

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

Quarterly report on consolidated financial statements for the second quarter ended 30 June 2005. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30 June		6 months ended 30 June	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Operating revenue	65,348	39,468	109,244	87,141
Interest income	58,252	36,917	96,749	88,327
Interest costs	(36,898)	(36,731)	(76,137)	(72,326)
Net interest income	21,354	186	20,612	16,001
Net income from Islamic Banking Operations	1,536	89	3,303	169
	22,890	275	23,915	16,170
Other operating income/(expenses)	4,580	2,697	9,521	(651)
	27,470	2,972	33,436	15,519
Reversal of (property development costs)	107	1,144	(274)	10,981
Cost of inventories sold	(1,695)	-	(1,695)	-
Other operating expenses	(13,272)	(4,048)	(23,547)	(17,327)
Operating profit before allowance	12,610	68	7,920	9,173
Recovery of / (Provision) for losses on loans and financing	(1,577)	6,526	6,435	5,120
Profit before taxation	11,033	6,594	14,355	14,293
Taxation	19	(695)	37	(973)
Profit after taxation	11,052	5,899	14,392	13,320
Minority interest	-	-	-	-
Profit for the period	11,052	5,899	14,392	13,320
Earnings per share (sen)				
Basic	3.27	1.75	4.26	3.94
Diluted	1.67	0.90	2.19	2.02

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA BUILDING SOCIETY BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at	As at
	30 June 2005	31 December 2004
	(RM'000)	(RM'000)
ASSETS		
Cash and short term funds	150,088	200,692
Trade receivables	10,645	11,498
Other receivables	81,867	111,062
Inventories of completed properties	26,478	28,187
Property development cost	8,133	4,864
Loans, advances and financing	4,151,068	3,788,299
Other investments	948	1,400
Land held for property development	219,692	237,491
Property, plant and equipment	138,382	142,280
Deferred tax assets	10,000	10,000
	4,797,301	4,535,773
TOTAL ASSETS	4,797,301	4,535,773
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank borrowings	992,239	1,212,077
Deposits from customers	2,768,735	2,125,484
Other borrowings	333,050	496,037
Trade payables	28,049	30,141
Other payables	242,686	237,886
Property development costs	344	460
Provision for taxation	19,582	18,633
Recourse obligation on loans sold to Cagamas Berhad	16,879	17,676
Deferred tax liabilities	28,188	28,225
Redeemable convertible preference shares	12,192	21,155
Provision for liabilities	4,079	6,248
	4,446,023	4,194,022
TOTAL LIABILITIES	4,446,023	4,194,022

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CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)

	As at 30 June 2005 (RM'000)	As at 31 December 2004 (RM'000)
Share capital	502,856	502,856
Reserves	(151,578)	(161,105)
Shareholders' equity	<u>351,278</u>	<u>341,751</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>4,797,301</u></u>	<u><u>4,535,773</u></u>

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL PERIOD ENDED 30 JUNE 2005

	← Share Capital →		← Non Distributable →		→ Capital Redemption Reserve - Redeemable Cumulative Preference Shares →		
	Ordinary Shares <i>RM'000</i>	Redeemable Cumulative Preference Shares <i>RM'000</i>	Share Premium <i>RM'000</i>	Capital Reserve <i>RM'000</i>	Preference Shares <i>RM'000</i>	Accumulated Losses <i>RM'000</i>	Total <i>RM'000</i>
At 1.1.2004	337,856	165,000	652,695	17,838	12,486	(884,101)	301,774
Net profit for the 6 months period	-	-	-	-	-	13,320	13,320
At 30.6.2004	337,856	165,000	652,695	17,838	12,486	(870,781)	315,094
At 1.1.2005	337,856	165,000	660,922	17,838	12,486	(852,351)	341,751
Net profit for the 6 months period	-	-	-	-	-	14,392	14,392
Dividend	-	-	-	-	-	(4,865)	(4,865)
At 30.6.2005	337,856	165,000	660,922	17,838	12,486	(842,824)	351,278

