

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
(Company No. 271809-K)  
**AND ITS SUBSIDIARY COMPANIES**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**- 30 JUNE 2009**

Domiciled in Malaysia  
Registered Office:  
Level 11, Menara UOB  
Jalan Raja Laut,  
50350 Kuala Lumpur

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2009**

	Notes	Group		Bank	
		30-Jun-09 RM'000	31-Dec-08 RM'000	30-Jun-09 RM'000	31-Dec-08 RM'000
<b>ASSETS</b>					
Cash and short-term funds		6,439,212	7,846,411	6,439,212	7,846,411
Securities purchased under resale agreements		1,448,096	98,921	1,448,096	98,921
Deposits and placements with financial institutions		1,156,936	748,301	1,156,936	748,301
Held-For-Trading Securities	11	352,958	1,074	352,958	1,074
Available-For-Sale Securities	11	4,171,115	3,616,172	4,171,115	3,616,172
Loans and advances	12	26,783,336	27,586,016	26,783,336	27,586,016
Other assets	13	262,618	286,048	263,188	286,616
Statutory deposits With Bank Negara Malaysia		237,250	733,500	237,250	733,500
Investment in subsidiaries		-	-	51	51
Investment in associates		166,465	164,632	122,733	122,733
Investment Property		8,730	8,820	8,730	8,820
Property, plant and equipment		234,370	238,036	234,011	237,668
Prepaid land lease payments		41,259	41,590	41,259	41,590
Deferred tax assets		55,946	55,946	55,964	55,964
<b>Total assets</b>		<b>41,358,291</b>	<b>41,425,467</b>	<b>41,314,839</b>	<b>41,383,837</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	14	28,521,633	30,011,882	28,521,633	30,011,882
Deposits and placements of banks and other financial institutions	15	6,703,408	4,287,077	6,703,823	4,287,491
Bills and acceptances payable		2,070,041	3,268,531	2,070,041	3,268,531
Amount due to Cagamas		130,110	137,112	130,110	137,112
Other liabilities	16	616,235	698,624	616,235	698,617
Taxation		89,032	37,175	89,038	37,178
<b>Total liabilities</b>		<b>38,130,459</b>	<b>38,440,401</b>	<b>38,130,880</b>	<b>38,440,811</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		2,757,832	2,515,066	2,713,959	2,473,026
<b>SHAREHOLDERS' EQUITY</b>		<b>3,227,832</b>	<b>2,985,066</b>	<b>3,183,959</b>	<b>2,943,026</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>41,358,291</b>	<b>41,425,467</b>	<b>41,314,839</b>	<b>41,383,837</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>47,927,673</b>	<b>45,534,687</b>	<b>47,927,673</b>	<b>45,534,687</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST HALF ENDED 30 JUNE 2009**

	Notes	Group		Bank	
		30-Jun-09 RM'000	30-Jun-08 RM'000	30-Jun-09 RM'000	30-Jun-08 RM'000
Operating revenue		<u>1,071,834</u>	<u>1,117,774</u>	<u>1,071,834</u>	<u>1,117,774</u>
Interest income	17	<b>852,674</b>	963,749	<b>852,674</b>	963,749
Interest expenses	18	<b>(382,733)</b>	(492,239)	<b>(382,733)</b>	(492,239)
Net interest income		<u>469,941</u>	<u>471,510</u>	<u>469,941</u>	<u>471,510</u>
Other operating income	19	<b>224,963</b>	160,126	<b>224,963</b>	160,126
Operating income		<u>694,904</u>	<u>631,636</u>	<u>694,904</u>	<u>631,636</u>
Other operating expenses	20	<b>(234,369)</b>	(240,387)	<b>(234,369)</b>	(240,387)
Profit before allowance		<u>460,535</u>	<u>391,249</u>	<u>460,535</u>	<u>391,249</u>
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	21	<b>(79,849)</b>	(106,591)	<b>(79,849)</b>	(106,591)
		<u>(3,945)</u>	<u>5</u>	<u>(3,945)</u>	<u>5</u>
Profit before taxation		<u>376,741</u>	<u>284,663</u>	<u>376,741</u>	<u>284,663</u>
Share of profit of associates (net of tax)		<u>1,834</u>	<u>2,744</u>	<u>-</u>	<u>-</u>
Profit Before taxation		<b>378,575</b>	287,407	<b>376,741</b>	284,663
Taxation					
- Bank and subsidiary companies		<b>(94,065)</b>	(69,435)	<b>(94,065)</b>	(69,422)
Profit after taxation		<u><b>284,510</b></u>	<u>217,972</u>	<u><b>282,676</b></u>	<u>215,241</u>
Basic earnings per share (sen)		<u><b>60.5</b></u>	<u>46.4</u>		

