



ERNST & YOUNG

**BANK OF TOKYO-MITSUBISHI UFJ
(MALAYSIA) BERHAD
(302316-U)
(Incorporated in Malaysia)
Directors' Report and Audited Financial Statements
31 December 2008**

Ernst & Young
AF: 0039

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
Directors' Report	1 - 21
Statement by Directors	22
Statutory Declaration	22
Independent Auditors' Report	23 - 24
Balance Sheet	25
Income Statement	26
Statement of Changes in Equity	27
Cash Flow Statement	28 - 29
Notes to the Financial Statements	30 - 80

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Bank for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the year are banking and related financial services. There has been no significant change in the nature of the principal activities during the financial year.

RESULTS

	RM'000
Profit before taxation	183,340
Taxation	<u>(41,527)</u>
Net profit for the year	<u>141,813</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

In the opinion of the directors, the results of the operations of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends has been paid by the Bank since 31 December 2007.

The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Bank in office since the date of the last report and at the date of this report are:

Mr. Tetsuya Wada (appointed on 1 July 2008)
 Mr. Tatsuo Tanaka (resigned on 1 July 2008)
 Mr. Hajime Washizu
 Mr. Kiyoshi Waki (appointed on 20 November 2008)
 Mr. Fumikazu Ono (resigned on 20 November 2008)
 Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh
 Mr. Lee Dang Fook
 Mr. Yutaka Kuroda (appointed on 14 November 2008 as alternate director to Mr. Tetsuya Wada)
 Mr. Naoki Yamamoto (alternate director to Mr. Tatsuo Tanaka, ceased as alternate director on 1 July 2008) (appointed on 4 August 2008 as alternate director to Mr. Tetsuya Wada, resigned on 14 November 2008)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 24 to the financial statements or the fixed salary of a full-time employee of the Bank) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings maintained by the Bank in accordance with Section 134 of the Companies Act, 1965, particulars of the interests of the directors who held office at the end of the financial year in the shares of its related corporations are as follows:

	Number of Ordinary Shares of JPY50 each			
	At 1.1.2008/Date of Appointment	Bought	Sold	At 31.12.2008
Ultimate Holding Company				
Mitsubishi UFJ Financial Group, Inc				
Mr. Tetsuya Wada	5,100.000	400.000	-	5,500.000
Mr. Hajime Washizu	4,397.511	259.612	-	4,657.123
Mr. Kiyoshi Waki	5,394.200	40.599	-	5,434.799

DIRECTORS' INTERESTS (CONTD.)

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

HOLDING COMPANIES

The holding and ultimate holding companies of the Bank are The Bank of Tokyo-Mitsubishi UFJ, Ltd and Mitsubishi UFJ Financial Group, Inc. respectively, both are incorporated in Japan.

BUSINESS RESULTS AND STRATEGY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Malaysian economy is expected to slowdown to 5.0 per cent in 2008 from 6.3 per cent in 2007. Despite the many challenges and moderation in external demands, for the financial year ended 31 December 2008, Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad registered a higher pre-tax profit of RM183.3 million. Net profit after taxation was RM141.8 million. This commendable achievement comes from the continuous effort to increase our market share and our pro-active participation in the financing activities related to the large merger and acquisition deals and partly attributed to the Bank's strategic plan and focus on profitable segments.

In our continuous endeavour to provide the highest quality of service and to serve customers better, the Bank continued to emphasize on fast, efficient and accurate service while focusing on relationship management. To improve our scope and capabilities to provide a broader spectrum of products, the Bank has effectively utilized the alliance with CIMB Bank Berhad, a large local banking partner to create synergistic strategies. As a result, we believe the Bank's new strategic marketing and customer relationship management teams are able to facilitate our customers needs better and increase our market share. During the year, the Bank's continuous efforts in disseminating timely information through economic and foreign exchange seminars had encouraged more customers to fully utilize our services and products.

ECONOMIC OUTLOOK AND PROSPECT FOR FINANCIAL YEAR ENDING 31 DECEMBER 2009

While the slowdown in the global economy has led to a downward revision in Malaysia's growth outlook for 2009, the Malaysian economy is expected to register modest growth on the back of proactive Government fiscal stimulus activities and easing monetary conditions, leading to increased domestic demand. The Malaysian economy continues to maintain relatively strong fundamentals such as high national savings, a high current account surplus, healthy external reserves, low external debt and a sound banking system to help the economy weather the worst of the slowdown. Inflationary pressures is expected to ease further in the first half of 2009 due to the sharp drop in global oil prices which is translating into lower domestic fuel prices.

