

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A1. Basis of Preparation**

The unaudited interim financial statements for the 3<sup>rd</sup> quarter ended 30 September 2013 have been prepared under the historical cost convention except for the following financial assets and financing liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method: Loans and receivables, investments held-to-maturity, trade and other payables, bank borrowings and recourse obligations on loans sold to Cagamas Berhad.

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012.

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

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board (“IASB”). Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

The following MFRSs and IC Interpretations issued by the MASB have been adopted by the Group during the current period:

Effective for annual periods commencing on or after 1 January 2013

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)
- MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
- MFRS 128 Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- Amendments to MFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

- IC interpretation Stripping Costs in the Production Phase of a Surface Mine 20
- Government Loans (Amendments to MFRS 1)
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 January 2014

- Amendments to Offsetting Financial Assets and Financial Liabilities  
MFRS 132
- Amendments to Investment Entities  
MFRS 10, MFRS 12 and MFRS 127

Effective for annual periods commencing on or after 1 January 2015

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
- Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

The directors expect that the new MFRSs, IC Interpretations and Amendments to MFRSs which are issued and effective for periods beginning on or after 1 January 2013 do not have any material impact on the financial statements of the Group. The financial effects of the above MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2012**

The audit report on the financial statements of the preceding year was not qualified.

**A3. Seasonality and Cyclicalities of Operation**

The Group's operations have not been affected by any seasonal or cyclical factors.

**A4. Exceptional or Unusual Items**

There were no items of exceptional or unusual nature that affect the assets, liabilities, equity, net income or cash flows of the Group in the current financial quarter.

**A5. Changes in Estimates of Amounts Reported Previously**

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

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A6. Loans, Advances and Financing**

	<b>Group</b>	
	<b>30-09-13</b>	<b>31-12-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Personal financing	23,369,205	17,785,007
Mortgage loans and financing	5,260,654	5,418,970
Corporate loans and financing	3,859,146	3,521,763
Auto Financing	195,372	126,519
Gross loans, advances and financing	<u>32,684,377</u>	<u>26,852,259</u>
Allowance for impairment:		
- Collectively assessed	(1,122,166)	(902,630)
- Individually assessed	<u>(1,421,383)</u>	<u>(1,684,059)</u>
Net loans, advances and financing	<u>30,140,828</u>	<u>24,265,570</u>

Movements in the impaired loans, advances and financing are as follows:

	<b>Group</b>	
	<b>30-09-13</b>	<b>31-12-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	3,000,788	3,137,754
Classified as impaired during the period	766,705	926,090
Reclassified as non-impaired	(771,656)	(565,840)
Amount recovered	(39,153)	(259,006)
Amount written off	<u>(221,964)</u>	<u>(238,210)</u>
Balance as at end of period	<u>2,734,720</u>	<u>3,000,788</u>
Collective allowance	(437,889)	(390,888)
Individual allowance	<u>(1,280,929)</u>	<u>(1,517,034)</u>
	<u>(1,718,818)</u>	<u>(1,907,922)</u>
Net impaired loans, advances and financing	<u>1,015,902</u>	<u>1,092,866</u>
Net impaired loans as per percentage of net loans, advances and financing	<u>3.4%</u>	<u>4.5%</u>

**A7. Debts and Equity Securities**

Other than the issuance of new shares as shown below pursuant to the Company's Employee Share Option Scheme ("ESOS") and warrants, there were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A7. Debts and Equity Securities (continued)**

	No of ordinary shares of RM1.00 each '000	Ordinary shares RM'000	Share premium RM'000
<b>At 1 January 2013</b>	1,240,361	1,240,361	514,098
Issued at RM1.17 per share pursuant to ESOS	6,775	6,775	1,152
Issued at RM1.67 per share pursuant to ESOS	2,557	2,557	1,713
Issued at RM2.33 per share pursuant to ESOS	8,083	8,083	10,751
Issued at RM1.00 per share pursuant to warrants	484,322	484,322	-
Transfer from share option reserve	-	-	6,075
Transfer from warrants reserve	-	-	94,838
<b>As at 30 September 2013</b>	<u>1,742,098</u>	<u>1,742,098</u>	<u>628,627</u>

**A8. Dividends Paid**

No dividends were paid in the current quarter.