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF ENDED 30 JUNE 2009**

<b>GROUP</b>	← Non-distributable →					Distributable	
	Share Capital	Share Premium	Statutory Reserves	Revaluation Reserves	Revaluation Reserves-AFS	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2009</u>							
Balance as at 1 January 2009	470,000	322,555	470,000	60,804	21,745	1,639,962	2,985,066
Net profit for the year	-	-	-	-	-	284,509	284,509
Net unrealised loss on AFS securities	-	-	-	-	(13,896)	-	(13,896)
Dividends paid :							
- final dividend for year ended 31 December 2008	-	-	-	-	-	(27,847)	(27,847)
Balance as at 30 June 2009	470,000	322,555	470,000	60,804	7,849	1,896,624	3,227,832

2008

Balance as at 1 January 2008	470,000	322,555	470,000	59,831	(3,247)	1,425,031	2,744,170
Net profit for the year	-	-	-	-	-	217,972	217,972
Net unrealised loss on AFS securities	-	-	-	-	(23,845)	-	(23,845)
Dividends paid :							
- final dividend for year ended 31 December 2007	-	-	-	-	-	(173,900)	(173,900)
Balance as at 30 June 2008	470,000	322,555	470,000	59,831	(27,092)	1,469,103	2,764,397

**BANK**2009

	← Non-distributable →					Distributable	
	Share Capital	Share Premium	Statutory Reserves	Revaluation Reserves	Revaluation Reserves-AFS	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2009	470,000	322,555	470,000	75,696	21,745	1,583,030	2,943,026
Net profit for the year	-	-	-	-	-	282,676	282,676
Net unrealised loss on AFS securities	-	-	-	-	(13,896)	-	(13,896)
Dividends paid :							
- final dividend for year ended 31 Dec 2008	-	-	-	-	-	(27,847)	(27,847)
Balance as at 30 June 2009	470,000	322,555	470,000	75,696	7,849	1,837,859	3,183,959

2008

Balance as at 1 January 2008	470,000	322,555	470,000	74,723	(3,247)	1,371,341	2,705,372
Net profit for the year	-	-	-	-	-	215,241	215,241
Net unrealised loss on AFS securities	-	-	-	-	(23,845)	-	(23,845)
Dividends paid :							
- final dividend for year ended 31 Dec 2007	-	-	-	-	-	(173,900)	(173,900)
Balance as at 30 June 2008	470,000	322,555	470,000	74,723	(27,092)	1,412,682	2,722,868

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED CASH FLOW STATEMENTS FOR THE FIRST HALF ENDED 30 JUNE 2009**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-09</b> <b>RM'000</b>	30-Jun-08 RM'000	<b>30-Jun-09</b> <b>RM'000</b>	30-Jun-08 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	378,575	287,407	376,741	284,663
Adjustment for non-cash items	43,762	57,580	45,562	60,292
Operating profit before changes in working capital	422,337	344,987	422,303	344,955
Changes in working capital :				
Net changes in operating assets	(428,155)	(381,501)	(428,158)	(381,520)
Net changes in operating liabilities	(427,422)	6,416,845	(427,412)	6,416,896
Income tax paid	(42,198)	(61,368)	(42,198)	(61,368)
Net cash generated (used in)/from operating activities	(475,438)	6,318,963	(475,465)	6,318,963
Net cash generated from investing activities	(495,279)	307,780	(495,252)	307,780
Net cash generated (used in)/from financing activities	(27,847)	(173,900)	(27,847)	(173,900)
Net changes in cash and cash equivalents	(998,564)	6,452,843	(998,564)	6,452,843
Cash and cash equivalents at beginning of the period	8,594,712	1,867,593	8,594,712	1,867,593
Cash and cash equivalents at end of the period	7,596,148	8,320,436	7,596,148	8,320,436

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2009**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the financial half year ended 30 June 2009 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the revised GP8 guidelines issued by Bank Negara Malaysia.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2008.

**2. Changes in Accounting Policies**

The significant accounting policies adopted by the Group and the Bank are consistent with those adopted in the previous financial year, except for the early adoption of IC Interpretation 13: Customer Loyalty Programmes.

The following are the Financial Reporting Standards ("FRSs") and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

<b>FRS, Amendments to FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	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 Bank upon their initial application.

The Group and the Bank are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 & FRS 139.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2009**

**3. Audit Report**

The audit report on the audited annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

**4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial half year ended 30 June 2009.

**5. Comments about Seasonal or Cyclical Factors**

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuations.

**6. Changes in Estimates**

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial half year ended 30 June 2009.

**7. Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the financial half year ended 30 June 2009.

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

Property, plant and equipment are stated at cost / valuation less accumulated depreciation and accumulated impairment losses except for freehold land which is stated at cost and directors' valuation. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited financial statements for the financial half year ended 30 June 2009.

