Interest/income-in-suspense, net of recoveries and write offs	208,065	189,312
Operating profit before working capital changes	243,509	234,993
Increase in loans, advances and financing	(706,479)	(667,558)
Decrease in inventories	300	10,717
Increase in receivables	10,878	(17,432)
Decrease in bank borrowings	23,010	(96,508)
Increase in deposits from customers	650,715	438,073
Increase in payables	14,221	15,263
Decrease in provision for liabilities	-	(135)
Cash generated from operations	236,154	(82,587)
Real Property Gains Tax paid	-	(191)
Net cash generated from operating activities	236,154	(82,778)

(Contd.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)**

	<b>6 months ended 30 June 2007 RM'000</b>	<b>6 months ended 30 June 2006 RM'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(571)	(424)
Proceeds from disposal of property, plant and equipment	5,626	5,200
Net cash (used in)/generated from investing activities	5,055	4,776
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	299	-
Repayment of other borrowings	(25,033)	(25,002)
Recourse obligation on loans sold to Cagamas Berhad	(246)	(821)
Dividend paid - Redeemable Convertible Preference Shares	(4,669)	(4,765)
Dividend paid - ordinary shares	-	(6,081)
Net cash used in financing activities	(29,649)	(36,669)
Net increase/(decrease) in cash and cash equivalents	211,560	(114,671)
Cash and cash equivalents at beginning of financial year	309,579	134,407
Cash and cash equivalents at end of financial year	521,139	19,736
Cash and cash equivalents comprise :		
Cash and short term funds	521,139	19,736

**The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.**

**PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

Summary of Key Financial Information  
for the financial year ended  
30 June 2007

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		3 months ended 30/06/2007 RM'000	3 months ended 30/06/2006 RM'000	6 months ended 30/06/2007 RM'000	6 months ended 30/06/2006 RM'000
1	Revenue	86,557	80,159	166,447	144,842
2	Profit before tax	14,800	15,202	19,642	18,655
3	Profit after tax and minority interest	14,815	15,030	19,675	18,501
4	Net profit for the period	14,815	15,030	19,675	18,501
5	Basic earnings per share (sen)	4.38	4.45	5.82	5.48
6	Dividends per share (sen)	2.19	0	2.19	0
		AS AT END CURRENT PERIOD		AS AT PRECEDING FINANCIAL YEAR END	
7	Net tangible assets per share (RM)		1.2735		1.0553
Remark :					

**PART A3 : ADDITIONAL INFORMATION**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		3 months ended 30/06/2007 RM'000	3 months ended 30/06/2006 RM'000	6 months ended 30/06/2007 RM'000	6 months ended 31/06/2006 RM'000
1	Profit from operations	14,800	15,202	19,642	18,655
2	Gross interest income	69,460	61,483	135,907	117,678
3	Gross interest expense	48,299	39,315	90,896	75,099