**A9. Segmental Information on Revenue and Results**

The Group's activities are based in Malaysia, therefore segmental reporting is not analysed by geographical locations.

	Financing RM'000	Hotel Operations RM 000	Eliminations RM'000	Consolidated RM'000
<b>3 months ended 30 September 13</b>				
External sales	632,625	2,307	9,101	644,033
Intersegment sales	11,745	705	(12,450)	-
Total revenue	<u>644,370</u>	<u>3,012</u>	<u>(3,349)</u>	<u>644,033</u>
Segment results	187,389	(1,997)	10,843	196,235
Unallocated income (net of cost)				-
Profit from operations				<u>196,235</u>
<b>3 months ended 30 September 12</b>				
External sales	521,804	2,304	(3,428)	520,680
Intersegment sales	1,775	680	(2,455)	-
Total revenue	<u>523,579</u>	<u>2,984</u>	<u>(5,883)</u>	<u>520,680</u>
Segment result	163,183	(2,129)	16,327	177,381
Unallocated income (net of cost)				-
Profit from operations				<u>177,381</u>

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A9. Segmental Information on Revenue and Results (continued)**

	Financing RM'000	Hotel Operations RM 000	Eliminations RM'000	Consolidated RM'000
<b>9 months ended 30 September 13</b>				
External sales	1,789,860	6,885	18,604	1,815,349
Intersegment sales	30,277	2,077	(32,354)	-
Total revenue	<u>1,820,137</u>	<u>8,962</u>	<u>(13,750)</u>	<u>1,815,349</u>
Segment results	652,626	(5,820)	34,128	680,934
Unallocated income (net of cost)				-
Profit from operations				<u>680,934</u>
<b>9 months ended 30 September 12</b>				
External sales	1,350,752	7,056	(13,773)	1,344,035
Intersegment sales	3,434	1,972	(5,406)	-
Total revenue	<u>1,354,186</u>	<u>9,028</u>	<u>(19,179)</u>	<u>1,344,035</u>
Segment result	372,925	(5,891)	43,446	410,480
Unallocated income (net of cost)				-
Profit from operations				<u>410,480</u>

**A10. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A11. Subsequent Events**

As at the date of this report, there were no material events occurring subsequent to the end of the current quarter other than the following proposals:

- (a) a renounceable rights issue of new MBSB Shares to the entitled shareholders of MBSB to raise maximum gross proceeds of up to RM1.47 billion; and
- (b) a dividend reinvestment plan that gives shareholders of MBSB the option to elect to reinvest their dividend entitlements.

The proposals were announced to Bursa Malaysia on 10 October 2013.

**A12. Changes in the Composition of the Group**

There were no major changes in the composition of the Group for the current quarter.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A13. Contingent Liabilities****(a) Contingencies**

	<b>As at 30-09-13 RM'000</b>
<b>Fully secured:</b>	
Financial guarantee to secure payments by borrowers	86,200

**(b) Material Litigations**

- (i) A contractor appointed by one of the Company's borrowers has 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 was fixed on 21 March 2012 and for full trial from 26 to 30 March 2012. The matter came up for decision on 30 April 2012 and the claim against MBSB was dismissed with costs. The contractor had on 29 May 2012 filed an appeal against MBSB. The Court of Appeal had fixed the matter for hearing on 5 September 2013, and subsequently fixed for further hearing on 23 October 2013.

- (ii) A third party and its holding company (collectively "the 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's appeal in respect of the striking out was heard on 3 April 2012 and was dismissed by the Court of Appeal with costs.

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 Plaintiffs have deposited the security for costs with the Court by way of Bank Guarantee. The Court had fixed 19 to 21 August 2013 for trial and subsequently fixed for Continuation of Trial on 12 October 2013 and 19 October 2013 respectively.