**9. Significant Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

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

There were no changes in the composition of the Group for the financial half year ended 30 June 2009.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**11. SECURITIES PORTFOLIO**

**(i) Held-for-Trading**

**Group and Bank**

**Jun-09**                      Dec-08  
**RM'000**                      RM'000

**At fair value:**

Bank Negara Malaysia bills	113,782	-
Malaysian Government securities	121,874	-
Bankers' acceptances and Islamic accepted bills	117,302	-
Private debt securities	-	1,074
<b>Total held-for-trading securities</b>	<b>352,958</b>	<b>1,074</b>

**(ii) Available-for-Sale**

**Group and Bank**

**Jun-09**                      Dec-08  
**RM'000**                      RM'000

**At fair value:**

**Money market instruments:**

Bank Negara Malaysia bills	-	639,161
Malaysian Government treasury bills	9,996	-
Malaysian Government securities	2,056,248	867,320
Negotiable instruments of deposits	880,000	920,399
Cagamas Notes/ Bonds	719,128	396,136
Private debt securities	475,457	760,012
	<b>4,140,829</b>	<b>3,583,028</b>

**Quoted securities :**

Shares of corporations in Malaysia	1,462	1,862
Corporate loan stocks	1,023	6,069
	<b>2,485</b>	<b>7,931</b>

**At cost:**

**Unquoted securities :**

Shares	27,525	24,937
Private debt securities	276	276
	<b>27,801</b>	<b>25,213</b>

**Total available-for-sale securities**

**4,171,115**                      **3,616,172**

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOAN AND ADVANCES**

(i) By type

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>2,505,410</b>	2,667,272
Term loans and revolving credits		
Housing loans	<b>10,627,692</b>	10,278,098
Syndicated term loan	<b>188,957</b>	196,766
Other term loans/financing	<b>8,652,582</b>	8,977,655
Credit cards receivable	<b>893,595</b>	946,782
Bills receivable	<b>83,365</b>	109,357
Trust receipts	<b>631,276</b>	824,098
Staff loans	<b>97,083</b>	100,733
Others	<b>3,964</b>	11,933
	<b>23,683,924</b>	24,112,694
Claims on customers under acceptance credits	<b>3,794,384</b>	4,349,495
Less: Unearned interest	<b>(22,551)</b>	(22,872)
<b>Gross loans, advances and financing</b>	<b>27,455,757</b>	28,439,317
Allowance for bad and doubtful debts and financing		
- Specific	<b>(245,752)</b>	(426,112)
- General	<b>(426,669)</b>	(427,189)
<b>Net loans, advances and financing</b>	<b>26,783,336</b>	27,586,016

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(ii) **By type of customer**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial Institutions		
- stockbroking companies	4	8
- Others	92,917	120,728
Domestic business enterprises		
- Small medium enterprises	6,584,706	6,736,092
- Others	6,190,921	7,383,104
Individuals	12,694,501	12,584,469
Other domestic entities	129	167
Foreign entities	1,892,579	1,614,749
	<u>27,455,757</u>	<u>28,439,317</u>

(iii) **By interest/profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Housing loans/financing	84,895	99,901
Other fixed rate loan/financing	1,351,491	1,009,148
Variable rate		
BLR plus	25,024,073	25,901,090
Cost-plus	674,767	862,631
Other variable rates	320,531	566,547
	<u>27,455,757</u>	<u>28,439,317</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(iv) Loans and advances analysed according to economic sector are as follows :

	Group and Bank	
	Jun-09 RM'000	Dec-08 RM'000
Agriculture, hunting, forestry and fishing	100,753	104,734
Mining and quarrying	23,086	23,227
Manufacturing	4,685,674	5,299,541
Electricity, gas and water	8,341	7,669
Construction	1,766,920	1,758,885
Wholesale & retail trade and restaurants & hotels	4,248,312	4,452,525
Transport, storage and communication	318,705	554,572
Finance, insurance and business services	759,076	1,056,513
Real estate	885,394	880,992
Community, social and personal services	75,940	88,603
Households	14,581,258	14,209,916
of which: - purchase of residential properties	11,160,342	10,762,690
- purchase of non residential properties	1,182,717	1,171,878
- others)	2,238,199	2,275,348
Others	2,298	2,140
	<u>27,455,757</u>	<u>28,439,317</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(v) **Movements in the non-performing loans, advances and financing ("NPL") are as follows:**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,197,845	1,037,482
Non-performing during the period/year	388,027	761,139
Recoveries	(198,401)	(199,143)
Reclassified as performing	(99,169)	(231,752)
Amount written off	(284,339)	(169,881)
Balance as at 30 June / 31 December	<u>1,003,963</u>	<u>1,197,845</u>
Specific allowance (SA)	<u>(245,752)</u>	<u>(426,112)</u>
Net non-performing loans, advances and financing	<u>758,211</u>	<u>771,733</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>2.8%</u>	<u>2.8%</u>