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA BUILDING SOCIETY BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 June 2005 RM'000	6 months ended 30 June 2004 RM'000
Cash flows from operating activities		
Profit before taxation	14,355	14,293
Adjustments for :		
Interest/income-in-suspense, net of recoveries and write offs	191,744	194,710
Provision for doubtful debts of other receivables	6,357	(951)
Depreciation	4,035	3,626
Provision for doubtful debts of trade receivables	504	3,024
Reversal of impairment loss on land held for property development	(694)	(2,879)
Recovery of provision for losses on loans and financing	(6,435)	(5,120)
Write down of inventories of completed properties	14	797
Reversal of provision for anticipated losses on projects	(129)	(1,504)
Gain on disposal of land held for property development	(1,700)	-
Impairment loss on other investments	452	-
Liquidated damages payable	18	1,008
Operating profit before working capital changes	208,521	207,004
Increase in loans receivables	(547,681)	(362,608)
Decrease/(Increase) in inventories of completed properties	1,695	(177)
Decrease in receivables	22,790	13,932
(Decrease)/Increase in bank borrowings	(219,838)	165,404
Increase in deposits received	643,251	335,410
Increase/(Decrease) in payables	3,249	(2,733)
Decrease in provision for liabilities	(2,187)	-
Increase in property development costs	(3,256)	(10,697)
Cash generated from operations	106,544	345,535
Real Property Gains Tax paid	-	(297)
Income tax recovered	949	-
Net cash generated from operating activities	107,493	345,238

(Contd.)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	6 months ended 30 June 2005 RM'000	6 months ended 30 June 2004 RM'000
Cash flows from investing activities		
Land held for property development	693	(1,277)
Purchase of property, plant and equipment	(137)	(3,440)
Proceeds from disposal of land held for property development	19,500	-
Net cash generated from/(used in) investing activities	20,056	(4,717)
Cash flows from financing activities		
Repayment of other borrowings	(162,987)	(256,160)
Recourse obligation on loans sold to Cagamas repaid	(797)	(3,420)
Refund of staff benefits	-	60
Dividend paid - Redeemable Convertible Preference Shares	(9,504)	-
Dividend paid - Ordinary Shares	(4,865)	-
Net cash used in financing activities	(178,153)	(259,520)
Net (decrease)/increase in cash and cash equivalents	(50,604)	81,001
Cash and cash equivalents at beginning of financial period	200,692	159,675
Cash and cash equivalents at end of financial period	150,088	240,676
Cash and cash equivalents comprise :		
Cash and short term funds	150,088	240,676

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying notes attached to the interim financial statements.

**EXPLANATORY NOTES FOR FINANCIAL
QUARTER ENDED 30 JUNE 2005**

FRS 134 - DISCLOSURE REQUIREMENTS PER PARAGRAPH 16

A1. Accounting Policies and Method of Computation

The interim report is prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2004.

A2. Audit Report of Preceding Financial Year Ended 31 December 2004

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

A3. Seasonality and Cyclicity 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 affects the assets, liabilities, equity, net income or cash flows of the Group in the current financial period.

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 financial period.

A6. Debts and Equity Securities

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 period.

A7. Dividend Paid

Dividends on Redeemable Convertible Preference Shares ("RCPS")

Dividends on RCPS of 4 sen less tax of 28% on 165,000,000 RCPS shares for both years ended 31 December 2003 and 2004, amounted to RM9.504 million were paid on 28 February 2005. (2004 : NIL).

Dividend on Ordinary Shares

First and final dividend in respect of the financial year ended 31 December 2004 of 2 sen less tax of 28% on 337,856,727 ordinary shares, amounted to RM4.865 million was paid on 17 June 2005. (2004 : NIL).

A8. Segmental Information on Revenue and Results

	Financing	Property Development	Letting of Real Property	Others	Eliminations	Consolidated
	RM'000	RM'000	RM 000	RM'000	RM'000	RM'000
3 months ended 30 June 2005						
External sales	55,495	1,787	125	-	7,941	65,348
Intersegment sales	2,110	-	1,352	-	(3,462)	-
Total revenue	57,605	1,787	1,477	-	4,479	65,348
Segment results	9,967	(8,784)	(3,874)	(19)	13,743	11,033
Unallocated income (net of cost)						-
Profit from operations						11,033
3 months ended 30 June 2004						
External sales	42,790	71	1,617	-	(5,010)	39,468
Intersegment sales	(3,130)	-	1,651	-	1,479	-
Total revenue	39,660	71	3,268	-	(3,531)	39,468
Segment result	6,157	(2,957)	(3,139)	(45)	6,578	6,594
Unallocated income (net of cost)						-
Profit from operations						6,594

	Financing RM'000	Property Development RM'000	Letting of Real Property RM 000	Others RM'000	Eliminations RM'000	Consolidated RM'000
6 months ended 30th June 2005						
External sales	91,003	1,789	742	-	15,710	109,244
Intersegment sales	4,021	-	2,712	-	(6,733)	-
Total revenue	95,024	1,789	3,454	-	8,977	109,244
Segment results	15,362	(12,217)	(7,657)	(38)	18,905	14,355
Unallocated income (net of cost)						-
Profit from operations						14,355
6 months ended 30th June 2004						
External sales	82,248	(6,020)	3,241	(21)	7,693	87,141
Intersegment sales	4,827	-	2,913	-	(7,740)	-
Total revenue	87,075	(6,020)	6,154	(21)	(47)	87,141
Segment result	12,189	(8,895)	(6,794)	(95)	17,888	14,293
Unallocated income (net of cost)						-
Loss from operations						14,293

Segmental reporting is not analysed by geographical locations due to the fact that the Group's activities are pre-dominantly in Malaysia.

