

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 2007.

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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") and IC Interpretations:

- FRS 107: Cash Flow Statements
- FRS 111: Construction Contracts
- FRS 112: Income Taxes
- FRS 118: Revenue
- FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- FRS 121: Amendments to Financial Reporting Standard GRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
- FRS 126: Accounting and Reporting by Retirement Benefit Plans
- FRS 129: Financial Reporting in Hyperinflationary Economies
- FRS 134: Interim Financial Reporting
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretations 1, 2, 5, 6, 7 and 8

The adoption of the above FRSs and Interpretations does not have any significant impact on the financial statements of the Company and of the Group.

A2. Audit Report of Preceding Financial Year Ended 31 December 2007

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 affect the assets, liabilities, equity, net income or cash flows of the Group in the current financial period.

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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 period.

A6. Debts and Equity Securities

Other than the issuance of new shares as shown below pursuant to the Company's Employee Share Option Scheme ("ESOS") and conversion of Redeemable Convertible Preference Shares ("RCPS"), 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.

	No of ordinary shares of RM1.00 each	Ordinary shares RM	Share premium RM
At 1 January 2008	361,102,727	361,102,727	661,053,342
Issued at RM1.00 per share pursuant to ESOS	4,337,700	4,337,700	-
Issued at RM1.10 per share pursuant to ESOS	4,731,100	4,731,100	473,110
Issued at RM1.00 per share upon conversion of RCPS	330,000,000	330,000,000	(165,000,000)
At 30 September 2008	<u>700,171,527</u>	<u>700,171,527</u>	<u>496,526,452</u>

A7. Dividends Paid

- (i) Dividend of 4% on 165,000,000 Redeemable Convertible Preference Shares for the period from 1 January 2007 to 31 December 2007 amounted to RM6.6 million was paid on 28 February 2008.
- (ii) First and final dividend in respect of the financial year ended 31 December 2007 of 4% less 26% taxation (2.96 sen net per ordinary share) amounted to RM10.797 million was paid on 27 June 2008.

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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 Operations RM 000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 30 Sep 08							
External sales	79,921	7,419	93	1,978	-	4,123	93,534
Intersegment sales	19,275	-	1,261	-	-	(20,536)	-
Total revenue	99,196	7,419	1,354	1,978	-	(16,413)	93,534
Segment results	21,928	19,204	(2,750)	(1,275)	(42)	(24,426)	12,639
Unallocated income (net of cost)							-
Profit from operations							12,639
3 months ended 30 Sep 07							
External sales	80,301	1,414	97	1,701	-	3,709	87,222
Intersegment sales	5,916	-	1,264	-	-	(7,180)	-
Total revenue	86,217	1,414	1,361	1,701	-	(3,471)	87,222
Segment result	8,741	(5,256)	(2,308)	(880)	(51)	5,242	5,488
Unallocated income (net of cost)							-
Profit from operations							5,488
9 months ended 30 Sep 08							
External sales	270,021	13,301	279	6,486	-	11,961	302,048
Intersegment sales	25,677	-	3,778	-	-	(29,455)	-
Total revenue	295,698	13,301	4,057	6,486	-	(17,494)	302,048
Segment results	55,601	7,193	(7,513)	(3,114)	(89)	(5,679)	46,399
Unallocated income (net of cost)							-
Profit from operations							46,399
9 months ended 30 Sep 07							
External sales	236,352	1,755	296	4,545	-	10,721	253,669
Intersegment sales	11,099	-	3,862	-	-	(14,961)	-
Total revenue	247,451	1,755	4,158	4,545	-	(4,240)	253,669
Segment result	29,013	(17,813)	943	(2,915)	(156)	16,058	25,130
Unallocated income (net of cost)							-
Profit from operations							25,130

A9. Valuation of Property, Plant and Equipment

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

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A12. Contingent Liabilities**(a) Contingencies**

	As at 30/09/2008 RM'000	As at 31/12/2007 RM'000
Fully secured:		
Financial guarantee to secure payments by a borrower	42,080	42,080
Partly secured:		
Obligation to secure performance by third parties	285,911	285,911
	<u>327,991</u>	<u>327,991</u>

(b) Material Litigations

- (i) In two (2) civil suits brought against the Company, a contractor appointed by one of the Company's borrowers 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 Court has dismissed the contractor's application for Summary Judgment. Both suits have since been consolidated and will be heard in the High Court at Kuala Lumpur. Case management is fixed on 27 November 2008 and the trial dates have been fixed and will be held from 21 September 2009 to 24 September 2009.