ECONOMIC OUTLOOK AND PROSPECT FOR FINANCIAL YEAR ENDING 31 DECEMBER 2009 (CONTD.)

The Government's expansionary fiscal stance for 2009 and accommodative monetary policy should support economic growth. The Government's fiscal deficit for 2009 is projected to be below 5.0%, a slightly higher level to that of 2008 due to increased public expenditure on domestic infrastructure, which is expected to have a large multiplier and distributional impact on the domestic economy. The RM7 billion fiscal stimulus package announced in November 2008, including the measures to support private investment and consumption activities, is expected to support the Malaysian economy. The lower corporate tax rate in 2009 and lower financing costs are expected to encourage private consumption and investment activities.

Malaysia, being an open economy, is neither insulated nor immune from the global economic meltdown or volatility in capital flow. Malaysia's GDP growth is expected to soften considerably in 2009 due to weaknesses in its export sector. Inflation is expected to further moderate significantly in the first half of 2009. The concerted actions globally to provide large fiscal stimulus and ease monetary policy will probably arrest the decline in world growth and should prove to be positive for the Malaysian economy.

Therefore, Malaysian economy has intrinsic strengths to mitigate risks of slower economic growth in 2009 based on its prevailing positive macroeconomic conditions. The banking sector is stronger now compared to during the last crisis, with stronger capitalisation, strong asset quality and large liquidity in the banking system. Furthermore, interbank lending and credit markets continue to function well. Households and businesses continue to have a steady access to financing. Malaysia has also other strengths such as high savings, high surplus in the current account, strong international reserves, low government debt and high sovereign ratings.

The Malaysian Government has taken measures to support domestic demand by introducing a RM7 billion-stimulus package to boost private investment and private consumption. The Government budget deficit was 4.8% of GDP in 2008 and is expected to be maintained below 5.0% in 2009. Bank Negara Malaysia has cut its Overnight Policy Rate to 3.25% in November 2008 to support domestic economic activity and BNM is expected to cut rates further if the economy starts showing signs of a further slowdown. The preemptive measures such as the BNM liquidity support and the full guarantee to all ringgit and foreign currency deposits in the banking system in Malaysia will sustain the already high confidence in the banking system. In addition to these measures, both the Government and Bank Negara Malaysia still have the flexibility to respond appropriately should economic growth decelerate sharper than expected.

BUSINESS OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

Despite the slowing economy, the banking industry in Malaysia is expected to grow positively and remain resilient due to its strong capitalisation, healthy asset quality and improved risk management practices. Amidst excess liquidity and liberal operating environment for the existing foreign-controlled banks, the banking industry will remain competitive and the pressure on net interest margins will remain. Also, the entrance of new Islamic banks will add competitive pressure on the industry. Banks are expected to introduce innovative and competitive products and services at a faster pace and strengthen their customer relationship management and delivery standards to gain market share. Further liberalization in the banking industry, as indicated recently by Bank Negara Malaysia will also add to the competitive pressure. The competitive financial landscape will force banking institutions to continue to pursue competitive pricing strategies, expand their multiple delivery channels and accelerate product innovation.

As businesses turn more cautious, the banking industry's loan growth is expected to moderate to 7.0% in 2009, underpinned by growth in corporate and SME loans. Factors that will continue to support loan growth include low financing costs, promotion of BNM funds to support SMEs and the Government's fiscal stimulus to boost economic activity.

The Bank is expected to further intensify its effort to increase deposits to sustain a healthy funding base for the balance sheet by offering innovative and competitive products, such as structured deposit and foreign currency deposit products. Islamic banking is also expected to further expand in 2009 with the level of competition intensifying due to the entrance of the new Islamic banking players. Banks are expected to further grow their fee-based activities to mitigate pressures on net interest margins.