(vi) **Movements in allowance for losses on loans, advances and financing are as follows;**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>General allowance</u></b>		
Balance as at 1 January	427,189	384,739
Allowance made during the period/year	-	42,450
Amount written back	(520)	-
Balance as at 30 June / 31 December	<u>426,669</u>	<u>427,189</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.6%</u>	<u>1.5%</u>
<b><u>Specific allowance</u></b>		
Balance as at 1 January	426,112	341,847
Allowance made during the period/year	148,906	323,730
Amount written back in respect of recoveries	(45,155)	(68,885)
Amount written off	(284,111)	(170,580)
Balance as at 30 June / 31 December	<u>245,752</u>	<u>426,112</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(vii) Non-performing loans, advances and financing analysed by economic purpose are as follows:

	Group and Bank	
	Jun-09 RM'000	Dec-08 RM'000
Agriculture, hunting, forestry and fishing	3,075	3,608
Manufacturing	366,839	446,921
Construction	33,112	27,516
Wholesale & retail trade and restaurants & hotels	128,711	185,839
Transport, storage and communication	3,910	7,159
Finance, insurance and business services	2,403	73,136
Real estate	21,591	12,099
Community, social and personal services	1,678	10,172
Households	442,644	431,395
of which: - purchase of residential properties	351,688	303,085
- purchase of non residential properties	20,419	19,023
- others	70,537	109,287
	<u>1,003,963</u>	<u>1,197,845</u>

**13. OTHER ASSETS**

	Group		Bank	
	Jun-09 RM'000	Dec-08 RM'000	Jun-09 RM'000	Dec-08 RM'000
Other debtors, deposits and prepayments	146,539	159,266	146,487	159,214
Derivatives - assets	30,572	23,740	30,572	23,740
Accrued interest receivable	39,040	51,115	39,040	51,115
Amount due from subsidiaries	-	-	622	620
Precious Metal accounts	42,418	47,878	42,418	47,878
Foreclosed properties	4,049	4,049	4,049	4,049
	<u>262,618</u>	<u>286,048</u>	<u>263,188</u>	<u>286,616</u>

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**14. DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	<b>4,631,683</b>	3,949,979
Savings deposits	<b>2,077,792</b>	1,819,370
Fixed deposits	<b>16,623,368</b>	16,678,220
Negotiable instruments of deposits	<b>505,798</b>	508,364
Money Market Deposits	<b>4,223,632</b>	6,383,633
Others	<b>459,360</b>	672,316
	<b><u>28,521,633</u></b>	<u>30,011,882</u>

**(ii) By type of customer**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprise	<b>12,120,449</b>	13,244,422
Individuals	<b>15,205,361</b>	15,183,014
Others	<b>1,195,823</b>	1,584,446
	<b><u>28,521,633</u></b>	<u>30,011,882</u>

**15. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>				
Licensed banks	<b>1,059,351</b>	641,692	<b>1,059,766</b>	642,106
Bank Negara Malaysia	<b>985,576</b>	684,401	<b>985,576</b>	684,401
Other financial institutions	<b>4,658,481</b>	2,960,984	<b>4,658,481</b>	2,960,984
	<b><u>6,703,408</u></b>	<u>4,287,077</u>	<b><u>6,703,823</u></b>	<u>4,287,491</u>

**16. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>Jun-09</b>	<b>Dec-08</b>	<b>Jun-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for Commitments and Contingencies	<b>5,769</b>	1,825	<b>5,769</b>	1,825
Accrued interest payable	<b>164,788</b>	213,220	<b>164,788</b>	213,220
Accruals and provisions for operational expenses	<b>62,649</b>	78,312	<b>62,649</b>	78,305
Derivatives - liabilities	<b>134,136</b>	150,112	<b>134,136</b>	150,112
Other accruals and provisions	<b>248,893</b>	255,155	<b>248,893</b>	255,155
	<b><u>616,235</u></b>	<u>698,624</u>	<b><u>616,235</u></b>	<u>698,617</u>

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**17. INTEREST INCOME**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Jun-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and advances		
- Interest income other than recoveries from NPL	<b>660,492</b>	704,395
- Recoveries from NPLs	<b>42,182</b>	41,742
Money at call and deposit placements with financial institutions	<b>88,908</b>	141,693
Held-For-Trading Securities	<b>10,190</b>	9,582
Available-For-Sale Securities	<b>71,191</b>	78,059
Others	<b>924</b>	740
	<b>873,887</b>	976,211
Amortisation of premium less accretion of discount	<b>(12,250)</b>	(3,961)
Net interest suspended	<b>(8,963)</b>	(8,501)
	<b>852,674</b>	963,749

**18. INTEREST EXPENSES**

	<b>Group and Bank</b>	
	<b>Jun-09</b>	<b>Jun-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>37,347</b>	113,210
Deposits from other customers	<b>337,471</b>	370,601
Loans sold to Cagamas	<b>2,960</b>	5,245
Others	<b>4,955</b>	3,183
	<b>382,733</b>	492,239

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**19. OTHER OPERATING INCOME****Group and Bank**

