

**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 2006.  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	84,266	56,289	229,108	165,533
Interest income	74,380	51,327	192,058	148,076
Interest costs	(41,683)	(35,956)	(116,782)	(112,093)
Net interest income	32,697	15,371	75,276	35,983
Net income from Islamic Banking Operations	2,404	2,216	6,626	5,519
	35,101	17,587	81,902	41,502
Other operating income	3,425	1,548	21,128	11,069
Total income	38,526	19,135	103,030	52,571
Reversal/(Charged) of property development costs	-	(286)	-	(560)
Cost of completed properties sold	-	-	(10,125)	(1,695)
Operating expenses	(16,087)	(13,977)	(34,348)	(37,524)
Operating profit before allowance	22,439	4,872	58,557	12,792
Recovery of/(Provision for) losses on loans and financing	(11,939)	365	(29,402)	6,800
Profit before taxation	10,500	5,237	29,155	19,592
Taxation	18	18	(136)	55
Profit after taxation	10,518	5,255	29,019	19,647
Minority interest	-	-	-	-
Profit for the year	10,518	5,255	29,019	19,647
Earnings per share (sen)				
Basic	3.11	1.56	8.59	5.82
Diluted	1.59	0.81	4.40	3.00

**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**

	<b>As at 30 September 2006 (RM'000)</b>	<b>As at 31 December 2005 (RM'000)</b>
<b>ASSETS</b>		
Cash and short term funds	39,291	134,407
Trade receivables	26,495	26,078
Other receivables	120,484	111,072
Inventories	11,371	20,390
Loans, advances and financing	4,934,672	4,264,697
Other investments	43,562	43,598
Land held for property development	159,070	159,070
Property, plant and equipment	130,832	140,976
Deferred tax assets	20,000	20,000
	<b>5,485,777</b>	<b>4,920,288</b>
<b>TOTAL ASSETS</b>	<b>5,485,777</b>	<b>4,920,288</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank borrowings	1,070,161	804,828
Deposits from customers	3,666,659	3,357,782
Other borrowings	212,533	250,033
Trade payables	15,956	15,699
Other payables	50,880	39,881
Provision for taxation	18,633	18,633
Recourse obligation on loans sold to Cagamas Berhad	15,127	16,068
Deferred tax liabilities	25,835	25,890
Redeemable convertible preference shares	7,968	12,192
Provision for liabilities	3,415	3,610
	<b>5,087,167</b>	<b>4,544,616</b>
<b>TOTAL LIABILITIES</b>	<b>5,087,167</b>	<b>4,544,616</b>

(Contd.)

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**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)**

	<b>As at 30 September 2006 (RM'000)</b>	<b>As at 31 December 2005 (RM'000)</b>
Share capital	502,856	502,856
Reserves	(104,246)	(127,184)
Shareholders' equity	<u>398,610</u>	<u>375,672</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>5,485,777</u></b>	<b><u>4,920,288</u></b>

**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 30 SEPTEMBER 2006**

	← Share Capital →		← Non Distributable →				
	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>	Capital Redemption Reserve - Redeemable Cumulative 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 9 months period	-	-	-	-	-	19,647	19,647
Dividend	-	-	-	-	-	(4,865)	(4,865)
At 30.9.2005	337,856	165,000	660,922	17,838	12,486	(837,569)	356,533
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 30.9.2006	337,856	165,000	660,922	17,838	12,486	(795,492)	398,610

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**

	<b>9 months ended 30 September 2006 RM'000</b>	<b>9 months ended 30 September 2005 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	29,155	19,592
Adjustments for :		
Depreciation	5,198	6,084
Gain on disposal of property, plant and equipment	(61)	(150)
Gain on disposal of land held for property development	-	(1,700)
Reversal of provision for anticipated losses on projects	-	(176)
(Reversal of) write down of inventories of completed properties	(1,688)	14
(Reversal of) impairment loss on investments in unquoted shares	36	451
Reversal of impairment loss on land held for property development	-	(691)
Provision for doubtful debts of other receivables	11,520	9,766
Provision for doubtful debts of trade receivables	-	504
Allowance for losses on loans and financing, net of reversals	29,402	(6,800)
Interest/income-in-suspense, net of recoveries and write offs	281,444	291,822
Liquidated damages payable	-	18
Operating profit before working capital changes	355,006	318,734
Increase in loans, advances and financing	(980,424)	(855,707)
Decrease in inventories	10,707	1,695
Increase in receivables	(21,348)	17,732
Decrease in bank borrowings	265,333	(409,456)
Increase in deposits from customers	308,877	1,015,129
Increase in payables	11,797	11,724
Decrease in provision for liabilities	(195)	(2,674)
(Increase)/Decrease in property development costs	-	(5,494)
Cash generated from operations	(50,247)	91,683
Income tax recovered	-	949
Real Property Gains Tax paid	(191)	-
Net cash (used in)/generated from operating activities	(50,438)	92,632