In terms of lending, the Bank will continue to focus on corporate loans, syndicated loan deals, bilateral deals and in promoting Islamic financing facilities, while maintaining our strong relationship with existing customers. This will further enhance our corporate banking services, cash management business, investment and Islamic banking services. On deposit taking, the Bank will continue to promote wholesale deposits, foreign currency deposit and structured deposit products. The Bank will continue to grow its Islamic banking business through its newly established International Currency Business Unit (ICBU) by sourcing low cost deposits and expanding Islamic financing while continuously tapping into other business opportunities provided under the Malaysian International Islamic Financial Centre (MIFC).

To expand its business further, the Bank will continue to tap on its own global network and the extensive network provided by our strategic alliance partners, wide array of innovative products and packages, and other delivery channels such as Internet banking and regional business development offices.

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Bank's Board of Directors has always maintained the highest standards of corporate governance to protect and enhance the interest of all stakeholders, which include depositors and borrowers, shareholders and employees. The Board is responsible for the strategic direction of the Bank, formulation of policies and stewardship of its resources. The policies of the Bank will not only continue to exist in their present form but will continually be reviewed and enhanced. The Board of Directors ensures effective application of the principles of best practices set out in the Malaysian Code on Corporate Governance.

The Board of Directors of the Bank consists one Executive Director/CEO, two Non-Executive Directors including the Chairman and two Independent Directors.

The Independent Directors are Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh and Mr. Lee Dang Fook. Mr. Tatsuo Tanaka resigned as Non-Executive Director/Chairman on 1 July 2008 and Mr. Tetsuya Wada was appointed in place of Mr. Tanaka on the same date. On 20 November 2008, Mr. Kiyoshi Waki was appointed as Non-Executive Director of the Bank in place of Mr. Fumikazu Ono who had resigned on the same date.

Mr. Naoki Yamamoto ceased as Alternate Director to Mr. Tatsuo Tanaka on 1 July 2008. He was then appointed as Alternate Director to Mr. Tetsuya Wada on 4 August 2008 and resigned on 14 November 2008.

Mr. Yutaka Kuroda was subsequently appointed as Alternate Director to Mr. Tetsuya Wada on 14 November 2008.

Mr. Tatsuo Tanaka, aged 59, was appointed as Director and Chairman of the Bank on 18 October 2005. He graduated with a Bachelor of Arts degree in Law from Keio University, Japan. Mr. Tanaka attended 3 Board meetings during the financial year ended 31 December 2008. He resigned on 1 July 2008.

Mr. Tetsuya Wada, aged 55, was appointed as Director and Chairman of the Bank on 1 July 2008. He holds a Bachelor of Law degree from Kyoto University, Japan and Master of Business Administration from University of Michigan, USA. Mr. Wada attended 3 Board meetings during the financial year ended 31 December 2008.

Mr. Hajime Washizu, aged 50, was appointed as Managing Director of the Bank on 15 August 2007. He holds a Bachelor of Economics degree from Waseda University in Japan. Mr. Washizu attended 7 Board meetings during the financial year.

Mr. Fumikazu Ono, aged 46, was appointed as Director of the Bank on 20 July 2007. He graduated with a Bachelor of Arts in Business and Commerce degree from Keio University in Japan. Mr. Ono attended 6 Board meetings during the financial year. He resigned on 20 November 2008.

CORPORATE GOVERNANCE (CONTD.)

THE BOARD OF DIRECTORS (CONTD.)

Mr. Kiyoshi Waki, aged 49, was appointed as Director of the Bank on 20 November 2008. He graduated with a Bachelor of Arts in Economics degree from Keio University in Tokyo, Japan. Mr. Waki attended 1 Board meeting during the financial year.

Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh, aged 67, was appointed as a Director of the Bank since 1 June 1994. He is the Chairman of the Risk Management Committee and a member of the Audit Committee. He holds a Bachelor of Engineering (First Class Hons.) degree and a Masters degree in Engineering (Electrical) from University of Adelaide. He is a Fellow of the Institute of Engineers, Malaysia. Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh attended 6 Board meetings during the financial year.

Mr. Lee Dang Fook, aged 71, was appointed as a Director of the Bank since 1 June 1994. He is the Chairman of the Audit Committee and a member of the Risk Management Committee. He holds a Bachelor of Laws Degree (LLB) (US) and a Doctor of Law degree (JD) (US) from Blackstone School of Law, Chicago, USA. Mr. Lee attended 6 Board meetings during the financial year.

The members of the Board have considerable experience in the private sector as well as the banking industry.