The Plaintiffs had on 25 April 2013 served an originating summons on the Company seeking for an order from the Johor Bahru High Court that the charge created in favour of the Company be set aside and is of no effect and for a removal and cancellation of the same.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A13. Contingent Liabilities (continued)****(b) Material Litigations (continued)**

The Court matter came up for hearing on 24 July 2013 and was adjourned to 26 August 2013 for case management. The matter is now fixed for clarification and/or decision on 8 November 2013.

- (iii) A third party ("the Plaintiff") entered into a Sales and Purchase Agreement with the Liquidator of the Company's Borrower based on a Scheme of Arrangement pursuant to Section 176 of the Companies Act 1965. The Plaintiff failed to complete the Project and Scheme of Arrangement which resulted in the Liquidators terminating the Sales and Purchase Agreement. The Plaintiff has instituted a civil suit against the Liquidators and the Company for an alleged breach of Sales and Purchase Agreement.

The Plaintiff claimed that the unilateral termination of the Conditional Scheme of Arrangement was unlawful and that the Liquidators had failed to act professionally and independently. They also claimed that the Company had with mala fide intention induced the other Defendants to breach the Sales and Purchase Agreement.

Consequently, the Plaintiff are claiming for the stakeholder sum of RM7.00 million together with interests, special damages of RM15.53 million, interest of 5% per annum for the total sum of RM22.53 million, general damages and any other costs that the Court deems fit.

Court has fixed the matter for Continuation of Trial on 21 November 2013 and 22 November 2013.

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.

**A14. Acquisition/Disposal of Property, Plant and Equipment**

	<b>As at</b>
	<b>30-09-13</b>
	<b>RM'000</b>
Additions	
Building renovation	5,000
Furniture & equipment	2,035
Data processing equipment	1,112
Motor vehicle	173
	<u>8,320</u>

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**A15. Significant Related Party Transactions**

	Quarter		Cumulative	
	Current Quarter 30-09-13 RM'000	Preceding Quarter 30-06-13 RM'000	Current Year To Date 30-09-13 RM'000	Preceding Year To Date 30-09-12 RM'000
Transactions with Employees Provident Fund Board, the ultimate holding body:				
Funding cost on securitised financing	4,125	4,469	13,406	17,532
Rental paid	72	72	216	216
	<u>72</u>	<u>72</u>	<u>216</u>	<u>216</u>

**A16. Capital Commitments**

As at 30 September 2013, there were no commitments other than those stated below:

	RM'000
Approved but not contracted for	
- purchase of property, plant and equipment and software	75,842
Contracted and pending shareholders' approval	
- purchase of real estate	<u>239,237</u>
	<u>315,079</u>

**A17. Impairment Loss**

There were no other impairment losses other than those disclosed in note A6 above.



**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**BMSB LISTING REQUIREMENTS – DISCLOSURE REQUIREMENTS AS PART A OF APPENDIX 9B****B1. Performance Review****Current Period-to-date vs Previous Year Corresponding Period-to-date**

The Group profit before tax for the financial period ended 30 September 2013 of RM680.934 million increased by RM270.454 million or 66% as compared to the previous year corresponding period profit before taxation of RM410.480 million. The increase was mainly due to higher income from Islamic banking operations via personal financing and higher net interest income from conventional business.

The performance of the respective operating business segments for the period ended 30 September 2013 as compared to the previous year corresponding period is analysed as follows:

Personal financing – The gross income from personal financing was higher due to the growth of personal financing portfolio. However, the higher personal financing loan base also resulted in the higher collective allowance charged to the income statement.

Mortgage loans and financing – The gross income from mortgage loans and financing was slightly lower mainly due to lower disbursement during the current period.

Corporate loans and financing – The gross income from corporate loans and financing were higher due to higher disbursements and lower individual assessment impairment allowance for the current period due to settlement of impairment accounts.

**B2. Variance of Results against Preceding Quarter**

The Group profit before tax for the 3<sup>rd</sup> quarter 2013 of RM196.235 million decreased by RM51.354 million or 21% as compared to the preceding quarter of RM247.589 million. The decrease was mainly as a result of higher impairment losses on loans, advances and financing and operating expenses, partially set off by the profit contribution from Islamic operations due to continuing growth of personal financing portfolio and higher other operating income.