(Contd.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)**

	<b>9 months ended 30 September 2006 RM'000</b>	<b>9 months ended 30 September 2005 RM'000</b>
<b>Cash flows from investing activities</b>		
Land held for property development	-	690
Purchase of property, plant and equipment	(591)	(1,055)
Proceeds from disposal of property, plant and equipment	5,200	150
Proceeds from disposal of land held for property development	-	19,500
Net cash generated from investing activities	<u>4,609</u>	<u>19,285</u>
<b>Cash flows from financing activities</b>		
Repayment of other borrowings	(37,500)	(178,618)
Recourse obligation on loans sold to Cagamas Berhad	(941)	(1,253)
Dividend paid - Redeemable Convertible Preference Shares	(4,765)	(9,504)
Dividend paid - ordinary shares	(6,081)	(4,865)
Net cash used in financing activities	<u>(49,287)</u>	<u>(194,240)</u>
Net (decrease)/increase in cash and cash equivalents	(95,116)	(82,323)
Cash and cash equivalents at beginning of financial year	134,407	200,692
Cash and cash equivalents at end of financial year	<u>39,291</u>	<u>118,369</u>
Cash and cash equivalents comprise :		
Cash and short term funds	<u>39,291</u>	<u>118,369</u>

**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.**

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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 2005.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standard ("FRS") effective for financial period beginning 1 January 2006:

FRS 2	Share-based payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have significant financial impact to the Group.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2005**

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 year.

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**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 year.

**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 year.

**A7. Dividend Paid**

(i) Dividends on Redeemable Convertible Preference Shares (“RCPS”)

Dividends on RCPS of 4 sen less tax of 28% on 165,000,000 RCPS for the year ended 31 December 2005, amounted to RM4.752 million were paid on 28 February 2006.

(ii) Dividend on Ordinary Shares

First and final dividend in respect of the financial year ended 31 December 2005 of 2.5 sen less tax of 28% on 337,856,727 ordinary shares of RM1.00 each, amounted to RM6.081 million was paid on 12 June 2006.

**A8. Segmental Information on Revenue and Results**

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

	Financing RM’000	Property Development RM’000	Letting of Real Property RM 000	Hotel Operation RM 000	Others RM’000	Eliminations RM’000	Consolidated RM’000
<b>3 months ended 30 Sept 06</b>							
External sales	79,814	-	99	1,016	-	3,337	84,266
Intersegment sales	2,599	-	1,309	-	-	(3,908)	-
Total revenue	<u>82,413</u>	<u>-</u>	<u>1,408</u>	<u>1,016</u>	<u>-</u>	<u>(571)</u>	<u>84,266</u>
Segment results	11,074	(5,970)	(2,104)	(1,471)	(51)	9,022	10,500
Unallocated income (net of cost)							-
Profit from operations							<u>10,500</u>
<b>3 months ended 30 Sept 05</b>							
External sales	48,031	(82)	124	-	-	8,216	56,289
Intersegment sales	1,684	-	1,425	-	-	(3,109)	-
Total revenue	<u>49,715</u>	<u>(82)</u>	<u>1,549</u>	<u>-</u>	<u>-</u>	<u>5,107</u>	<u>56,289</u>
Segment result	4,285	(8,854)	(3,875)	-	(16)	13,697	5,237
Unallocated income (net of cost)							-
Profit from operations							<u>5,237</u>