The role of the Chairman and Managing Director are independent with clearly defined roles and responsibilities, authority and accountability to ensure proper balance of responsibility and authority. The independent directors are distinct from management and does not have any business or other relationship that could materially interfere with the exercise of their independent judgement. The Chairman is not involved in the daily management of the Bank.

(a) Role and Responsibilities of the Board

The Board reviews and approves strategic objectives, business plans and significant policies of the Bank and regularly review and monitor the performance against plans. In doing so, the Board establishes comprehensive risk management policies, processes and infrastructure to manage the various risks and ensure that the operations of the Bank are conducted prudently, and within the framework of relevant laws and policies approved by the Board.

The Board approves the Bank's annual budget and reviews the progress of achievement of the budget by various business segments. The Board also ensures that the internal control systems of the Bank are effective and properly controlled.

(b) Performance Criteria used to assess the Board as a whole and individually

The effectiveness of the Board is measured against the Bank's performance in terms of profitability, internal controls, risk management and cost effectiveness.

CORPORATE GOVERNANCE (CONTD.)

THE BOARD OF DIRECTORS (CONTD.)

(c) Frequency and Conduct of Board Meetings

Board meetings are conducted seven times a year to discuss key issues of the Bank including review of the financial performance, operations and risk management of the Bank and to deliberate on matters that requires the Board's decision and approval.

BOARD COMMITTEES

The Board established Board Committees to oversee critical and major functional areas of the Bank.

(a) Nomination and Remuneration Committees

The Bank has received Bank Negara Malaysia's approval to dispense with the establishment of separate Nomination and Remuneration Committees. The duties and responsibilities of these committees as laid down by BNM/GP 1 are assumed by the full Board.

The nomination of a new member of the Board, re-appointment or re-election of a director at an Annual General Meeting will be reviewed and assessed by the full Board and submitted to Bank Negara Malaysia for approval prior to the appointment, re-appointment or re-election.

(b) Audit Committee

The Chairman of the Audit Committee is Mr. Lee Dang Fook and members of the Audit Committee are Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh and Mr. Fumikazu Ono. Mr. Ono resigned on 20 November 2008 and Mr. Kiyoshi Waki was appointed as a member of the Committee on the same date.

The Committee held 4 meetings during the year. Mr. Lee Dang Fook attended all 4 meetings held and Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh attended 3 meetings. Mr. Fumikazu Ono attended 4 meetings.

The terms of reference of the Audit Committee include the reinforcement of the independence and objectivity of the internal audit function and the specification of the scope and review of the Bank's financial statements which includes the findings of both the internal and external auditors. The Audit Committee also recommends the appointment and re-appointment of the external auditors as well as reports to the Board on the maintenance of sound internal controls system and adequacy of risk management process and the fulfilment of regulatory compliances.

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(b) Audit Committee (Contd.)

The primary objectives of the Audit Committee are:

- to act as a committee of the Board to assist in discharging the Board's responsibilities as they relate to the Bank's good governance, management and internal controls, accounting policies and financial reporting;
- to provide, by way of regular meetings, a line of communication between the Board and the External Auditor;
- to oversee and review the quality of audits conducted by the Internal and External Auditors of the Bank; and
- to enhance the perceptions held by other interested parties (such as shareholders, regulators and other financial institutions) of the credibility and objectivity of financial reports.

The Committee is authorised by the Board to obtain external legal, or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The functions and responsibilities of the Committee are:

- to consider the selection of the External Auditor, the audit fee and any questions of resignation or dismissal;
- to discuss with the External Auditor before the audit commences the nature and scope of the audit;
- to review the annual financial statements before submission to the Board;
- to discuss problems and reservations arising from the interim and final audits, and any matters the External Auditor may wish to discuss (in the absence of management where necessary);
- to review the internal audit programme and scope and effectiveness of internal audit procedures, ensure coordination between the Internal and External Auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank;
- to consider the findings of Bank Negara Inspectors and management's response;

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(b) Audit Committee (Contd.)

- to review any significant related party transactions that may arise;
- to confirm that management has placed no restrictions on the scope of audits; and
- to consider other topics, as defined by the Board.

