

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 2008.

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 2008.

The following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

	Effective for financial periods beginning on or after
<b>FRS, Amendments to FRS and Interpretations</b>	
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2008**

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 quarter.

**A6. Loans, Advances and Financing**

	<b>Group</b>	
	<b>31/03/2009</b>	<b>31/12/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross loans, advances and financing	10,384,291	10,353,332
Interest/income-in-suspense	(2,848,569)	(2,978,111)
Allowance for bad and doubtful debts and financing:		
- General	(70,764)	(69,460)
- Specific	(550,869)	(522,626)
Net loans, advances and financing	<u>6,914,089</u>	<u>6,783,135</u>

**A7. 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 quarter.

**A8. Dividends Paid**

No dividend has been paid in the current quarter.

**A9. 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.

	<b>Financing</b>	<b>Property</b>	<b>Letting of</b>	<b>Hotel</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>Development</b>	<b>Real Property</b>	<b>Operations</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM 000</b>	<b>RM 000</b>			
<b>3 months ended 31 Mar 09</b>							
External sales	95,818	2,000	76	2,575	-	3,702	104,171
Intersegment sales	2,625	-	1,258	-	-	(3,883)	-
Total revenue	<u>98,443</u>	<u>2,000</u>	<u>1,334</u>	<u>2,575</u>	<u>-</u>	<u>(181)</u>	<u>104,171</u>
Segment results	8,411	(3,964)	(2,588)	(1,103)	(20)	9,053	9,789
Unallocated income (net of cost)							-
Profit from operations							<u>9,789</u>
<b>3 months ended 31 Mar 08</b>							
External sales	94,670	5,704	91	1,973	-	3,867	106,305
Intersegment sales	2,708	-	1,260	-	-	(3,968)	-
Total revenue	<u>97,378</u>	<u>5,704</u>	<u>1,351</u>	<u>1,973</u>	<u>-</u>	<u>(101)</u>	<u>106,305</u>
Segment result	18,913	(5,317)	(2,545)	(1,133)	(20)	9,691	19,589
Unallocated income (net of cost)							-
Profit from operations							<u>19,589</u>

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**A10. Valuation of Property, Plant and Equipment**

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

**A11. Subsequent Events**

As at the date of this report, there were no material events occurring subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter.

**A12. Changes in the Composition of the Group**

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

**A13. Contingent Liabilities****(a) Contingencies**

	<b>As at 31/03/2009 RM'000</b>	<b>As at 31/12/2008 RM'000</b>
<b>Fully secured:</b>		
Financial guarantee to secure payments by a borrower	42,080	42,080
<b>Partly secured:</b>		
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. The Court has now fixed for Case Management on 12 October 2009.

The Trial dates have been rescheduled and will be held from 9 November 2009 to 12 November 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.

On 14 April 2009, the Court dismissed the application for Summary Judgement made by the Plaintiff. Subsequently, the Court fixed 23 June 2009 for Case Management.

- (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 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 RM18.011 million 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 1 July 2009 for further Case Management.

- (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

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Court's decision to dismiss the Application to strike out the suit was also disallowed.

On 8 May 2009, the Court dismissed the Company's application for the Court to hold a trial of a preliminary issue. The Court has yet to fix a date for Case Management.

- (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.

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. On 6 May 2009, the Court had allowed the Company's application to strike out the Plaintiff's claim with costs.

- (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 had on 23 April 2009 decided that the borrower's Defence and Counterclaim were deemed to be filed within time.

For the Penang Project, the Court had dismissed with costs the Company's application for Summary Judgement on 13 April 2009. Subsequently, the Court had fixed 15 June 2009 for Mention on the Company's application to strike off the Counterclaim made by the borrower.

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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**A14. Acquisition/Disposal of Property, Plant and Equipment**

There were no major acquisition and disposal of property, plant and equipment during the current quarter.

**A15. Significant Related Party Transactions**

	1st Quarter		Cumulative	
	Current Quarter 31/03/2009 RM'000	Preceding Quarter 31/12/2008 RM'000	Current Year To Date 31/03/2009 RM'000	Preceding Year To Date 31/03/2008 RM'000
Transactions with Employees Provident Fund Board, the ultimate holding body				
Interest on debenture loans	1,046	1,297	1,046	1,689
Rental paid	75	75	75	82
Agency fees received	1	2	1	(49)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**A16. Capital Commitments**

As at 31 March 2009, 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	<u>10,811</u>

**A17. Impairment Loss**

There was no significant impairment loss for the current quarter.

