

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.

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.

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 277,700 new ordinary shares of RM1.00 each at RM1.00 per new share pursuant to the Company's Employee Share Option Scheme ("ESOS"), 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	RM
At 1 January 2008	361,102,727	361,102,727
Issued at RM1.00 per share pursuant to ESOS	277,700	277,700
At 31 March 2008	361,380,427	361,380,427

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A7. Dividend Paid

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 were paid on 28 February 2008.

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 31 Mar 08							
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 results	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>
3 months ended 31 Mar 07							
External sales	75,066	-	97	1,287	-	3,440	79,890
Intersegment sales	2,621	-	1,303	-	-	(3,924)	-
Total revenue	<u>77,687</u>	<u>-</u>	<u>1,400</u>	<u>1,287</u>	<u>-</u>	<u>(484)</u>	<u>79,890</u>
Segment result	5,374	(6,033)	5,330	(1,159)	(57)	1,387	4,842
Unallocated income (net of cost)							-
Profit from operations							<u>4,842</u>

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.

A12. Contingent Liabilities

- (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 matter is now fixed for Trial on 14 July 2008 to 17 July 2008.

- (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 with a legal suit against the Company for an alleged breach of the terms relating to the Charge. On 9 May 2007, the Plaintiff's claim was dismissed and MBSB's counter claim was allowed with cost.

The Plaintiff has appealed against the said decision to Court of Appeal and subsequently the Court vacated the appeal on 2 April 2008, as the Plaintiff has not filed any record of appeal.

- (iii) In a civil suit brought against the Company, a borrower is claiming damages amounting to RM134.4 million for the alleged breach of the Loan Agreement.

The case was struck out by the Court on 27 June 2007. The Plaintiff, which has been wound up, has yet to take further legal action. In any event, sanction has to be obtained from the Official Receiver to reinstate the matter in Court.

- (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 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.

The Hearing of the Case Management has been fixed by the High Court on 10 July 2008.

In a related action, the Company's subsidiary had filed an Application to Strike Out the creditor's suit. This 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 decision. The Case Management has been fixed on 9 July 2008.

The Company's subsidiary has also filed in an Order 14A application and the Hearing was fixed on 10 July 2008.

- (v) 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 RM18.011million 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 Company filed the Statement of Defence on 5 September 2005. The Court has fixed for Mention on 15 July 2008.

- (vi) 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 Company has filed the Statement of Defence on 31 July 2006. The borrower has yet to file any reply or take any further legal proceedings. On 24 January 2007, the Company filed an Application to Strike Out the former borrower's Writ of Summon. This was dismissed by the Court on 22 April 2008. An appeal against the decision was filed. The Court has fixed 2 July 2008 for decision and clarification for the parties to complete the exchange of written submissions.

- (vii) 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 Company filed the Statement of Defence on 17 August 2007. The Company's solicitors had on 27 August 2007 wrote to the Plaintiff's solicitors requesting for further and better particulars. The Court has fixed 3 September 2008 for Case Management pending the Plaintiff furnishing further and better particulars.

- (viii) 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 3 June 2008 for further Mention pending the completion of the exchange of affidavits in respect of the Counterclaim.

For the Penang Project, the Court has fixed 6 June 2008 for mention.

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

3 months ended 31/03/2008 RM'000	
Acquisition	
Renovation Buildings	385
Furniture & Equipment	32
	<u>417</u>
Disposal	
Furniture & Equipment	2
	<u>2</u>

A14. Significant Related Party Transactions

	1st Quarter		Cumulative	
	Current Quarter 31/03/2008 RM'000	Preceding Quarter 31/12/2007 RM'000	Current Year To Date 31/03/2008 RM'000	Preceding Year To Date 31/03/2007 RM'000
Transactions with Employees				
Provident Fund Board, the ultimate holding body				
Interest on debenture loans	1,689	1,952	1,689	2,322
Rental paid	82	96	82	76
Agency fees received	(49)	(2)	(49)	(4)
	<u>(49)</u>	<u>(2)</u>	<u>(49)</u>	<u>(4)</u>

A15. Capital Commitments

As at 31 March 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	<u>3,594</u>

A16. Impairment Loss

There was no significant impairment loss for the period ended 31 March 2008.

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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 before taxation of RM19.589 million for the current quarter was higher than the preceding quarter of RM18.247 million. This was mainly due to lower allowance for losses on loans and financing, higher net interest income and higher other operating income in current quarter. This was partly set off by higher other operating expenses and lower net income from Islamic banking.