Internal Audit and Control Activities

Internal Audit is an independent and objective function to assist the Audit Committee of the Board of Directors in discharging the responsibilities defined in the Terms of Reference of the Audit Committee. Reviews are conducted on the operations, activities, systems, procedures and practices of the Bank and reports on the findings are submitted with recommendations to the Audit Committee. Such reporting serves to provide the desired status of independence for the internal auditors to determine adequate coverage of audit and to be impartial and unbiased in performing audit examinations.

In carrying out its responsibilities, the Internal Audit Department has full, free and unrestricted access to all activities, records, property and personnel. The internal auditors are encouraged to be consulted for advice such as to provide comments based on lessons learned from past audit experience which could be beneficial when new systems are planned to be introduced incorporating significant changes in internal control processes and standards. Such advice does not exempt the subjects from being audited subsequently for possible additional improvements.

Internal audit is governed by the policies and objectives of the Bank, applicable laws and regulations, the Code of Ethics as per BNM/GP 7 Guidelines and Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

Responsibilities

Internal Audit is responsible for assessing the effectiveness and efficiency of the Bank's operations, activities, systems, procedures and practices and for advising management on their condition. The specific responsibilities include, but are not limited to:

- Appraising the effectiveness and application of administrative, financial and other controls within the Bank to identify, measure, classify and report the conditions of respective functions and activities;
- Evaluating the adequacy of the plans, programs, policies, procedures established by the Bank and their effectiveness in complying with the applicable legal and regulatory requirements;

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(b) Audit Committee (Contd.)

Responsibilities (Contd.)

- Reviewing the means of and the adequacy of controls, in safeguarding the Bank's assets, and where appropriate, verifying the existence of such assets;
- Reviewing the effectiveness and efficiency of the use of the Bank's resources (human and financial) in achieving the results of its planned operations and programs, and recommending possible improvements; and
- Performing such special reviews as may be requested by management and by the Audit Committee.

(c) Risk Management Committee

The establishment of the Risk Management Committee is approved by the Board of Directors.

The Chairman of the Risk Management Committee is Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh and its members are Mr. Lee Dang Fook and Mr. Fumikazu Ono. Mr. Ono resigned on 20 November 2008 and Mr. Kiyoshi Waki was appointed as a member of the Committee on the same date.

The Committee held 4 meetings during the year and Y.Bhg. Dato' Hashim bin Dato' Dr. Md. Salleh and Mr. Lee Dang Fook attended all 4 meetings. Mr. Fumikazu Ono attended 3 meetings.

The functions and responsibilities of the Risk Management Committee is to oversee the overall risk management of the Bank covering market, liquidity, credit and operational risk management. Other key functions of the Risk Management Committee are to review and evaluate the adequacy of the overall risk management policies and procedures and to review management's periodic reports and risk management activities. A comprehensive Risk Management framework and risk management policy approved by the Board has been implemented.

The terms of reference of the Risk Management Committee are as follows:

The primary objectives of the Risk Management Committee are to oversee the Bank's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that a risk management process is in place and functioning.

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(c) Risk Management Committee (Contd.)

The Risk Management Committee responsibilities are:

- Review and recommend risk management strategies, policies and risk tolerance for Board's approval;
- Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively;
- Ensure infrastructure, resources and systems are in place for risk management ie. ensure that the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk taking activities; and
- Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The Committee's functions includes the following:

- Evaluate and assess the adequacy of strategies to manage the overall credit risk associated with the Bank's activities;
- Oversee the formal development of risk management policies within the Bank, encompassing all products and businesses, and ensuring the development of policy manual and procedures;
- Monitor, assess and advise on the credit risk portfolio composition of the Bank;
- Evaluate risks under stress scenarios and the capacity of the Bank's capital to sustain such risks;
- Assess the risk-return trade-off;
- Review reports of the credit review process, asset quality and ensure that corrective action is taken; and
- Review and evaluate the various credit products engaged in by the Bank to ensure that it is conducted within the standards and policies set by the Board;

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(c) Risk Management Committee (Contd.)

Overall Risk Management Framework

The risks faced by the Bank is broadly divided into two categories:

- Credit and market risks that are inherent in our profit-seeking activities.
- Risks associated with the Bank's operations.

The Bank's goal is to achieve a balance between earnings and risks. For this purpose, the Bank has instituted an integrated risk management policy to identify, quantify, control, monitor and manage risks using consistent standards and techniques in each of our business.

