

MALAYSIA BUILDING SOCIETY BERHAD**(Company No. 9417-K)****(Incorporated in Malaysia)****CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	As at 30 June 2014 (RM'000)	As at 31 December 2013 (RM'000)
ASSETS		
Cash and short term funds	5,920,950	4,576,711
Deposits and placements with financial institutions	54,489	6,953
Trade receivables	473	524
Other receivables	210,762	187,949
Inventories	28,830	28,906
Loans, advances and financing	30,523,040	30,296,222
Investment properties	435	446
Property, plant and equipment	97,350	98,850
Land use rights	5,988	6,068
Intangible assets	40,707	42,979
Deferred tax assets	3,426	3,426
TOTAL ASSETS	36,886,450	35,249,034
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits from customers	29,372,849	28,192,669
Bank borrowings	600,850	1,440,319
Other borrowings	200,665	250,869
Trade payables	199	224
Other payables	284,572	323,982
Provision for taxation and zakat	71,042	79,448
Recourse obligation on loans sold to Cagamas Berhad	1,818,702	2,267,224
Sukuk - MBSB SC Murabahah	492,638	492,696
Deferred tax liabilities	15,314	15,393
TOTAL LIABILITIES	32,856,831	33,062,824
Share capital	2,674,356	1,747,868
Share premium	1,243,758	631,189
Other reserve	41,024	36,670
Accumulated profit/(losses)	70,481	(229,517)
Shareholders' equity	4,029,619	2,186,210
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	36,886,450	35,249,034
COMMITMENTS AND CONTINGENCIES	5,885,822	5,014,098
Net assets per share attributable to shareholders (RM)	1.51	1.25

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

MALAYSIA BUILDING SOCIETY BERHAD
(Company No. 9417-K)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD
ENDED 30 JUNE 2014

	2nd quarter ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	672,082	614,298	1,339,192	1,176,773
Interest income	124,701	115,514	261,577	221,332
Interest expenses	(41,045)	(73,278)	(136,033)	(141,767)
Net interest income	83,656	42,236	125,544	79,565
Net income from Islamic banking operations	253,406	293,695	553,058	551,992
Operating income	337,062	335,931	678,602	631,557
Other income	27,317	30,428	46,205	51,283
Total income	364,379	366,359	724,807	682,840
Other operating expenses	(68,677)	(64,542)	(146,952)	(127,414)
Operating profit	295,702	301,817	577,855	555,426
Allowance for impairment losses on loans, advances and financing	15,190	(54,228)	1	(70,727)
Profit before taxation and zakat	310,892	247,589	577,856	484,699
Taxation	(77,422)	(81,884)	(147,652)	(152,850)
Zakat	(615)	(600)	(615)	(600)
Profit for the year	232,855	165,105	429,589	331,249
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	232,855	165,105	429,589	331,249
Earnings per share (sen):				
Basic	8.85	9.78	17.22	22.37
Diluted	8.82	9.66	17.14	22.07