B2. Review of Performance

The Group's profit before taxation for the period ended 31 March 2008 of RM19.589 million was higher than the previous year's corresponding period of RM4.842 million. This was mainly due to higher net interest income, lower allowance for losses on loans and financing, higher net income from Islamic banking operations and higher other operating income. This was partly set off by higher other operating expenses.

B3. Prospect

Barring unforeseen circumstances, the Group is expected to remain profitable for the next quarter of the financial year ending 31 December 2008. The Group will continue to focus on its core mortgage and related retail businesses whilst 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 2008.

B5. Taxation

	1st Quarter		Cumulative	
	Current Quarter 31/03/2008 RM'000	Preceeding Quarter 31/12/2007 RM'000	Current Year To Date 31/03/2008 RM'000	Preceeding Year To Date 31/03/2007 RM'000
Income tax	-	-	-	-
Deferred taxation:				
Assets recognised during the year	(18)	(3,019)	(18)	(18)
Relating to changes in tax rates	-	(2,555)	-	-
Overprovision in prior years	-	(4,445)	-	-
	<u>(18)</u>	<u>(10,019)</u>	<u>(18)</u>	<u>(18)</u>
	<u>(18)</u>	<u>(10,019)</u>	<u>(18)</u>	<u>(18)</u>

Deferred tax assets in the preceding quarter was recognised after taking into consideration the continuing improvement in the Company's performance, in relation to unused tax losses to the extent of the taxable profits expected to be realised in the foreseeable future.

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

There was no sale of unquoted investment. The gain on disposal of properties for the current financial period amounted to RM0.287 million.

B7. Purchase and Sale of Quoted Securities

There were no dealings in quoted securities for the current financial period. Investments in quoted securities as at 31 March 2008 are as follows:

	At cost and nominal value 31.03.2008 RM'000	At carrying amount 31.03.2008 RM'000	At market value 31.03.2008 RM'000
Quoted shares	1,294	441	441
Quoted warrants	106	10	10
	<u>1,400</u>	<u>451</u>	<u>451</u>

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 2008 are as follows:

	RM'000
Short term borrowings	
Secured	50,005
Unsecured	<u>548,864</u>
	<u>598,869</u>
Long term borrowings	
Secured	87,514
Unsecured	<u>-</u>
	<u>87,514</u>
Total	<u>686,383</u>

All borrowings and debts securities are denominated in Ringgit Malaysia.

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B10. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments

B11. Material Litigation

The details of the pending material litigation are as per note A12 above.

B12. Dividends Declared

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) will be proposed for shareholders' approval. The dividends will be paid on 27 June 2008 to the shareholders whose name appear in the record of depositors on 5 June 2008.

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.

	1st Quarter		Cumulative	
	Current Quarter 31/03/2008 RM'000	Preceding Quarter 31/12/2007 RM'000	Current Year to Date 31/03/2008 RM'000	Preceding Year to Date 31/03/2007 RM'000
Net profit attributable to shareholders	19,607	28,266	19,607	4,860
Weighted average number of ordinary shares in issue	345,081	344,803	345,081	337,974
Basic earnings per share (sen)	5.68	8.20	5.68	1.44

(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").

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	1st Quarter		Cumulative	
	Current Quarter 31/03/2008 RM'000	Preceding Quarter 31/12/2007 RM'000	Current Year to Date 31/03/2008 RM'000	Preceding Year to Date 31/03/2007 RM'000
Net profit attributable to shareholders	19,607	28,266	19,607	4,860
After tax effect of finance cost on RCPS	618	618	618	132
After tax effect of finance cost on ESOS	62	62	62	21
Adjusted net profit attributable to shareholders	<u>20,287</u>	<u>28,946</u>	<u>20,287</u>	<u>5,013</u>
Weighted average of number of shares in issue ('000)	345,081	344,803	345,081	337,859
Effect of dilution:				
RCPS	330,000	330,000	330,000	330,000
ESOS	1,487	1,487	1,487	2,097
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>676,568</u>	<u>676,290</u>	<u>676,568</u>	<u>669,956</u>
Diluted earnings per share (sen)	<u>3.00</u>	<u>4.28</u>	<u>3.00</u>	<u>0.75</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 23 May 2008.

BY ORDER OF THE BOARD

Koh Ai Hoon
Huzafah Zainuddin
Joint Company Secretaries
Kuala Lumpur
23 May 2008