	Jun-09	Jun-08
	RM'000	RM'000

**The Group and Bank****Fee income**

Commission	41,741	47,623
Guarantee Fees	11,835	14,058
Service charges and fees	53,939	59,061
Commitment fees	9,671	10,015
Arrangement and Participation fees	1,588	4,161
	<u>118,774</u>	<u>134,918</u>

**Investment income**

Gain/(Loss) from sale of HFT Securities	(5,246)	(1,234)
Gain/(Loss) from sale of AFS Securities	30,720	20,122
Unrealised gain/(loss) of HFT Securities	35,639	(44,720)
Gross dividends from :		
- Investment securities in Malaysia	65	942
	<u>61,178</u>	<u>(24,890)</u>

**Other income :-**

Foreign exchange gain/(loss)		
- realised	98,654	25,521
- unrealised	(61,677)	16,439
Rental receivable from operating leases, other than those relating to investment properties	127	115
Rental income from investment properties	300	300
Gain on disposal of property, plant and equipment	(50)	10
Other operating income	1,803	1,622
Other non operating income	5,854	6,091
	<u>45,011</u>	<u>50,098</u>
	<u>224,963</u>	<u>160,126</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**20. OTHER OPERATING EXPENSES**

	Group		Bank	
	Jun-09 RM'000	Jun-08 RM'000	Jun-09 RM'000	Jun-08 RM'000
Personnel costs	<b>129,058</b>	135,248	<b>128,675</b>	134,690
Establishment costs	<b>53,533</b>	49,411	<b>53,431</b>	49,300
Marketing expenses	<b>13,227</b>	17,694	<b>13,818</b>	18,486
Administration and general expenses	<b>38,551</b>	38,034	<b>38,445</b>	37,911
	<b>234,369</b>	240,387	<b>234,369</b>	240,387
<u>Personnel costs</u>				
Salaries, allowance and bonuses	<b>101,979</b>	108,508	<b>101,655</b>	108,035
Employees Provident Fund Contributions (EPF)	<b>15,955</b>	16,964	<b>15,912</b>	16,903
Other personnel costs	<b>11,124</b>	9,776	<b>11,108</b>	9,752
	<b>129,058</b>	135,248	<b>128,675</b>	134,690
<u>Establishment costs</u>				
Depreciation	<b>20,195</b>	19,395	<b>20,159</b>	19,363
Hire of equipment	<b>28</b>	37	<b>28</b>	37
Information technology costs	<b>6,571</b>	4,494	<b>6,571</b>	4,494
Repair and maintenance	<b>7,687</b>	8,476	<b>7,660</b>	8,443
Rental of premises	<b>4,226</b>	3,516	<b>4,201</b>	3,485
Others	<b>14,826</b>	13,493	<b>14,812</b>	13,478
	<b>53,533</b>	49,411	<b>53,431</b>	49,300
<u>Marketing expenses</u>				
Advertisement and publicity	<b>2,886</b>	9,663	<b>2,885</b>	9,647
Others	<b>10,341</b>	8,031	<b>10,933</b>	8,839
	<b>13,227</b>	17,694	<b>13,818</b>	18,486
<u>Administration and general expenses</u>				
Auditors' remuneration	<b>158</b>	-	<b>158</b>	-
Fees and commissions paid	<b>16,021</b>	17,015	<b>15,986</b>	16,974
Other Administration and general expenses	<b>22,372</b>	21,019	<b>22,301</b>	20,937
	<b>38,551</b>	38,034	<b>38,445</b>	37,911

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

**Group and Bank**  
**Jun-09**                      **Jun-08**  
**RM'000**                      **RM'000**

**Allowance for bad and doubtful debts on loans and financing**

(a) specific allowance (net)		
- Made in the financial period	<b>148,906</b>	161,641
- Written back	<b>(45,155)</b>	(34,408)
(b) general allowance		
- Made/(Written back) in the financial period	<b>(520)</b>	22,950
<b>Bad debts on loans and financing</b>		
- written off	<b>557</b>	1,259
- recovered	<b>(23,939)</b>	(44,851)
	<b>79,849</b>	106,591

**22. CAPITAL ADEQUACY**

<b>Bank</b>	<b>Jun-09</b>	<b>Dec-08</b>
<b><u>Tier I Capital</u></b>	<b>RM'000</b>	<b>RM'000</b>
Paid-up share capital	<b>470,000</b>	470,000
Share premium	<b>322,555</b>	322,555
Retained profits	<b>1,837,859</b>	1,583,030
Statutory reserves	<b>470,000</b>	470,000
Less: Deferred Tax adjustments	<b>(55,964)</b>	(55,964)
<b>Total Tier I Capital</b>	<b>3,044,450</b>	2,789,621
<b><u>Tier II capital</u></b>		
Property revaluation reserve	<b>36,971</b>	37,848
General allowance for losses on loans, advances and financing	<b>426,669</b>	427,189
<b>Total Tier II Capital</b>	<b>463,640</b>	465,037
<b>Total capital</b>	<b>3,508,090</b>	3,254,658
Less: Investment in subsidiaries	<b>(51)</b>	(51)
<b>Total capital base</b>	<b>3,508,039</b>	3,254,607