A9. Valuation of Property, Plant and Equipment

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

A10. Subsequent Events

As at the date of this report, there were no material events occurring subsequent to the end of the current financial period that have not been reflected in the financial statements for the current financial period.

A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities

- A. In a civil suit brought against the Company, a borrower is claiming the amount of RM400.31 million for an alleged breach of the loan agreement committed by the Company.

The borrower's Appeal against the Court's decision to dismiss their application for Summary Judgement was dismissed on 11 March 2004. The Court has set this matter down for trial on 15 August 2005.

- B. In a civil suit brought against the Company, a Borrower is claiming RM1.48 million for an alleged breach of the loan agreement committed by the Company.

The borrower has not yet set the matter down for trial. The Company had on 23 June 2005 filed an Application to Strike Out the Borrower's suit. The said application is fixed for Mention on 24 August 2005.

- C. In two (2) civil suits brought against the Company, a contractor appointed by one of the Company's borrower is claiming damages amounting to RM2.54 million for an alleged breach of contract. The suits were filed in the High Court at Kuala Lumpur as well as in the High Court at Kota Bharu.

The contractor's application for Summary Judgement has been dismissed by the Court. Both suits have since been consolidated and will be heard in the High Court at Kuala Lumpur.

This matter is now fixed for Trial on 30 to 31 January 2006.

- D. Upon default by a borrower, the Company has proceeded with foreclosure proceedings to foreclose the property provided by a third party chargor as security for the facilities granted to the borrower. In turn the third party chargor has proceeded with a legal suit against the Company for an alleged breach of the terms relating to the Charge. The matter is now fixed for Mention on 10 August 2005.

In respect of the foreclosure proceeding, the Company has to date obtained an Order for Sale. An Auction was held on 28 October 2003 but was aborted by the Land Office as there were no bidders. The owner has filed a motion in Court to set aside the Order for Sale. The motion was subsequently dismissed by the Court on 22 April 2004. The Land Office has yet to fix a fresh auction date for the sale of the property.

- E. In a civil suit brought against the Company, a borrower is claiming damages amounting to RM134.4 million for the alleged breach of the Loan Agreement.

The Case Management for the matter on 19 February 2004 has been adjourned to 11 October 2005.

- F. Upon the winding up of an unrelated company, the creditor of the said unrelated company has named a subsidiary of the Company [the "Company's subsidiary"] as well as 3 other defendants as co-conspirators in a scheme to sell off a major asset of the unrelated company and thereafter allowing the said unrelated company to be wound up in order to defeat the said creditor's claim for payment

from the unrelated company amounting to RM4.8 million for goods sold and delivered.

In the said suit, the creditor claims that by virtue of such conspiracy all the defendants including the Company's subsidiary are deemed to be constructive trustees of the creditor and are either jointly or severally liable to account to the said creditor for the amount of RM4.8 million. The Company's subsidiary has to date filed an Application to Strike Out the creditor's suit. The said Application is fixed for Hearing on 15 September 2005.

- G. A Borrower of the Company has instituted a legal suit against the Company and three of its subsidiaries for an alleged breach of the terms of a Joint Venture Agreement and the Supplementary thereto entered into by the Borrower, the Company, and one of the Company's subsidiaries and a Loan Agreement together with the terms as annexed to the Charge entered into between the Borrower and the Company.

The Borrower has sought for a Declaration that the Company and its subsidiaries are in breach of the said agreements, rescission of the said agreements, judgement in the sum of RM40.076 million being loss of profits and commission, general as well as exemplary damages, interests and costs.

Pursuant to the terms of an Agreement dated 25 May 2005 entered into by the Borrower, the Company and two of the Company's subsidiaries, the Borrower had withdrawn the abovementioned suit on 30 May 2005.