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

<----- Non Distributable ----->

	Ordinary Shares <i>RM'000</i>	Share Premium <i>RM'000</i>	Capital Reserve #1 <i>RM'000</i>	Share Option Reserve <i>RM'000</i>	Warrants Reserve <i>RM'000</i>	Capital Redemption Reserve #2 <i>RM'000</i>	Accumulated Profit/(Losses) <i>RM'000</i>	Total Equity <i>RM'000</i>
At 1 January 2013	1,240,361	514,098	17,838	2,799	98,207	12,486	(389,143)	1,496,646
Total comprehensive income for the year	-	-	-	-	-	-	331,299	331,299
Dividend	-	-	-	-	-	-	(350,865)	(350,865)
Share options granted under ESOS recognised in profit or loss	-	-	-	2,225	-	-	-	2,225
Issue of ordinary shares pursuant to ESOS	11,464	15,512	-	(3,811)	-	-	-	23,165
Issue of ordinary shares pursuant to warrants	484,277	160,189	-	-	(91,573)	-	(67,911)	484,982
Transfer of share option reserve to accumulated losses upon forfeiture of share options	-	-	-	(704)	-	-	-	(704)
At 30 June 2013	1,736,102	689,799	17,838	509	6,634	12,486	(476,620)	1,986,748
At 1 January 2014	1,747,868	631,189	17,838	2,713	3,633	12,486	(229,517)	2,186,210
Total comprehensive income for the year	-	-	-	-	-	-	429,589	429,589
Dividend	-	-	-	-	-	-	(131,240)	(131,240)
Share options granted under ESOS recognised in profit or loss	-	-	-	6,396	-	-	-	6,396
Issue of ordinary shares pursuant to rights issue	873,929	558,640	-	-	-	-	1,027	1,433,596
Issue of ordinary shares pursuant to ESOS	2,867	3,122	-	(1,958)	-	-	-	4,031
Issue of ordinary shares pursuant to warrants	365	-	-	-	-	-	-	365
Issue of ordinary shares pursuant to DRP	49,327	50,807	-	-	-	-	-	100,134
Transfer of share option reserve to accumulated losses upon expiry of share options	-	-	-	(84)	-	-	622	538
At 30 June 2014	2,674,356	1,243,758	17,838	7,067	3,633	12,486	70,481	4,029,619

#1 Capital reserve arose out of the transfer of the Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement and is not distributable as cash dividends.

#2 Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares and is not distributable as cash dividends.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	30 June 2014 RM'000	30 June 2013 RM'000
Cash flows from operating activities		
Profit before taxation	577,856	484,699
Adjustments for :		
Depreciation		
- Investment properties	11	11
- Property, plant and equipment	7,089	6,596
Amortisation		
- land use rights	81	83
- Intangible assets	6,070	5,329
Loss on disposal of property, plant and equipment	-	2
Gain on disposal of foreclosed property		(448)
Allowance for impairment of receivables	14,609	13,159
Allowance for impairment losses on loans and financing	(7,141)	70,727
Share options granted under ESOS	6,934	2,225
Operating profit before working capital changes	605,509	582,383
Increase in deposits with financial institutions	(47,536)	(3,042)
Increase in loans, advances and financing	(163,014)	(4,974,706)
(Increase)/Decrease in inventories	76	18
Decrease in receivables	5,219	(26,073)
Increase in deposits from customers	1,180,180	5,114,603
Decrease in trade payables	(25)	231,113
(Decrease)/Increase in other payables	(39,410)	4,400
Cash generated from operations	1,540,999	928,696
Tax paid	(161,619)	(129,977)
Tax refund	103	25
Zakat paid	-	(760)
Net cash generated from operating activities	1,379,483	797,984

(Contd.)

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	30 June 2014 RM'000	30 June 2013 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,591)	(5,149)
Purchase of intangible assets	(3,798)	(1,374)
Net cash used in investing activities	(9,389)	(6,523)
Cash flows from financing activities		
Proceeds from bank borrowings	(839,469)	99,974
Repayment of other borrowings	(50,204)	(50,251)
Repayment of recourse obligation on loans sold to Cagamas Berhad	(448,522)	(50,382)
Proceeds from Sukuk - MBSB SC Murabahah	(58)	-
Dividend paid - ordinary shares	(31,106)	(350,865)
Dividends paid for Dividend Reinvestment Plan	(100,134)	-
Net proceeds from issuance of ordinary shares	1,443,638	671,442
Net cash generated from financing activities	(25,855)	319,918
Net increase in cash and cash equivalents	1,344,239	1,111,379
Cash and cash equivalents at beginning of financial period	4,576,711	1,275,431
Cash and cash equivalents at end of financial period	5,920,950	2,386,810
Cash and cash equivalents comprise :		
Cash and short term funds	5,920,950	2,386,810