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	Financing RM'000	Property Development RM'000	Letting of Real Property RM 000	Hotel Operation RM 000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>9 months ended 30 Sept 06</b>							
External sales	206,272	10,125	334	2,736	-	9,641	229,108
Intersegment sales	7,359	-	3,917	-	-	(11,276)	-
Total revenue	<u>213,631</u>	<u>10,125</u>	<u>4,251</u>	<u>2,736</u>	<u>-</u>	<u>(1,635)</u>	<u>229,108</u>
Segment results	28,648	(15,480)	(5,941)	(3,826)	(146)	25,900	29,155
Unallocated income (net of cost)							-
Profit from operations							<u>29,155</u>
<b>9 months ended 30 Sept 05</b>							
External sales	139,034	1,707	866	-	-	23,926	165,533
Intersegment sales	5,705	-	4,137	-	-	(9,842)	-
Total revenue	<u>144,739</u>	<u>1,707</u>	<u>5,003</u>	<u>-</u>	<u>-</u>	<u>14,084</u>	<u>165,533</u>
Segment result	19,647	(21,071)	(11,532)	-	(54)	32,602	19,592
Unallocated income (net of cost)							-
Profit from operations							<u>19,592</u>

#### **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 year that have not been reflected in the financial statements for the current financial year.

#### **A11. Changes in the Composition of the Group**

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

#### **A12. Contingent Liabilities**

- (i) A contractor appointed by one of the Company's borrowers had filed two (2) civil suits against the Company claiming damages amounting to RM2.54 million for an alleged breach of contract. These suits were filed in the High Courts at Kuala Lumpur and Kota Bharu.

The Court has dismissed the contractor's application for Summary Judgement. Both suits have since been consolidated and will be heard in the High Court at Kuala Lumpur. The matter is now fixed for mention on 5 April 2007.

- (ii) 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

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with a legal suit against the Company for an alleged breach of the terms relating to the charge. The matter is now fixed for decision on 30 January 2007.

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 Court subsequently dismissed the motion on 22 April 2004. The Land Office has fixed a date on 28 February 2006 to auction the property, which was again aborted, as there were no bidders. The Land Office has yet to fix a fresh auction date with respect to this matter.

- (iii) A borrower filed a civil suit brought against the Company claiming damages amounting to RM134.4 million for the alleged breach of the Loan Agreement. This matter is now fixed for case management on 6 December 2006.
- (iv) 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 three (3) other defendants as co-conspirators in a scheme to dispose 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, which was dismissed by the High Court on 1 December 2005. Subsequently, the Company's subsidiary filed a Notice of Appeal to the Court of Appeal against the said dismissal. The Court of Appeal has yet to fix a date to hear the Company's appeal. The case management is now fixed for mention on 16 January 2007.

- (v) A borrower of the Company has filed 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 and damages for loss of reputation, interests and costs.

The Courts had on 28 September 2005 struck out the borrower's suit against the Company. However, the borrower still has an existing suit against the Company's subsidiary. The borrower has yet to take any further steps in relation to the proceedings against the Company's subsidiary since the filing of the said Company's subsidiary's defence.

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The Court has also fixed for a continued hearing of Summons In Chambers for an injunction Order (Inter Parte) on 28 August 2006, to restrain the Borrower and all their related parties from felling and removing the trees in respect of the lands. The hearing of Summons In Chambers has been further fixed on 6 December 2006 for further submission.

- (vi) A borrower of the Company has filed 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.

Both the Company and its subsidiary have filed their appearance on 25 January 2005 and 26 January 2005 respectively. The borrower has yet to take any further steps in relation to the proceedings since the filing of the said defences by the Company and its subsidiaries on 18 April 2005.

The Company's subsidiary has later amended its defence in order to include a counterclaim against the Borrower. The Court has ordered Order in terms of its subsidiary application on 7 June 2006 and case management is yet to be fixed by the Court.

The Company has to date filed an application to strike out the borrower's claim. The hearing date of the said application is now fixed on 26 January 2007.

The Company initiated a foreclosure proceeding in respect of the charged properties and the hearing date for the Company's Originating Summons has been fixed on 27 November 2006, 6 December 2006, 22 January 2007 and 1 February 2007.

