

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

Quarterly report on consolidated financial statements for the first quarter ended 31 March 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | 3 months ended | | 3 months ended | |
|---|-----------------------|---------------|-----------------------|---------------|
| | 31 March | | 31 March | |
| | 2007 | 2006 | 2007 | 2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating revenue | 79,890 | 64,683 | 79,890 | 64,683 |
| Interest income | 66,447 | 56,195 | 66,447 | 56,195 |
| Interest costs | (42,597) | (35,784) | (42,597) | (35,784) |
| Net interest income | 23,850 | 20,411 | 23,850 | 20,411 |
| Net income from Islamic Banking Operations | (753) | 2,076 | (753) | 2,076 |
| | 23,097 | 22,487 | 23,097 | 22,487 |
| Other operating income | 6,269 | 3,465 | 6,269 | 3,465 |
| Total income | 29,366 | 25,952 | 29,366 | 25,952 |
| Cost of completed properties sold | - | (1,223) | - | (1,223) |
| Operating expenses | (15,171) | (14,097) | (15,171) | (14,097) |
| Operating profit before provision | 14,195 | 10,632 | 14,195 | 10,632 |
| Provision for losses on loans and financing | (9,353) | (7,179) | (9,353) | (7,179) |
| Profit before taxation and zakat | 4,842 | 3,453 | 4,842 | 3,453 |
| Taxation | 18 | 18 | 18 | 18 |
| Zakat | - | - | - | - |
| Profit after taxation and zakat | 4,860 | 3,471 | 4,860 | 3,471 |
| Minority interest | - | - | - | - |
| Profit for the year | 4,860 | 3,471 | 4,860 | 3,471 |
| Earnings per share (sen) | | | | |
| Basic | 1.44 | 1.03 | 1.44 | 1.03 |
| Diluted | 0.75 | 0.54 | 0.75 | 0.54 |

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

| | As at 31 March 2007 (RM'000) | As at 31 December 2006 (RM'000) |
|---|---|--|
| ASSETS | | |
| Cash and short term funds | 204,035 | 309,579 |
| Trade receivables | 6,729 | 7,001 |
| Other receivables | 179,872 | 177,742 |
| Inventories | 176,813 | 177,017 |
| Loans, advances and financing | 5,319,814 | 5,086,389 |
| Other investments | 44,003 | 43,628 |
| Investment properties | 11,583 | 2,614 |
| Property, plant and equipment | 123,388 | 133,759 |
| Intangible assets | 1,257 | 1,387 |
| Deferred tax assets | 30,000 | 30,000 |
| | 6,097,494 | 5,969,116 |
| TOTAL ASSETS | 6,097,494 | 5,969,116 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Bank borrowings | 185,273 | 277,557 |
| Deposits from customers | 5,171,792 | 4,949,920 |
| Other borrowings | 187,500 | 200,033 |
| Trade payables | 15,312 | 15,314 |
| Other payables | 55,844 | 45,412 |
| Provision for taxation | 18,635 | 18,633 |
| Recourse obligation on loans sold to Cagamas Berhad | 14,884 | 15,006 |
| Deferred tax liabilities | 25,798 | 25,816 |
| Redeemable convertible preference shares | 3,840 | 7,968 |
| Provision for liabilities | 3,380 | 3,380 |
| | 5,682,258 | 5,559,039 |
| TOTAL LIABILITIES | 5,682,258 | 5,559,039 |

(Contd.)

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CONDENSED CONSOLIDATED BALANCE SHEETS (CONTD.)

| | As at 31 March 2007 (RM'000) | As at 31 December 2006 (RM'000) |
|---|---|--|
| Share capital: | | |
| Ordinary Shares | 338,245 | 337,946 |
| Redeemable Convertible Preference Shares | 165,000 | 165,000 |
| Reserves | (88,009) | (92,869) |
| Shareholders' equity | <u>415,236</u> | <u>410,077</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u><u>6,097,494</u></u> | <u><u>5,969,116</u></u> |

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA BUILDING SOCIETY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL PERIOD ENDED 31 MARCH 2007

| | ← Share Capital → | | ← Non Distributable | | | → Capital Redemption Reserve - Redeemable | | |
|---|-------------------|---|---------------------|-----------------|----------------------|---|--------------------|---------------|
| | Ordinary Shares | Redeemable Cumulative Preference Shares | Share Premium | Capital Reserve | Share Option Reserve | Cumulative Preference Shares | Accumulated Losses | Total |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| 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 31.03.2006 | 337,856 | 165,000 | 660,922 | 17,838 | - | 12,486 | (814,959) | 379,143 |
| At 1.1.2007 | 337,946 | 165,000 | 660,922 | 17,838 | 214 | 12,486 | (784,329) | 410,077 |
| Net profit for the 3 months period | - | - | - | - | - | - | 4,860 | 4,860 |
| Issue of ordinary shares pursuant to ESOS | 299 | - | - | - | - | - | - | 299 |
| At 31.03.2007 | 338,245 | 165,000 | 660,922 | 17,838 | 214 | 12,486 | (779,469) | 415,236 |

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | 3 months ended 31 March 2007 RM'000 | 3 months ended 31 March 2006 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before taxation | 4,842 | 3,453 |
| Adjustments for : | | |
| Depreciation | 1,658 | 1,844 |
| Amortisation of intangible asset | 130 | - |
| Gain on disposal of property, plant and equipment | - | (61) |
| Reversal of impairment loss on investments in unquoted shares | (375) | (74) |
| Provision for doubtful debts of other receivables | 3,741 | 3,267 |
| Allowance for losses on loans and financing, net of reversals | 9,353 | 7,179 |
| Interest/income-in-suspense, net of recoveries and write offs | 101,325 | 92,779 |
| Operating profit before working capital changes | 120,674 | 108,387 |
| Increase in loans, advances and financing | (344,103) | (324,804) |
| Decrease in inventories | 204 | 1,819 |
| Increase in receivables | (5,380) | (14,545) |
| Decrease in bank borrowings | (92,284) | (308,889) |
| Increase in deposits from customers | 221,872 | 431,694 |
| Increase in payables | 10,763 | 12,509 |
| Decrease in provision for liabilities | - | (86) |
| Net cash generated from operating activities | (88,254) | (93,915) |

(Contd.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

| | 3 months ended 31 March 2007 RM'000 | 3 months ended 31 March 2006 RM'000 |
|--|--|--|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (265) | (219) |
| Proceeds from disposal of property, plant and equipment | - | 4,939 |
| Net cash (used in)/generated from investing activities | (265) | 4,720 |
| Cash flows from financing activities | | |
| Proceeds from issuance of ordinary shares | 299 | - |
| Repayment of other borrowings | (12,533) | (12,530) |
| Recourse obligation on loans sold to Cagamas Berhad | (122) | (411) |
| Dividend paid - Redeemable Convertible Preference Shares | (4,669) | (4,765) |
| Net cash used in financing activities | (17,025) | (17,706) |
| Net decrease in cash and cash equivalents | (105,544) | (106,901) |
| Cash and cash equivalents at beginning of financial year | 309,579 | 134,407 |
| Cash and cash equivalents at end of financial year | 204,035 | 27,506 |
| Cash and cash equivalents comprise : | | |
| Cash and short term funds | 204,035 | 27,506 |

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.