- (ii) 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 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 relation to the subsidiary's action for an Order 14A application as well as the case management for the suit, the parties have been instructed to complete the submissions by 9 October 2008. The Court has fixed 25 February 2009 as the decision date for the abovesaid actions.

- (iii) 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

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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 alleged 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 Base Lending Rate on the sum of RM18.011million 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 relief, 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 Statement of Defence was filed by the Company on 5 September 2005. The Court has fixed for Case Management on 13 January 2009.

- (iv) A former borrower of the Company has instituted a civil suit against the Company for an alleged breach of loan agreement. The former borrower alleged that the Company had failed to fully disburse the said 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 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 Statement of Defence was filed on 31 July 2006.

In a related action, the Company has filed an Application to strike out the suit which was dismissed on 22 April 2008. The appeal against the Court's decision to dismiss the Application to strike out the suit was also disallowed.

The Court has fixed 11 December 2008 as the next Case Management date.

- (v) A former borrower of the Company has instituted a civil suit against the Company for alleged breach of loan agreement. The former borrower alleges that as a result of the Company terminating the unutilised balance of the bridging loan facility, the Plaintiff has suffered losses in the project in which they were developing.

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As such, the former borrower has sought for damages amounting to RM16.136 million, general damages and punitive for the amount to be determined by the Court, interest on the total damages at a rate of 8% per annum on the sum of RM16.136 million until the date of full settlement, cost and such other relief that the Court deems fit and reasonable.

The Statement of Defence was filed in 17 August 2007. The matter is fixed for further case management on 15 January 2009..

- (vi) A Counterclaim was filed by a borrower seeking damages against MBSB's subsidiaries in the sum of RM445 million and RM8.540 million for alleged losses suffered by the borrower in relation to development projects in Melaka ("Melaka Project") and Penang ("Penang Project") respectively, which to date remains uncompleted.

Both the suits were in response to MBSB's civil suit against the borrower in relation to its failure to repay to MBSB's term loans of RM178 million and RM61 million respectively.

For the Melaka Project, the Court has fixed 4 December 2008 for mention on the Counterclaim.

For the Penang Project, the Court has fixed 10 February 2009 for mention for the application for Summary Judgment Striking Off application.

The directors after obtaining advice from the Company's solicitors are of the opinion that the Company has reasonably good cases in respect of all the claims against the Company and as such, no provision has been made in the financial statements.

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A13. Acquisition/Disposal of Property, Plant and Equipment

9 months ended 30/09/2008 RM'000	
Acquisition	
Renovation	987
Furniture & Equipment	520
Data Processing Equipment	580
	<u>2,087</u>
Disposal	
Furniture & Equipment	13
	<u>13</u>

A14. Significant Related Party Transactions

	3rd Quarter		Cumulative	
	Current Quarter 30/09/2008 RM'000	Preceding Quarter 30/06/2008 RM'000	Current Year To Date 30/09/2008 RM'000	Preceding Year To Date 30/09/2007 RM'000
Transactions with Employees Provident Fund Board, the ultimate holding body				
Interest on debenture loans	1,384	1,544	4,617	6,614
Rental paid	75	77	234	228
Agency fees received	(1)	(2)	(6)	(11)
	<u>26,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>
Transaction of a subsidiary with with an associated company of the ultimate holding body in respect of disposal of properties				
	<u>26,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>

A15. Capital Commitments

As at 30 September 2008, there were no commitments for the purchase of property, plant and equipment other than those stated below:

	RM'000
Property, plant and equipment:	
• Approved but not contracted for	3,594

A16. Impairment Loss

There was no significant impairment loss for the period ended 30 September 2008.

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

B1. Comparison with the Preceding Quarter's Results

The Group profit before taxation of RM12.639 million for the current quarter was lower than the preceding quarter of RM14.171 million. This was mainly due to lower net interest income and higher other operating expenses. These were partly set off by higher other operating income, lower allowance for losses on loans and financing and higher net income from Islamic banking operations.