**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 RM9.789 million for the current quarter was higher than the preceding quarter of RM7.645 million. This was mainly due to higher income from Islamic banking operations and lower allowance for losses on loans, advances and financing. These were partly set off by lower net interest income and lower other operating income in the current quarter compared to the previous quarter.

**B2. Review of Performance**

The Group profit before taxation for the period ended 31 March 2009 of RM9.789 million was lower than the previous year corresponding period profit before tax of RM19.589 million. This was mainly due to higher allowance for losses on loans, advances and financing and lower net interest income. These were partly set off by higher net income from Islamic banking operations and lower other operating expenses.

**B3. Prospects for 2009**

In view of the global financial and economic crisis, the operating environment for the finance industry has become more challenging and competitive especially in terms of retail and corporate loans. The Group is focused on managing asset quality, mortgage and related retail business, fee-based income business as well as recoveries. The Group will continue to enhance its risk management capabilities in view of the current economic environment.

Barring unforeseen circumstances, the Group expects to remain profitable in 2009.

**B4. Variance from Profit Forecast and Profit Guarantee**

There was no profit forecast or profit guarantee issued for the financial year ending 31 December 2009.

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**B5. Taxation**

	1st Quarter		Cumulative	
	Current Quarter 31/03/2009 RM'000	Preceding Quarter 31/12/2008 RM'000	Current Year To Date 31/03/2009 RM'000	Preceding Year To Date 31/03/2008 RM'000
Income tax:				
Current income tax	23	102	23	-
Tax refund	(19)	-	(19)	-
Underprovision in prior years	-	909	-	-
	<u>4</u>	<u>1,011</u>	<u>4</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	3,982	15,700	3,982	(18)
Relating to changes in tax rates	-	647	-	-
Overprovision in prior years	-	(843)	-	-
	<u>3,982</u>	<u>15,504</u>	<u>3,982</u>	<u>(18)</u>
	<u><u>3,986</u></u>	<u><u>16,515</u></u>	<u><u>3,986</u></u>	<u><u>(18)</u></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 quarter amounted to RM0.065 million.

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

There were no other dealings in quoted securities for the current quarter.

**B8. Status of Corporate Proposals**

No corporate proposals were announced.

**B9. Borrowings and Debts**

Borrowings and debts securities of the Group as at 31 March 2009 are as follows:

	RM'000
Secured short term borrowings	50,015
Secured long term borrowings	<u>37,496</u>
Total	<u><u>87,511</u></u>

All borrowings and debts securities are denominated in Ringgit Malaysia.



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**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 dividends have been declared for the current quarter.

**B13. Earnings Per Share****(i) Basic**

Basic earnings 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 period.

	1st Quarter		Cumulative	
	Current Quarter 31/03/2009 RM'000	Preceding Quarter 31/12/2008 RM'000	Current Year to Date 31/03/2009 RM'000	Preceding Year to Date 31/03/2008 RM'000
Net profit attributable to shareholders	5,803	(8,235)	5,803	19,607
Weighted average number of ordinary shares in issue	700,172	485,374	700,172	345,081
Basic earnings per share (sen)	0.83	(1.70)	0.83	5.68

**(ii) Diluted**

For the purpose of calculating diluted earnings per share, the net profit for the previous year corresponding quarter and the weighted average number of ordinary shares in issue during that quarter have been adjusted for the dilutive effects of all potential shares i.e. RCPS and ESOS.

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	1st Quarter		Cumulative	
	Current Quarter 31/03/2009 RM'000	Preceding Quarter 31/12/2008 RM'000	Current Year to Date 31/03/2009 RM'000	Preceding Year to Date 31/03/2008 RM'000
Net profit attributable to shareholders	5,803	(8,235)	5,803	19,607
After tax effect of finance cost on RCPS	-	-	-	618
After tax effect of finance cost on ESOS	-	-	-	62
Adjusted net profit attributable to shareholders	<u>5,803</u>	<u>(8,235)</u>	<u>5,803</u>	<u>20,287</u>
Weighted average of number of shares in issue ('000)	700,172	485,374	700,172	345,081
Effect of dilution:				
RCPS	-	-	-	330,000
ESOS	-	-	-	1,487
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>700,172</u>	<u>485,374</u>	<u>700,172</u>	<u>676,568</u>
Diluted earnings per share (sen)	<u>0.83</u>	<u>(1.70)</u>	<u>0.83</u>	<u>3.00</u>

#### **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 14 May 2009.

BY ORDER OF THE BOARD

Koh Ai Hoon  
Huzaifah Zainuddin  
Joint Company Secretaries  
Kuala Lumpur  
14 May 2009