

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		9 months ended	
	30 September		30 September	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Operating revenue	86,217	84,266	252,664	229,108
Interest income	66,681	74,380	202,588	192,058
Interest costs	(44,804)	(41,683)	(135,700)	(116,782)
Net interest income	21,877	32,697	66,888	75,276
Net income from Islamic Banking Operations	1,103	2,404	4,886	6,626
	22,980	35,101	71,774	81,902
Other operating income	8,210	3,425	21,809	21,128
Total income	31,190	38,526	93,583	103,030
Cost of completed properties sold	(1,414)	-	(1,755)	(10,125)
Operating expenses	(16,079)	(16,087)	(48,043)	(34,348)
Operating profit before allowance	13,697	22,439	43,785	58,557
Recovery of/(Provision for) losses on loans and financing	(8,209)	(11,939)	(18,655)	(29,402)
Profit before taxation and zakat	5,488	10,500	25,130	29,155
Taxation	14	18	47	(136)
Zakat	(124)	-	(124)	-
Profit after taxation and zakat	5,378	10,518	25,053	29,019
Profit for the period	5,378	10,518	25,053	29,019
Earnings per share (sen)				
Basic	1.59	3.11	7.41	8.59
Diluted	0.83	1.59	3.81	4.40

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

	As at 30 September 2007 (RM'000)	As at 31 December 2006 (RM'000)
ASSETS		
Cash and short term funds	58,571	309,579
Trade receivables	5,888	7,001
Other receivables	152,203	177,742
Inventories	175,333	177,017
Loans, advances and financing	5,840,480	5,086,389
Other investments	44,071	43,628
Investment properties	11,891	2,614
Property, plant and equipment	120,320	133,759
Intangible assets	997	1,387
Deferred tax assets	30,000	30,000
	6,439,754	5,969,116
TOTAL ASSETS	6,439,754	5,969,116
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank borrowings	245,557	277,557
Deposits from customers	5,439,044	4,949,920
Other borrowings	162,500	200,033
Trade payables	15,308	15,314
Other payables	59,903	45,412
Provision for taxation	18,633	18,633
Recourse obligation on loans sold to Cagamas Berhad	14,636	15,006
Deferred tax liabilities	25,761	25,816
Redeemable convertible preference shares	3,840	7,968
Provision for liabilities	3,380	3,380
	5,988,562	5,559,039
TOTAL LIABILITIES	5,988,562	5,559,039

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CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)

	As at 30 September 2007 (RM'000)	As at 31 December 2006 (RM'000)
Share capital:		
Ordinary Shares	354,008	337,946
Redeemable Convertible Preference Shares	165,000	165,000
Reserves	(67,816)	(92,869)
Shareholders' equity	<u>451,192</u>	<u>410,077</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>6,439,754</u>	<u>5,969,116</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 SEPTEMBER 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 9 months period	-	-	-	-	-	-	29,019	29,019
Dividend	-	-	-	-	-	-	(6,081)	(6,081)
At 30.09.2006	337,856	165,000	660,922	17,838	-	12,486	(795,492)	398,610
At 1.1.2007	337,946	165,000	660,922	17,838	214	12,486	(784,329)	410,077
Net profit for the 9 months period	-	-	-	-	-	-	25,053	25,053
Issue of ordinary shares pursuant to ESOS	16,062	-	-	-	-	-	-	16,062
At 30.09.2007	354,008	165,000	660,922	17,838	214	12,486	(759,276)	451,192

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

	9 months ended 30 September 2007 RM'000	9 months ended 30 September 2006 RM'000
Cash flows from operating activities		
Profit before taxation	25,130	29,155
Adjustments for :		
Depreciation	5,095	5,198
Amortisation of intangible asset	390	-
Gain on disposal of property, plant and equipment	(7,708)	(61)
(Reversal of) / write down of inventories of completed properties	-	(1,688)
(Reversal of) / impairment loss on investments in unquoted shares	(443)	36
Provision for doubtful debts of other receivables	11,780	11,520
Allowance for losses on loans and financing, net of reversals	18,655	29,402
Interest-in-suspense, net of recoveries and write offs	326,938	281,444
Operating profit before working capital changes	379,837	355,006
Increase in loans, advances and financing	(1,099,684)	(980,424)
Decrease in inventories	1,684	10,707
Increase in receivables	15,091	(21,348)
Decrease in bank borrowings	(32,000)	265,333
Increase in deposits from customers	489,124	308,877
Increase in payables	14,610	11,797
Decrease in provision for liabilities	-	(195)
Cash used in operations	(231,338)	(50,247)
Real Property Gains Tax paid	-	(191)
Net cash used in operating activities	(231,338)	(50,438)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	9 months ended 30 September 2007 RM'000	9 months ended 30 September 2006 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(571)	(591)
Proceeds from disposal of property, plant and equipment	7,411	5,200
Net cash generated from investing activities	<u>6,840</u>	<u>4,609</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	16,062	-
Repayment of other borrowings	(37,533)	(37,500)
Recourse obligation on loans sold to Cagamas Berhad	(370)	(941)
Dividend paid - Redeemable Convertible Preference Shares	(4,669)	(4,765)
Dividend paid - ordinary shares	-	(6,081)
Net cash used in financing activities	<u>(26,510)</u>	<u>(49,287)</u>
Net decrease in cash and cash equivalents	(251,008)	(95,116)
Cash and cash equivalents at beginning of financial period	<u>309,579</u>	<u>134,407</u>
Cash and cash equivalents at end of financial period	<u><u>58,571</u></u>	<u><u>39,291</u></u>
Cash and cash equivalents comprise :		
Cash and short term funds	<u>58,571</u>	<u>39,291</u>

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.