- H. A Borrower of the Company has instituted a civil suit against the Company and its subsidiary for an alleged breach of the terms of a Joint Venture Agreement entered into by the Borrower, the Company and the said subsidiary. The Borrower has sought for judgement in the sum of RM52.007 million being loss of profits from the Project contemplated under the Joint Venture Agreement, the sum of RM0.015 million being part payment for the purchase of several parcels of Project Land and the sum of RM4.931 million being the compensation paid by the State Government directly to the Company for the acquisition of a portion of the Project Land, damages for losses suffered by the Plaintiff as a result of claims made by third parties, consultants and contractors involved in the Joint Venture Project, damages for loss of reputation, interests and costs.

The Company and one of its subsidiaries have filed their Defenses on 5 August 2004. The Company has further filed an Application to Strike Out the Borrower's suit against the Company. The said Application, which was heard on 20 January 2005 is now fixed for Decision/Clarification on 28 July 2005.

- I. A Borrower of the Company has instituted a civil suit against the Company and its subsidiary for an alleged breach of the terms of an undated Joint Venture Agreement entered into by the Borrower, the Company and the said subsidiary. As against the Company, the Borrower has sought for damages to be assessed by the Court, a true account status of the loan and a change in the interest rate. As against the Company's subsidiary, the Borrower has sought for damages to be assessed by the Court, specific performance to compel the Company's Subsidiary to complete the development project mentioned in the said suit within

a reasonable time, specific performance to compel the Company's Subsidiary to ensure premium payments are made to the authorities for the conditions for the use of the project land mentioned in the said suit is converted to buildings for the purpose of housing, interest and costs.

The Company and its subsidiary have filed their appearance on 25 January 2005 and 26 January 2005 respectively. The Company and its subsidiary have both filed their Defenses on 18 April 2005.

- J. A former Borrower of the Company has instituted a civil suit against the Company for an alleged breach of an agreement to grant loan facilities to the former Borrower for their commercial development project. The Company had terminated the said facilities due to the former Borrower's breach of the said agreement and had thereafter sold the loan asset to Pengurusan Danaharta Nasional Berhad. Notwithstanding the same, the former Borrower now alleges that the Company had failed to fully disburse the said facilities pursuant to the terms of the Facility Agreement. As such the former Borrower has sought for damages amounting to RM18.011 million as at 31 July 2002, interest on a monthly rest basis at the rate of 2% per annum above Malayan Banking Berhad's Base Lending Rate on the sum of RM18.011 million from 1 August 2002 until the date of full settlement, penalty interest of 1% per annum on the sum of RM18.011 million from 1 August 2002 until the date of full settlement with regard to the liabilities incurred by the former Borrower in relation to the said commercial development project or in the alternative to the abovementioned reliefs, damages amounting to RM18.240 million being the total development expenditure incurred by the former Borrower, damages amounting to RM43.311 million for loss of profit or alternatively damages to be assessed by the Court as well as costs.

The Company has filed its appearance in Court on 26 July 2005 and will reply to the said claim in due course.

- K. As at 30 June 2005, the Group and the Company have obligations to secure due performance by third parties amounting to RM292 million.

The Directors after obtaining advice from the Group's solicitors, are of the opinion that the Group has reasonably good cases in respect of claims A, B, C, D, E, F, G, H, I and J against the Group, as such no provision has been made in the financial statements.

A13. Inventories of Completed Properties

The Group has made a provision for write down of RM0.014 million in respect of inventories of completed properties during the current financial period.

A14. Acquisition/Disposal of Property, Plant and Equipment

	6 months ended 30/6/2005 RM'000
Acquisition	137
Disposal	1

A15. Significant Related Party Transactions

	Second Quarter		Cumulative	
	Current Quarter 30/6/2005 RM'000	Preceding Year Quarter 30/6/2004 RM'000	Current Year to Date 30/6/2005 RM'000	Preceding Year to Date 30/6/2004 RM'000
Transactions with Employees Provident Fund Board, the Ultimate holding body				
Interest on loans	3,355	8,008	7,300	17,445
Rental paid	69	91	163	182
Agency fees received	6	8	13	17

A16. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided in the financial statements as at 30 June 2005 is as follow:

	RM'000
Data Processing System and Equipment:-	
Approved and contracted for	1,201
Approved but not contracted for	-

A17. Impairment Loss

The Group has recognised a reversal of impairment loss on land held for property development of RM0.694 million and an impairment loss on other investments of RM0.452 million for the current financial period.

BMSB LISTING REQUIREMENTS – DISCLOSURE REQUIREMENTS AS PART A OF APPENDIX 9B

B1. Comparison with the Preceding Quarter's Results

The Group's profit before taxation of RM11.033 million for the second quarter of 2005 was higher than the preceding quarter's profit before taxation of RM3.322 million. This was mainly due to higher net interest income, which was partly set off by additional provision for losses and loans and financing and higher operating expenses.

