

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

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Quarterly report on consolidated financial statements for the second quarter ended 30 June 2008.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		6 months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Operating revenue	102,209	86,557	208,514	166,447
Interest income	76,718	69,460	155,208	135,907
Interest costs	(48,028)	(48,299)	(94,762)	(90,896)
Net interest income	28,690	21,161	60,446	45,011
Net income from Islamic banking operations	4,332	4,536	8,580	3,783
	33,022	25,697	69,026	48,794
Other operating income	5,599	7,330	16,373	13,599
Total income	38,621	33,027	85,399	62,393
Cost of completed properties sold	(118)	(341)	(4,721)	(341)
Other operating expenses	(19,189)	(16,793)	(39,580)	(31,964)
Operating profit before allowance	19,314	15,893	41,098	30,088
Provision for losses on loans and financing	(5,143)	(1,093)	(7,338)	(10,446)
Profit before taxation and zakat	14,171	14,800	33,760	19,642
Taxation	19	15	37	33
Zakat	-	-	-	-
Profit after taxation and zakat	14,190	14,815	33,797	19,675
Earnings per share (sen)				
Basic	4.04	4.38	9.62	5.82
Diluted	2.09	2.36	4.96	3.10

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30 June 2008 (RM'000)	As at 31 December 2007 (RM'000)
ASSETS		
Cash and short term funds	544,817	162,502
Trade receivables	2,312	3,199
Other receivables	123,419	133,097
Inventories	167,327	172,728
Loans, advances and financing	6,394,523	6,041,438
Other investments	43,291	43,634
Investment properties	2,264	2,418
Property, plant and equipment	116,016	117,947
Prepaid land lease payments	10,199	10,281
Intangible assets	961	965
Deferred tax assets	33,000	33,000
TOTAL ASSETS	7,438,129	6,721,209
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank borrowings	451,187	591,013
Deposits from customers	6,264,025	5,387,778
Other borrowings	125,019	150,019
Trade payables	4,335	4,170
Other payables	46,556	53,358
Provision for taxation	18,633	18,633
Recourse obligation on loans sold to Cagamas Berhad	-	14,511
Deferred tax liabilities	18,705	18,742
Redeemable convertible preference shares	-	3,840
TOTAL LIABILITIES	6,928,460	6,242,064
Share capital:		
Ordinary Shares	367,633	361,102
Redeemable Convertible Preference Shares	165,000	165,000
Reserves	(22,964)	(46,957)
Shareholders' equity	509,669	479,145
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,438,129	6,721,209

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL PERIOD ENDED 30 JUNE 2008

	← Share Capital →			← Non Distributable		→ Capital Redemption Reserve - Redeemable		
	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>	Share Option Reserve <i>RM'000</i>	Cumulative Preference Shares <i>RM'000</i>	Accumulated Losses <i>RM'000</i>	Total <i>RM'000</i>
At 01.01.2007	337,946	165,000	660,922	17,838	214	12,486	(784,329)	410,077
Net profit for the year	-	-	-	-	-	-	19,675	19,675
Issue of ordinary shares pursuant to ESOS	299	-	-	-	-	-	-	299
At 30.06.2007	338,245	165,000	660,922	17,838	214	12,486	(764,654)	430,051
At 01.01.2008	361,102	165,000	661,053	17,838	83	12,486	(738,417)	479,145
Net profit for the year	-	-	-	-	-	-	33,797	33,797
Dividend	-	-	-	-	-	-	(10,797)	(10,797)
Issue of ordinary shares pursuant to ESOS	6,531	-	343	-	650	-	-	7,524
At 30.06.2008	367,633	165,000	661,396	17,838	733	12,486	(715,417)	509,669

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30 June 2008 RM'000	30 June 2007 RM'000
Cash flows from operating activities		
Profit before taxation	33,760	19,642
Adjustments for :		
Depreciation		
- Investment properties	44	3,378
- Property, plant and equipment	3,369	-
Amortisation		
- Prepaid land lease payments	83	-
- Intangible assets	283	260
Gain on disposal of foreclosed properties	(287)	(5,431)
Impairment loss on property, plant and equipment	32	-
Impairment loss/(Reversal) on investments in unquoted shares	333	(600)
Allowance for doubtful debts of other receivables	8,577	7,749
Allowance for losses on loans and financing, net of reversals	7,338	10,446
Interest/income-in-suspense, net of recoveries and write offs	222,074	208,065
Operating profit before working capital changes	275,606	243,509
Increase in loans, advances and financing	(582,497)	(706,479)
Decrease in inventories	5,401	300
Decrease in receivables	1,141	10,878
(Decrease)/Increase in bank borrowings	(139,826)	23,010
Increase in deposits from customers	876,247	650,715
(Decrease)/Increase in payables	(3,153)	14,221
Proceeds from disposal of foreclosed properties	1,134	-
Net cash generated from operating activities	434,053	236,154

(Contd.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	30 Jun 2008 RM'000	30 Jun 2007 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,362)	(571)
Proceeds from disposal of property, plant and equipment	-	5,626
Net cash (used in)/generated from investing activities	(1,362)	5,055
Cash flows from financing activities		
Repayment of other borrowings	(25,000)	(25,033)
Recourse obligation on loans sold to Cagamas Berhad	(14,511)	(246)
Dividend paid - Redeemable Convertible Preference Shares	(6,600)	(4,669)
Dividend paid - ordinary shares	(10,796)	-
Proceeds from issuance of ordinary shares	6,531	299
Net cash used in financing activities	(50,376)	(29,649)
Net increase in cash and cash equivalents	382,315	211,560
Cash and cash equivalents at beginning of financial year	162,502	309,579
Cash and cash equivalents at end of financial year	544,817	521,139
Cash and cash equivalents comprise :		
Cash and short term funds	544,817	521,139

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.