The higher impairment was due to increase in collective allowance made for personal financing and mortgage portfolios. For the next two quarters, the collective allowance is expected to be at the same level (or less) as per the current quarter under review. The Group expects the collective allowance to smoothen out after that.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B3. Prospects****Brief Overview of the Malaysian Economy**

**Private sector financing activity was sustained in the second quarter:** In the second quarter, total gross financing raised by the private sector through the banking system and the capital market amounted to RM250.6 billion (1Q 2013: RM244.8 billion). Banking system loans expanded at an annual growth rate of 9.1% as at end-June (end-March 2013: 10.6%).

In the business sector, loans outstanding of the banking system expanded by RM13.9 billion during the quarter (1Q 2013: RM7 billion) due mainly to higher loan disbursements in the finance, insurance and business services; real estate; wholesale and retail, restaurants and hotels; electricity, gas and water supply and manufacturing sectors. Demand for new financing by businesses also increased with higher loan applications recorded by most major sectors. On an annual basis, however, the growth of business loans outstanding moderated to 8.2% during the quarter (end-March 13: 11.7%) following lower loan disbursements relative to the corresponding period in 2012, when loans disbursed to businesses were exceptionally high.

Financing to the household sector expanded by RM17.2 billion during the quarter (1Q 2013: RM16.2 billion). On an annual basis, household loans outstanding grew at a slower pace of 11.8% as at end-June (end-March 2013: 12.1%). Household demand for loans remained resilient during the quarter, with continued loan applications for the purchase of residential and non-residential properties, as well as for credit card facilities.

*(Extracted from Bank Negara Malaysia's Economic and Financial Developments in the Malaysian Economy Report in the 2<sup>nd</sup> Quarter 2013, dated 13 September 2013)*

**Group Prospect**

On 5 July 2013, Bank Negara Malaysia ("BNM") announced measures to further promote a sound and sustainable household sector. Consequently, the personal financing and mortgage portfolios experienced slower growth. For the 3<sup>rd</sup> quarter 2013, the disbursements were led by the corporate portfolio. The Group has further strengthened its corporate business and other new business strategies in anticipation of the expected changes in the operating environment in order to maintain its competitiveness.

The Group continues to enhance its risk management framework to improve its operational workflows and quality of loans and financing assets. The Group will continue to focus on fee-based income to enhance profitability and to improve its customer service level for a better customer experience.

Barring any unforeseen circumstances, the Group expects performance in 2013 to be satisfactory.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B4. Variance from Profit Forecast and Profit Guarantee**

None.

**B5. Taxation**

	Quarter		Cumulative	
	Current Quarter 30-09-13 RM'000	Preceeding Quarter 30-06-13 RM'000	Current Year To Date 30-09-13 RM'000	Preceeding Year To Date 30-09-12 RM'000
Current income tax:				
Malaysian income tax	62,768	81,878	215,827	145,822
Tax refund	-	(25)	(25)	-
Over provision in prior years:				
Malaysian income tax	764	-	567	-
	<u>63,532</u>	<u>81,853</u>	<u>216,369</u>	<u>145,822</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(18)	(19)	(55)	(55)
	<u>(18)</u>	<u>(19)</u>	<u>(55)</u>	<u>(55)</u>
Total income tax expense	<u>63,514</u>	<u>81,834</u>	<u>216,314</u>	<u>145,767</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the quarter. The higher effective tax rate for the current quarter was mainly due to adjustments made for non-allowable items.

**B6. Profit/(Loss) on Sale of Unquoted Investments and/or Properties**

There were no significant sales of unquoted investments or properties during the current quarter.