B2. Review of Performance

The Group recorded a profit before taxation for the six (6) months ended 30 June 2005 of RM14.355 million which is comparable to a profit before taxation for the corresponding period ended 30th June 2004 of RM14.293 million.

B3. Prospect

Barring unforeseen circumstances, the performance of the Company and the Group are expected to improve further for the financial year ending 31 December 2005. The Company will continue to focus on its core mortgage and related retail businesses while emphasising on corporate loan recovery.

B4. Variance from Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued for the financial year ending 31 December 2005.

B5. Taxation

	Second Quarter		Cumulative	
	Current Quarter 30/6/2005 RM'000	Preceding Year Quarter 30/6/2004 RM'000	Current Year to Date 30/6/2005 RM'000	Preceding Year to Date 30/6/2004 RM'000
Income tax:				
Current year taxation	-	-	-	-
Deferred taxation	(19)	695	(37)	676
Under/(over) provision in prior years	-	-	-	-
Real Property Gains Tax	-	-	-	297
	<u>(19)</u>	<u>695</u>	<u>(37)</u>	<u>973</u>

The effective income tax rate for the current financial period was lower than statutory income tax rate principally due to utilisation of unabsorbed tax losses and capital allowances, income not subject to tax and crystallisation of deferred tax liability on fair value adjustment.

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

There was no sale of investments. Gain on disposal of properties recognised for the current financial period amounted to RM1.700 million.

B7. Purchase and Sale of Quoted Securities

There were no dealings in quoted securities for the current financial period.

Investments in quoted securities as at 30 June 2005 are as follows:

	At cost and nominal value As at 30.6.2005 RM'000	At carrying amount As at 30.6.2005 RM'000	At market value As at 30.6.2005 RM'000
Quoted shares	1,294	842	622
Quoted warrants	106	106	133
Quoted Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	8,180	-	1,963
	<u>9,580</u>	<u>948</u>	<u>2,718</u>

B8. Status of Corporate Proposals

There were no corporate proposals announced.

B9. Borrowings and Debts

Borrowings and debts securities at 30 June 2005 for the Group are as follows:-

	RM'000
Short term borrowings	
Secured	333,050
Unsecured	992,239
	<u>1,325,289</u>
Long term borrowings	
Secured	-
Unsecured	-
	<u>-</u>

All borrowings and debts securities are dominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments.

B11. Material Litigation

The details of the pending material litigation are as per note A12 above.

B12. Dividends Declared

No dividend has been declared for the current financial period (2004: NIL).

B13. Earnings Per Share

Basic

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

	Second Quarter		Cumulative	
	Current Quarter 30/6/2005	Preceding Year Quarter 30/6/2004	Current Year to Date 30/6/2005	Preceding Year to Date 30/6/2004
Net profit attributable to shareholders (RM'000)	11,052	5,899	14,392	13,320
Number of ordinary shares ('000)	337,856	337,856	337,856	337,856
Basic earnings per Share (sen)	<u>3.27</u>	<u>1.75</u>	<u>4.26</u>	<u>3.94</u>

Diluted

For the purpose of calculating diluted earnings per share, the net profit for the financial period and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares i.e. Redeemable Convertible Preference Shares ("RCPS") and the exercise of Employee Share Option Scheme ("ESOS").

	Second Quarter		Cumulative	
	Current Quarter 30/6/2005	Preceding Year Quarter 30/6/2004	Current Year to Date 30/6/2005	Preceding Year to Date 30/6/2004
Net profit attributable to shareholders (RM'000)	11,052	5,899	14,392	13,320
Effect of finance cost on RCPS (RM'000)	132	90	264	180
Adjusted net profit attributable to Shareholders (RM'000)	11,184	5,989	14,656	13,500
Weighted average of number of shares in issue ('000)	337,856	337,856	337,856	337,856
Adjusted for assumed conversion of RCPS ('000)	330,000	330,000	330,000	330,000
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	667,857	667,857	667,857	667,857
Diluted earnings per share (sen)	1.67	0.90	2.19	2.02

For the current financial period and the corresponding financial period in 2004, ESOS' exercise price is above the average market price of the Company's shares. Therefore, the assumed conversion of the ESOS is not included in the computation of diluted earnings per share as the assumed conversion is considered anti-dilutive.

B14. 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 1 August 2005.

BY ORDER OF THE BOARD

Fariz Abdul Aziz
COMPANY SECRETARY
Kuala Lumpur
1 August 2005