**(b) The capital adequacy ratios of the Group and Bank are as follows :**

Capital ratios

Core capital ratio (incl. mkt risk)	<b>12.21%</b>	10.24%
Risk-weighted capital ratio (incl. mkt risk)	<b>14.07%</b>	11.95%

**23. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Group and Bank	Jun-09			Dec-08		
	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	1,336,013	1,336,013	1,053,362	2,030,489	2,030,489	1,979,023
Transaction-related contingent items	1,119,241	559,621	341,970	1,175,132	587,566	421,497
Short-term self-liquidating trade-related contingencies	375,414	75,083	70,243	314,687	62,937	58,805
Irrevocable commitments to extend credit						
- maturity more than one year	1,565,797	-	-	2,044,316	1,022,158	838,627
- maturity less than one year	12,488,807	-	-	12,263,089	-	-
Foreign exchange related contracts +						
- less than one year	6,717,561	126,237	30,845	2,991,346	110,378	30,977
- one year to less than one year	689,212	62,197	12,440	1,231,206	87,163	17,433
Interest rates related contracts +						
- less than one year	3,688,000	18,224	3,645	2,817,510	21,955	4,391
- one year to less than one year	16,920,706	638,159	127,632	17,347,608	736,183	146,784
- 5 years and above	2,123,462	195,825	39,165	2,180,162	276,896	55,379
Others	903,460	-	-	1,139,142	-	-
<b>Total</b>	<b>47,927,673</b>	<b>3,011,359</b>	<b>1,679,302</b>	<b>45,534,687</b>	<b>4,935,725</b>	<b>3,552,916</b>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines

+ Foreign exchange and interest rate contracts for the Group and the Bank are subject to market risk and credit risk.

**24. INTEREST / PROFIT RATE RISK**

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rates.

Interest rate exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Bank's policies as approved by the Asset Liability Committee.

The following table shows the interest rate sensitivity gap, by time bands based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual dates due to prepayments.

**Group**

As at 30 June 2009

	Non-trading book						Trading book	Total	Effective Interest Rate %
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash & Short Term Funds	5,824,430	-	-	-	-	614,782	-	6,439,212	2.06%
Securities purchased under repo	799,937	648,159	-	-	-	-	-	1,448,096	1.64%
Deposits & Placements with CB & FI	-	1,114,088	42,848	-	-	-	-	1,156,936	2.30%
Held for Trading Securities	-	-	-	-	-	-	352,958	352,958	2.17%
Investment Securities	689,996	565,298	338,488	2,216,166	330,881	30,286	-	4,171,115	3.03%
Loans & Advances & Financing									
-performing	19,836,549	1,291,335	1,378,368	1,314,614	265,376	1,930,262	-	26,016,504	5.18%
-non-performing	-	-	-	-	-	766,832	-	766,832	-
Other assets	-	-	-	-	-	1,006,638	-	1,006,638	0%
	<b>27,150,912</b>	<b>3,618,880</b>	<b>1,759,704</b>	<b>3,530,780</b>	<b>596,257</b>	<b>4,348,800</b>	<b>352,958</b>	<b>41,358,291</b>	
<b>Liabilities</b>									
Deposits from Customers	15,096,373	3,327,279	6,393,915	325,368	-	3,378,698	-	28,521,633	2.30%
Deposits & Placements of CB & FI	6,218,107	107,639	20,481	-	-	357,181	-	6,703,408	1.22%
Bills & Acceptances Payable	3,920	4,323	1,107	-	-	2,060,691	-	2,070,041	3.25%
Amount due to Cagamas	948	1,907	21,815	105,440	-	-	-	130,110	4.52%
Other Liabilities	-	-	-	-	-	705,267	-	705,267	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,757,832	-	2,757,832	n/a
	<b>21,319,348</b>	<b>3,441,148</b>	<b>6,437,318</b>	<b>430,808</b>	<b>-</b>	<b>9,729,669</b>	<b>-</b>	<b>41,358,291</b>	
On B/S Interest Sensitivity Gap	5,831,564	177,732	(4,677,614)	3,099,972	596,257	(5,380,869)	352,958	-	-
Off B/S Interest Sensitivity Gap	(2,882,783)	2,714,525	747,196	(485,475)	(93,463)	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>2,948,781</b>	<b>2,892,257</b>	<b>(3,930,418)</b>	<b>2,614,497</b>	<b>502,794</b>	<b>(5,380,869)</b>	<b>352,958</b>	<b>-</b>	<b>-</b>