**B7. Purchase and Sale of Quoted Securities**

There were no dealings in quoted securities for the current quarter.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B8. Status of Corporate Proposals**

Proposals	Announcement Date	Status
<ul style="list-style-type: none"> <li>• Proposed acquisition by MBSB Tower Sdn Bhd (formerly known as Ambang Hartamas Sdn Bhd), a wholly owned subsidiary of the Company, of a proposed office building to be developed for a total cash consideration of RM239,236,750</li> </ul>	12 Dec 2012	Pending fulfilment of conditions precedent to the sale and purchase agreement
<ul style="list-style-type: none"> <li>• Proposed renounceable rights issue of new MBSB Shares to the entitled shareholders of MBSB to raise maximum gross proceeds of up to RM1.47 billion</li> </ul>	10 Oct 2013	Pending authorities and shareholders' approval
<ul style="list-style-type: none"> <li>• Proposed dividend reinvestment plan that gives shareholders of MBSB the option to elect to reinvest their dividend entitlements</li> </ul>	10 Oct 2013	Pending authorities and shareholders' approval

**B9. Borrowings and Debts**

Borrowings of the Group as at 30 September 2013 were as follows:

	As at 30-09-13 RM'000	As at 31-12-12 RM'000
Short term bank borrowings	490,300	350,217
Islamic financing facility (secured)	275,914	351,203
	766,214	701,420
 Maturity of borrowings:		
- One year or less	565,730	467,403
- More than one year	200,484	234,017
Total	766,214	701,420
 Recourse obligation on loans sold to Cagamas Berhad (secured):		
- One year or less	106,445	210,961
- More than one year	2,187,392	2,151,036
Total	2,293,837	2,361,997

All borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

None.

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B11. Realised and Unrealised Profits and Losses**

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 25 March 2010, is as follows:

	Cumulative	
	As at 30-09-13 RM'000	As at 31-12-12 RM'000
Total accumulated losses of the Group:		
- Realised	(821,614)	(890,448)
- Unrealised in respect of deferred tax recognised in the income statement	37	(10,355)
Total Group accumulated losses as per consolidated accounts	(821,577)	(900,803)
Add: Consolidated adjustments	545,843	511,660
	(275,734)	(389,143)

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.

**B12. Material Litigation**

The details of the pending material litigation are as per note A13 above.

**B13. Dividends Proposed**

The Directors of the Company has declared an interim single tier dividend of 5% for the financial year ending 31 December 2013. Based on the issued and paid up share capital of the Company as at 30 September 2013 of 1,742,098,148 ordinary shares, the total dividend payable would amount to RM87.105 million.

- (i) Amount per share: Single tier dividend of 5.0 sen
- (ii) Entitlement date: 5 November 2013
- (iii) Payment date: 19 November 2013

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B14. Earnings Per Share****Basic**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Quarter		Cumulative	
	Current Quarter 30-09-13	Preceding Quarter 30-06-13	Current Year to Date 30-09-13	Preceding Year to Date 30-09-12
Net profit attributable to shareholders for the year (RM'000)	132,721	165,155	464,020	263,045
Weighted average number of ordinary shares in issue ('000)	1,737,190	1,688,643	1,566,990	1,215,505
Basic earnings per share (sen)	<u>7.64</u>	<u>9.78</u>	<u>29.61</u>	<u>21.64</u>

**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.

	Quarter		Cumulative	
	Current Quarter 30-09-13	Preceding Quarter 30-06-13	Current Year to Date 30-09-13	Preceding Year to Date 30-09-12
Net profit attributable to shareholders for the year (RM'000)	132,721	165,155	464,020	263,045
Weighted average number of ordinary shares in issue ('000)	1,737,190	1,688,643	1,566,990	1,215,505
Weighted average effect of dilution on ESOS ('000)	989	8,145	989	2,122
Weighted average effect of dilution on Warrants ('000)	<u>14,610</u>	<u>11,770</u>	<u>14,610</u>	<u>283,292</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,752,789</u>	<u>1,708,558</u>	<u>1,582,589</u>	<u>1,500,919</u>
Diluted earnings per share (sen)	<u>7.57</u>	<u>9.67</u>	<u>29.32</u>	<u>17.53</u>

**MALAYSIA BUILDING SOCIETY BERHAD (Company No. 9417-K)**  
EXPLANATORY NOTES FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

**B15. Authorisation For Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 October 2013.

BY ORDER OF THE BOARD

Koh Ai Hoon  
Tong Lee Mee  
Joint Company Secretaries  
Kuala Lumpur  
22 October 2013