- (vii) A borrower of the Company has filed a civil suit against the Company for an alleged breach of an agreement to grant loan facilities to the borrower for their commercial development project. The Company had terminated the said facilities due to the borrower's breach of the said agreement and had thereafter sold the loan asset to Pengurusan Danaharta Nasional Berhad. Notwithstanding the same, the borrower alleged that the Company had failed to fully disburse the said facilities pursuant to the terms of the Facility Agreement.

The 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

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sum of RM18.011 million from 1 August 2002 until the date of full settlement with regard to the liabilities incurred by the borrower in relation to the said commercial development project or in the alternative to the abovementioned relieves, damages amounting to RM18.240 million being the total development expenditure incurred by the 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 defence on 26 July 2005 and no hearing has been fixed to date.

- (viii) Upon default by the borrower, the Company has filed suit for recovery of loans outstanding together with interest and cost pursuant to a breach by the borrower of the terms of the Loan Agreement entered into between the Company and the borrower. In response to the same, the borrower had served on the Company their defence as well as a Counterclaim. The Counterclaim is premised upon their allegation that the Company has breached the terms of a Joint Venture Agreement entered into by the Company, the borrower and the Company's subsidiary.

The borrower has in its Counterclaim sought for the sum of RM52,007,000.00 being loss of profit from the project contemplated under the Joint Venture Agreement, the sum of RM14,682.36 being part payment for the purchase of several parcels of the project land, the sum of RM4,931,460.00 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 borrower as a result of claims made by third parties, consultants and contractors involved in the joint venture project, damages for loss of reputation, the cancellation/invalidation of the Charge and for the project land to be freed from restrictions and encumbrances by the borrower; interest and cost.

As the borrower's Counterclaim principally revolves around and duplicates their earlier claim against the Company and its subsidiary whereby the borrower's earlier claim against the Company was dismissed by the Court on 28 September 2005, the Company has applied to strike out the Borrower's Counterclaim for being frivolous, vexatious and an abuse of the Court process. The hearing date for the Company application to strike out the Borrower's Counterclaim is yet to be fixed by the Court.

The Company has made an application for Summary Judgement, which was filed on 28 August 2006. The application has been fixed for hearing on 20 November 2006 to enable all affidavits to be filed by both parties.

The Company also initiated foreclosure proceeding in respect of the charged property. The notice of appointment has been fixed for mention on 5 January 2007 to enable the Company to file an application to amend Originating Summons to reflect the newly issued titles.

- (ix) A former borrower of the Company has filed a civil suit against the Company for an alleged breach of loan agreement. The former borrower alleged that the Company had failed to disburse the credit facilities pursuant to the terms of the loan agreement. As such the former borrower has sought for damages amounting to RM5.0 million or any other sum as determined by the Court, interest at the rate of 8% on the sum of RM5.0

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million or any other sum as determined by the Court from the date of the Writs of Summon until the date of full realisation, as well as costs.

The Company has filed its Statement of Defence on 31 July 2006 and no hearing date has been fixed yet.

As at 30 September 2006, the Group and the Company have obligations to secure due performance by third parties amounting to RM286 million.

The Directors after obtaining advice from the Group's solicitors are of the opinion that the Company and its subsidiaries have reasonably good cases in respect of claims for all the above cases against the Company and its subsidiaries and as such no provision has been made in the financial statements.

**A13. Acquisition/Disposal of Property, Plant and Equipment**

	<b>9 months ended</b> <b>30/09/2006</b> <b>RM'000</b>
Acquisition	
Equipment and machine	45
Computer Hardware and software	2
Equipment and furniture	156
Building improvements	216
Plant and machinery	63
Motor vehicles	109
	591
Disposal	
Freehold land	5,046
Buildings	93
	5,139

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**A14. Significant Related Party Transactions**

	3rd Quarter		Cumulative	
	Current quarter 30/09/2006 RM'000	Preceding quarter 30/06/2006 RM'000	Current Year to Date 30/09/2006 RM'000	Preceding Year To Date 30/09/2005 RM'000
Transactions with Employees Provident Fund Board, the ultimate holding body				
Interest on loans	2,425	3,345	7,677	10,646
Rental paid	74	66	223	208
Agency fees received	5	6	16	20
	<u>5</u>	<u>6</u>	<u>16</u>	<u>20</u>

**A15. Capital Commitments**

During the period ended 30 September 2006, there were no commitments for the purchase of property, plant and equipment other than those stated below:

	RM'000
Data processing system and equipment:	
• Approved and contracted for	19
• Approved but not contracted for	4,835
	<u>4,854</u>

**A16. Impairment Loss**

The Group has recognised a reversal of impairment loss on inventories of completed properties of RM1.688 million and impairment loss on other investments of RM0.036 million for the current financial year.