## 31. INTEREST / PROFIT RATE RISK (CONTINUED)

Group  
As at 31 December 2008

	←----- Non-trading book -----→						Trading book	Total	Effective Interest Rate %
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash & Short Term Funds	7,506,598	-	-	-	-	339,813	-	7,846,411	3.34%
Securities purchased under repo	98,921	-	-	-	-	-	-	98,921	2.95%
Deposits & Placements with CB & FI	-	704,157	44,144	-	-	-	-	748,301	5.39%
Held for Trading Securities	-	-	-	-	-	-	1,074	1,074	3.89%
Investment Securities	662,033	767,765	783,189	459,858	910,183	33,144	-	3,616,172	3.74%
Loans & Advances & Financing									
-performing	20,445,149	3,140,089	1,594,194	1,427,462	219,156	-	-	26,826,050	6.27%
-non-performing	-	-	-	-	-	759,966	-	759,966	
Other assets	-	-	-	-	-	1,528,572	-	1,528,572	
	<u>28,712,701</u>	<u>4,612,011</u>	<u>2,421,527</u>	<u>1,887,320</u>	<u>1,129,339</u>	<u>2,661,495</u>	<u>1,074</u>	<u>41,425,467</u>	
<b>Liabilities</b>									
Deposits from Customers	14,969,360	4,534,424	6,232,204	766,747	-	3,509,147	-	30,011,882	2.83%
Deposits & Placements of CB & FI	3,165,118	632,607	381,985	-	-	107,367	-	4,287,077	2.58%
Bills & Acceptances Payable	19,914	6,015	-	-	-	3,242,602	-	3,268,531	5.36%
Amount due to Cagamas	924	1,858	22,528	111,802	-	-	-	137,112	4.36%
Other Liabilities	-	-	-	-	-	735,799	-	735,799	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,515,066	-	2,515,066	n/a
	<u>18,155,316</u>	<u>5,174,904</u>	<u>6,636,717</u>	<u>878,549</u>	<u>-</u>	<u>10,579,981</u>	<u>-</u>	<u>41,425,467</u>	
On B/S Interest Sensitivity Gap	10,557,385	(562,893)	(4,215,190)	1,008,771	1,129,339	(7,918,486)	1,074	-	
Off B/S Interest Sensitivity Gap	(2,089,234)	3,092,595	(570,120)	(423,078)	(10,163)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<u>8,468,151</u>	<u>2,529,702</u>	<u>(4,785,310)</u>	<u>585,693</u>	<u>1,119,176</u>	<u>(7,918,486)</u>	<u>1,074</u>	<u>-</u>	

## 31. INTEREST / PROFIT RATE RISK (CONTINUED)

## Bank

As at 30 June 2009

	----- Non-trading book ----->						Trading book	Total	Effective Interest Rate %
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash & Short Term Funds	5,824,430	-	-	-	-	614,782	-	6,439,212	2.06%
Securities purchased under repo	799,937	648,159	-	-	-	-	-	1,448,096	1.64%
Deposits & Placements with CB & FI	-	1,114,088	42,848	-	-	-	-	1,156,936	2.30%
Held for Trading Securities	-	-	-	-	-	-	352,958	352,958	2.17%
Investment Securities	689,996	565,298	338,488	2,216,166	330,881	30,286	-	4,171,115	3.03%
Loans & Advances & Financing									
-performing	19,836,549	1,291,335	1,378,368	1,314,614	265,376	1,930,262	-	26,016,504	5.18%
-non-performing	-	-	-	-	-	766,832	-	766,832	
Other assets	-	-	-	-	-	963,186	-	963,186	0%
	<u>27,150,912</u>	<u>3,618,880</u>	<u>1,759,704</u>	<u>3,530,780</u>	<u>596,257</u>	<u>4,305,348</u>	<u>352,958</u>	<u>41,314,839</u>	
<b>Liabilities</b>									
Deposits from Customers	15,096,373	3,327,279	6,393,915	325,368	-	3,378,698	-	28,521,633	2.30%
Deposits & Placements of CB & FI	6,218,522	107,639	20,481	-	-	357,181	-	6,703,823	1.22%
Securities Sold Under Repo	-	-	-	-	-	-	-	-	
Bills & Acceptances Payable	3,920	4,323	1,107	-	-	2,060,691	-	2,070,041	3.25%
Amount due to Cagamas	948	1,907	21,815	105,440	-	-	-	130,110	4.52%
Other Liabilities	-	-	-	-	-	705,273	-	705,273	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,713,959	-	2,713,959	n/a
	<u>21,319,763</u>	<u>3,441,148</u>	<u>6,437,318</u>	<u>430,808</u>	<u>-</u>	<u>9,685,802</u>	<u>-</u>	<u>41,314,839</u>	
On B/S Interest Sensitivity Gap	5,831,149	177,732	(4,677,614)	3,099,972	596,257	(5,380,454)	352,958	-	
Off B/S Interest Sensitivity Gap	(2,882,783)	2,714,525	747,196	(485,475)	(93,463)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<u>2,948,366</u>	<u>2,892,257</u>	<u>(3,930,418)</u>	<u>2,614,497</u>	<u>502,794</u>	<u>(5,380,454)</u>	<u>352,958</u>	<u>-</u>	