Outline of risk management and control responsibilities:

- The Board is ultimately responsible for the management of risks. The Board through the Risk Management Committee maintains overall responsibility for risk oversight of the Bank;
- The Risk Management Committee oversees senior management's functions in managing the key risk areas of the Bank in order to ensure that the risk management process is in place and functioning effectively. The committee is responsible for the risk oversight for the major areas of risk covering credit risk, operational risk, market risk, liquidity risk and information security risk. Its responsibilities also include the review and recommendation of the risk management strategies, policies and risk tolerance. It also reviews and assesses adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling the overall risk; and
- Dedicated independent risk management and control committees are responsible for identification, monitoring of risks and monitoring of compliance with the risk policies.

CORPORATE GOVERNANCE (CONTD.)

BOARD COMMITTEES (CONTD.)

(c) Risk Management Committee (Contd.)

The independent risk management committees which are chaired by the CEO and comprised members of the management team and relevant heads of departments are as follows:

- (a) Asset & Liabilities Management Committee
- (b) Market Risk Committee

The Executive Vice President of the Bank chair the following risk management committees:

- (a) Operations Control Committee
- (b) Operational Risk Management Committee
- (c) Human Resource Committee
- (d) Training Committee
- (e) Business Continuity Planning Committee
- (f) Occupational Safety & Health Committee

The Compliance Committee and EDP Steering Committee are chaired by the respective Head of Department.

The Audit Committee, supported by Internal Audit Department, is to provide an independent assessment of the adequacy and reliability of the risk management processes, and compliance with risk policies and regulatory guidelines of the above risk management committees.

RISK MANAGEMENT PROCESS

The Bank has established, within its risk management framework, a structured approach to enterprise wide risk management which balances risk and return, and integrating risk management processes for market risk, credit risk, operational risk and liquidity risk for more effective risk management. The risk management process is categorized into the following processes:

- Risk Identification;
- Risk Assessment and Measurement;
- Risk Control and Mitigation; and
- Risk Monitoring.

CORPORATE GOVERNANCE (CONTD.)

RISK MANAGEMENT PROCESS (CONTD.)

(a) CREDIT RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Credit Rating system is used to grade the quality of loans and track changes in credit risk profile of the loan portfolio;
- Independent assessment of loan applications by our Parent Bank;
- Loans in arrears of three months and above placed under the purview of Loan Administration Dept, a function independent of the loan approval process;
- Review of watch list borrowers and delinquent accounts to monitor progress of recovery;
- Stress testing of loans portfolio asset quality; and
- Benchmarking of asset quality against industry peers.

(ii) Risk Control, Mitigation and Monitoring

- Credit Policy which documents the core credit processes including the Credit Risk Rating, Collateral Policy and policies on rehabilitation and restructuring of problematic and delinquent loans;
- Extensive reporting and analysis to the Board on loans exposure, quality of loans portfolio, movement of NPLs and adequacy of specific provision for NPLs; and
- Review of counterparty limits of money market activities, foreign exchange activities and other business activities.

CORPORATE GOVERNANCE (CONTD.)

RISK MANAGEMENT PROCESS (CONTD.)

(b) OPERATIONAL RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Implementation and utilisation of risk self-assessment checklist;
- Review of new and existing procedures by Operations Control Committee prior to implementation and approval;
- Analysis on causes and preventative actions taken on losses from fraud and control lapses;
- Review of the adequacy of premises controls, safety and security;
- Review of systems and network availability and detection of virus/intrusion; and
- Review of business continuity plans and simulation runs conducted.

(ii) Risk Control, Mitigation and Monitoring

- Experienced key operational personnel appointed to the Operations Control Committee;
- Comprehensive system of internal controls based on the principle of segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes;
- Recording and reporting operational incidents and errors to identify weaknesses in operational processes and procedures;
- Comprehensive and up-to-date documentation of processes and procedures;
- Documented and regularly tested key back-up procedures and contingency plans, including disaster recovery and business resumption plans;
- Overall assurance on the adequacy and reliability of the operational risk management system by Internal Audit Department; and
- Post audit review and follow-up by Internal Audit Department.

CORPORATE GOVERNANCE (CONTD.)

RISK MANAGEMENT PROCESS (CONTD.)