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

**B1. Comparison with the Preceding Quarter's Results**

The Group's profit after taxation of RM10.518 million for the current 3<sup>rd</sup> quarter of 2006 was lower than the preceding quarter of RM15.030 million. This was mainly due to higher provisions for losses on loans and financing and higher operating expenses, which were partly off set by higher net interest income.

**B2. Review of Performance**

The Group's profit after taxation for the nine (9) months ended 30 September 2006 of RM29.019 million was higher than the previous year's corresponding period result of RM19.647 million. This was mainly due to higher net interest income and lower operating expenses, which was partly set off by higher provisions for losses on loans and financing.

**B3. Prospect**

Barring unforeseen circumstances, the Group's performance is expected to maintain its profitability for the remaining quarter of the financial year ending 31 December 2006. The Group will continue to focus on its core mortgage and related retail businesses while emphasising on fee based income and corporate loans 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 2006.

**B5. Taxation**

	3rd Quarter		Cumulative	
	Current quarter 30/09/2006 RM'000	Preceding quarter 30/06/2006 RM'000	Current Year to Date 30/09/2006 RM'000	Preceding Year To Date 30/09/2005 RM'000
Income tax				
Current year taxation	-	-	-	-
Deferred taxation	(18)	(19)	(55)	(55)
Real property gain tax	-	191	191	-
	<u>(18)</u>	<u>172</u>	<u>136</u>	<u>(55)</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.

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

There was no sale of investments. The gain on disposal of properties recognised for the current financial year amounted to RM0.061 million.

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

There were no dealings in quoted securities for the current financial year. Investments in quoted securities as at 30 September 2006 are as follows:

	<b>At cost and nominal value 30.9.2006 RM0000</b>	<b>At carrying amount 30.9.2006 RM0000</b>	<b>At market value 30.9.2006 RM0000</b>
Quoted shares	1,294	461	461
Quoted warrants	106	30	30
	1,400	491	491

**B8. Status of Corporate Proposals**

No corporate proposals were announced.

**B9. Borrowings and Debts**

Borrowings and debts securities at 30 September 2006 for the Group are as follows:

	<b>RM0000</b>
Short term borrowings	
Secured	50,004
Unsecured	1,070,701
	1,120,705
Long term borrowings	
Secured	177,116
Unsecured	-
	177,116

All borrowings and debts securities are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any off balance sheet financial instruments



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**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.

**B13. Earnings Per Share**

## (i) Basic

Basic earning 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 year.

	<b>3rd Quarter</b>		<b>Cumulative</b>	
	<b>Current Quarter 30/9/2006 RM'000</b>	<b>Preceding Quarter 30/6/2006 RM'000</b>	<b>Current Year to Date 30/9/2006 RM'000</b>	<b>Preceding Year to Date 30/9/2005 RM'000</b>
Net profit attributable to shareholders	10,518	15,030	29,019	19,646
Number of ordinary shares ('000)	337,856	337,856	337,856	337,856
Basic earnings per share (sen)	<u>3.11</u>	<u>4.45</u>	<u>8.59</u>	<u>5.81</u>

## (ii) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the financial year 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").

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	3rd Quarter		Cumulative	
	Current Quarter 30/9/2006 RM'000	Preceding quarter 30/6/2006 RM'000	Current Year to Date 30/9/2006 RM'000	Preceding Year to Date 30/9/2005 RM'000
Net profit attributable to shareholders	10,518	15,030	29,019	19,646
Effect of finance cost on RCPS	132	132	395	395
Adjusted net profit attributable to shareholders	10,650	15,162	29,414	20,041
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)	1.59	2.27	4.40	3.00

**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 28 November 2006.

BY ORDER OF THE BOARD

Tang Yow Sai  
Company Secretary  
Kuala Lumpur  
28 November 2006