## 31. INTEREST / PROFIT RATE RISK (CONTINUED)

## Bank

As at 31 December 2008

	----- Non-trading book -----						Trading book	Total	Effective Interest Rate %
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash & Short Term Funds	7,506,598	-	-	-	-	339,813	-	7,846,411	3.34%
Securities purchased under repo	98,921	-	-	-	-	-	-	98,921	2.95%
Deposits & Placements with CB & FI	-	704,157	44,144	-	-	-	-	748,301	5.39%
Held for Trading Securities	-	-	-	-	-	-	1,074	1,074	3.89%
Investment Securities	662,033	767,765	783,189	459,858	910,183	33,144	-	3,616,172	3.74%
Loans & Advances & Financing									
-performing	20,445,149	3,140,089	1,594,194	1,427,462	219,156	-	-	26,826,050	6.27%
-non-performing	-	-	-	-	-	759,966	-	759,966	
Other assets	-	-	-	-	-	1,486,942	-	1,486,942	0%
	<u>28,712,701</u>	<u>4,612,011</u>	<u>2,421,527</u>	<u>1,887,320</u>	<u>1,129,339</u>	<u>2,619,865</u>	<u>1,074</u>	<u>41,383,837</u>	
<b>Liabilities</b>									
Deposits from Customers	14,969,360	4,534,424	6,232,204	766,747	-	3,509,147	-	30,011,882	2.83%
Deposits & Placements of CB & FI	3,165,532	632,607	381,985	-	-	107,367	-	4,287,491	2.58%
Securities Sold Under Repo	-	-	-	-	-	-	-	-	
Bills & Acceptances Payable	19,914	6,015	-	-	-	3,242,602	-	3,268,531	5.36%
Amount due to Cagamas	924	1,858	22,528	111,802	-	-	-	137,112	4.36%
Other Liabilities	-	-	-	-	-	735,795	-	735,795	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,473,026	-	2,473,026	n/a
	<u>18,155,730</u>	<u>5,174,904</u>	<u>6,636,717</u>	<u>878,549</u>	<u>-</u>	<u>10,537,937</u>	<u>-</u>	<u>41,383,837</u>	
On B/S Interest Sensitivity Gap	10,556,971	(562,893)	(4,215,190)	1,008,771	1,129,339	(7,918,072)	1,074	-	
Off B/S Interest Sensitivity Gap	(2,089,234)	3,092,595	(570,120)	(423,078)	(10,163)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<u>8,467,737</u>	<u>2,529,702</u>	<u>(4,785,310)</u>	<u>585,693</u>	<u>1,119,176</u>	<u>(7,918,072)</u>	<u>1,074</u>	<u>-</u>	

**25. Credit exposures arising from credit transactions with connected parties**

	<b>Jun-09</b>	<b>Dec-08</b>
Outstanding credit exposures with connected parties (RM'000)	<u>41,140</u>	<u>29,360</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.220%</u>	<u>0.160%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0.001%</u>	<u>0.001%</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective from 1 January 2008.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**26. PERFORMANCE REVIEW**

For the half year ended 30 June 2009, the Group showed good growth in the pre-tax profit achieving RM378.6million, an increase of RM91.2million or 31.7% as compared to the corresponding period last year. The growth was mainly contributed by higher other operating income, lower expenses and lower allowance for losses on loans and financing.

Other operating income increased substantially by RM64.8million or 40.5% to RM225.0million helped mainly by higher trading gains.

Due to various cost management initiative, total expenses decreased by RM6.0million or 2.5% to RM234.4million. Overhead to total income ratio also improved to 33.7% as compared to 38.1% in the corresponding period last year.

With the Group sound credit risk management controls and measures, allowances for losses on loans and financing also decreased by RM26.7million or 25.1% to RM79.8million and the Net NPL ratio maintained at 2.8%. There was a small write back of General Provision due to reduction in customer loans in the first half of 2009 compared to General Provision of RM42.5million made in 2008.

**27. PROSPECTS FOR 2009**

The Malaysia GDP is projected by BNM to contract by between -4% and -5% in year 2009. Inflation is expected to average 1.5% to 2% in 2009, easing from year 2008's peak levels due to the sharp reversal in global commodity prices and slowing global inflation. With the expected improvement in global economic conditions and the impact of various stimulus packages implemented by the Government, the Group expects the domestic economic condition to improve by the last quarter of 2009.

The Group will stay focused on the fundamentals and continue to adopt a prudent and disciplined approach in managing its businesses and balance sheet.

For the full year, the Group expects to perform better in 2009 compared to 2008.