

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

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Quarterly report on consolidated financial statements for the first quarter ended 31 March 2006.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		3 months ended	
	31 March		31 March	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Operating revenue	64,683	43,896	64,683	43,896
Interest income	56,195	38,497	56,195	38,497
Interest costs	(35,784)	(39,239)	(35,784)	(39,239)
Net interest income	20,411	(742)	20,411	(742)
Net income from Islamic Banking Operations	2,076	1,767	2,076	1,767
	22,487	1,025	22,487	1,025
Other operating income	3,465	4,941	3,465	4,941
Total income	25,952	5,966	25,952	5,966
Charged of property development costs	-	(381)	-	(381)
Cost of completed properties sold	(1,223)	-	(1,223)	-
Other operating expenses	(14,097)	(10,275)	(14,097)	(10,275)
Operating profit before allowance	10,632	(4,690)	10,632	(4,690)
Recovery of/(Provision for) losses on loans and financing	(7,179)	8,012	(7,179)	8,012
Profit before taxation	3,453	3,322	3,453	3,322
Taxation	18	18	18	18
Profit after taxation	3,471	3,340	3,471	3,340
Minority interest	-	-	-	-
Profit for the year	3,471	3,340	3,471	3,340
Earnings per share (sen)				
Basic	1.03	0.99	1.03	0.99
Diluted	0.54	0.52	0.54	0.52

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 March 2006 (RM'000)	As at 31 December 2005 (RM'000)
ASSETS		
Cash and short term funds	27,506	134,407
Trade receivables	27,050	26,078
Other receivables	120,981	111,072
Inventories	18,571	20,390
Loans, advances and financing	4,489,940	4,264,697
Other investments	43,672	43,598
Land held for property development	159,070	159,070
Property, plant and equipment	134,208	140,976
Deferred tax assets	20,000	20,000
	5,040,998	4,920,288
TOTAL ASSETS	5,040,998	4,920,288
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank borrowings	495,939	804,828
Deposits from customers	3,789,476	3,357,782
Other borrowings	237,503	250,033
Trade payables	15,834	15,699
Other payables	51,449	39,881
Provision for taxation	18,633	18,633
Recourse obligation on loans sold to Cagamas Berhad	15,657	16,068
Deferred tax liabilities	25,872	25,890
Redeemable convertible preference shares	7,968	12,192
Provision for liabilities	3,524	3,610
	4,661,855	4,544,616
TOTAL LIABILITIES	4,661,855	4,544,616

(Contd.)

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CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)

	As at 31 March 2006 (RM'000)	As at 31 December 2005 (RM'000)
Share capital	502,856	502,856
Reserves	(123,713)	(127,184)
Shareholders' equity	<u>379,143</u>	<u>375,672</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>5,040,998</u>	<u>4,920,288</u>

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL PERIOD ENDED 31 MARCH 2006

	← 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 1.1.2005	337,856	165,000	660,922	17,838	12,486	(852,351)	341,751
Net profit for the 3 months period	-	-	-	-	-	3,340	3,340
Dividend	-	-	-	-	-	(4,865)	(4,865)
At 31.3.2005	337,856	165,000	660,922	17,838	12,486	(849,011)	345,091
At 1.1.2006	337,856	165,000	660,922	17,838	12,486	(818,430)	375,672
Net profit for the 3 months period	-	-	-	-	-	3,471	3,471
At 31.3.2006	337,856	165,000	660,922	17,838	12,486	(814,959)	379,143

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31 March 2006 RM'000	3 months ended 31 March 2005 RM'000
Cash flows from operating activities		
Profit before taxation	3,453	3,322
Adjustments for :		
Depreciation	1,844	2,018
Gain on disposal of property, plant and equipment	(61)	-
Gain on disposal of land held for property development	-	(1,700)
Reversal of provision for anticipated losses on projects	-	(125)
Reversal of impairment loss on investments in unquoted shares	(74)	-
Reversal of impairment loss on land held for property development	-	(694)
Provision for doubtful debts of other receivables	3,267	3,072
Provision for doubtful debts of trade receivables	-	504
Allowance for losses on loans and financing, net of reversals	7,179	(8,012)
Interest/income-in-suspense, net of recoveries and write offs	92,779	104,188
Liquidated damages payable	-	18
Operating profit before working capital changes	108,387	102,591
Increase in loans, advances and financing	(324,804)	(291,616)
Decrease in inventories	1,819	-
(Increase)/Decrease in receivables	(14,545)	16,204
Decrease in bank borrowings	(308,889)	(52,870)
Increase in deposits from customers	431,694	380,734
Increase in payables	12,509	5,676
Decrease in provision for liabilities	(86)	(208)
(Increase)/Decrease in property development costs	-	(1,670)
Cash generated from operations	(93,915)	158,841
Income tax recovered	-	949
Net cash generated from operating activities	(93,915)	159,790

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	3 months ended 31 March 2006 RM'000	3 months ended 31 March 2005 RM'000
Cash flows from investing activities		
Land held for property development	-	694
Purchase of property, plant and equipment	(219)	(12)
Proceeds from disposal of property, plant and equipment	4,939	-
Proceeds from disposal of land held for property development	-	19,500
Net cash (used in)/generated from investing activities	4,720	20,182
Cash flows from financing activities		
Repayment of other borrowings	(12,530)	(115,472)
Recourse obligation on loans sold to Cagamas Berhad	(411)	(397)
Dividend paid - Redeemable Convertible Preference Shares	(4,765)	(9,504)
Net cash used in financing activities	(17,706)	(125,373)
Net (decrease)/increase in cash and cash equivalents	(106,901)	54,599
Cash and cash equivalents at beginning of financial year	134,407	200,692
Cash and cash equivalents at end of financial year	27,506	255,291
Cash and cash equivalents comprise :		
Cash and short term funds	27,506	255,291

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying notes attached to the interim financial statements.