B2. Review of Performance

The Group profit before taxation for the period ended 30 September 2008 of RM46.399 million was higher than the previous year's corresponding period of RM25.130 million. This was mainly due to higher net income from Islamic banking operations, lower allowance for losses on loans and financing, higher other operating income and higher net interest income. These were partly set off by higher other operating expenses and higher cost of completed properties sold.

B3. Prospects for 2008

In view of the global financial crisis and economic slow down, the Malaysian economy is expected to be more challenging. The operating environment for the finance industry too will be challenging and competitive especially in terms of retail and corporate loan products. Notwithstanding, the Group will continue to focus on managing assets quality, core mortgage and related retail business, fee-based income business and recoveries from loans and financing.

Barring unforeseen circumstances, the Group expects to remain profitable for the rest of 2008.

B4. Variance from Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued for the financial year ending 31 December 2008.

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B5. Taxation

	3rd Quarter		Cumulative	
	Current Quarter 30/09/2008 RM'000	Preceding Quarter 30/06/2008 RM'000	Current Year To Date 30/09/2008 RM'000	Preceding Year To Date 30/09/2007 RM'000
Income tax:				
Current income tax	910	-	910	-
Underprovision in prior years	3,809	-	3,809	8
	<u>4,719</u>	<u>-</u>	<u>4,719</u>	<u>8</u>
Deferred tax assets recognised during the year in respect of fair value adjustment arising from business combination	(6)	(19)	(43)	(55)
	<u>4,713</u>	<u>(19)</u>	<u>4,676</u>	<u>(47)</u>

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

There was no sale of unquoted investment. The gain on disposal of foreclosed properties for the current financial period amounted to RM10.028 million.

B7. Purchase and Sale of Quoted Securities

Other than the disposal of quoted warrants with a carrying amount of RM0.106 million, there were no other dealings in quoted securities for the current financial period. Investments in quoted securities as at 30 September 2008 were as follows:

	At cost and nominal value 30.09.2008 RM'000	At carrying amount 30.09.2008 RM'000	At market value 30.09.2008 RM'000
	Quoted shares	1,294	140
	<u>1,294</u>	<u>140</u>	<u>140</u>

B8. Status of Corporate Proposals

No corporate proposals were announced.

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B9. Borrowings and Debts

Borrowings and debts securities of the Group as at 30 September 2008 are as follows:

	RM'000
Short term borrowings	
Secured	50,005
Unsecured	<u>195,405</u>
	<u><u>245,410</u></u>
 Long term borrowings	
Secured	<u>62,486</u>
 Total	<u><u>307,896</u></u>

All borrowings and debts securities are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

The Company and the Group do not have any 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.

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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.

	3rd Quarter		Cumulative	
	Current Quarter 30/09/2008 RM'000	Preceding Quarter 30/06/2008 RM'000	Current Year to Date 30/09/2008 RM'000	Preceding Year to Date 30/09/2007 RM'000
Net profit attributable to shareholders	7,926	14,190	41,723	25,053
Weighted average number of ordinary shares in issue	397,726	351,334	397,726	338,249
Basic earnings per share (sen)	<u>1.99</u>	<u>4.04</u>	<u>10.49</u>	<u>7.41</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 year 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").

	3rd Quarter		Cumulative	
	Current Quarter 30/09/2008 RM'000	Preceding Quarter 30/06/2008 RM'000	Current Year to Date 30/09/2008 RM'000	Preceding Year to Date 30/09/2007 RM'000
Net profit attributable to shareholders	7,926	14,190	41,723	25,053
After tax effect of finance cost on RCPS	-	-	-	396
After tax effect of finance cost on ESOS	-	62	-	89
Adjusted net profit attributable to shareholders	<u>7,926</u>	<u>14,252</u>	<u>41,723</u>	<u>25,538</u>
Weighted average of number of shares in issue ('000)	397,726	351,334	397,726	338,249
Effect of dilution:				
RCPS	-	330,000	-	330,000
ESOS	-	1,487	-	2,201
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>397,726</u>	<u>682,821</u>	<u>397,726</u>	<u>670,450</u>
Diluted earnings per share (sen)	<u>1.99</u>	<u>2.09</u>	<u>10.49</u>	<u>3.81</u>

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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 11 November 2008.

BY ORDER OF THE BOARD

Koh Ai Hoon
Huzaifah Zainuddin
Joint Company Secretaries
Kuala Lumpur
11 November 2008