(c) MARKET RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Mark-to-market technique is used to revalue marketable securities, equities and foreign currency positions; and
- The market risk limits are set after taking into consideration the risk appetite of the Bank and the risk-return relationship.

(ii) Risk Control, Mitigation and Monitoring

- Mark-to-market of trading positions are compared against pre-determined market limits;
- Trading positions and limits are regularly reported to the Market Risk Committee by the Risk Control Unit;
- Regular reviews of the interest rate outlook, vulnerability of net interest income to movement in interest rates and development of strategies to mitigate interest rate risks; and
- Changes in market value of investment and dealing securities due to interest rate movements are monitored and reported.

(d) LIQUIDITY RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Implementation of Bank Negara Malaysia's Liquidity Framework.

(ii) Risk Control, Mitigation and Monitoring

- Internal liquidity risk management limits are set;
- Compliance with Bank Negara Malaysia's Liquidity Framework and internal liquidity risk management policy are monitored and reported to Asset & Liabilities Management Committee;
- Liquidity contingency funding plans are in place and documented; and
- Monitoring of changes (if any) in the Bank's funding structure.

CORPORATE GOVERNANCE (CONTD.)

RISK MANAGEMENT PROCESS (CONTD.)

(e) INFORMATION SECURITY RISK MANAGEMENT

(i) Risk Identification, Assessment and Measurement

- Use of self assessment checklist; and
- Review of Information Security Incident reports to identify weaknesses in Information Security processes and procedures.

(ii) Risk Control, Mitigation and Monitoring

- Review and report on information security discussed at regular EDP Steering Committee Meeting;
- Report to the Risk Management Committee; and
- Comprehensive and up-to-date documentation of Information Security Standards and Procedures.

SHARIAH COMMITTEE

The Bank's Shariah Committee ("SC") was established in 2008 to ensure the Bank's International Currency Business Unit ("ICBU") operates in conformity with approved Shariah rules and principles. SC, being an independent body will report functionally to the Board.

The role and responsibilities of the SC in the activities of ICBU include:

- (a) Advising the Board on Shariah matters relating to ICBU's operations.
- (b) Endorsing and validating all legal documentation and marketing tools of ICBU.
- (c) Assisting relevant parties such as legal counsel, auditors, etc requiring advice on Shariah matters.
- (d) Advising on matters to be referred to the Shariah Advisory Council of Bank Negara Malaysia.
- (e) To assist Bank Negara Malaysia's Shariah Advisory Council on matters referred to it by our ICBU.
- (f) Providing written Shariah opinions on operational matters.
- (g) Endorsing Shariah Compliance Manual and other manuals related to ICBU and changes / amendments thereto.

CORPORATE GOVERNANCE (CONTD.)

SHARIAH COMMITTEE (CONTD.)

In compliance with Bank Negara Malaysia's Guidelines on the Governance of Shariah Committee for Islamic Financial Institutions (BNM/GPS1) the following committee members were appointed for a two year term and comprise three distinguished scholars as follows:

Dr. Luqman Bin Haji Abdullah, aged 39, was appointed as a SC member on 20 August 2008. He is the Chairman of the SC for the 2008/2010 session. He graduated with a Bachelor of Arts in Syariah from University of Malaya and holds a Ph.D in Islamic Studies from University of Edinburgh, Scotland. At present, he is a Senior Lecturer at the Department of Fiqh & Usul, Univeristy of Malaya.

Assoc. Prof. Dr. Abdul Karim Bin Ali, aged 42, was appointed as a SC member on 20 August 2008. He holds a Bachelor of Arts in Syariah (UM) and a Doctor of Islamic Studies from University of Edinburgh, Scotland. At present, he is attached to Department of Fiqh & Usul, University of Malaya.

Dr. Mek Wok Binti Mahmud, aged 45, was appointed as a SC member on 20 August 2008. She obtained a Master Degree in Islamic Revealed Knowledge, International Islamic University, Malaysia in 1991. She also holds a Ph.D in Shariah/Islamic Law, from International Islamic University of Khortoum, Sudan in 2000. At present, she is the Head of Department of Feqah & Usul Al-Fiqh, International Islamic University, Kuala Lumpur.

A total of 2 SC meetings were held during the financial year. The committee members attended all the meetings held during the financial year 2008.

RELATED PARTY TRANSACTIONS

Payments made on services rendered by Parent Bank are on documented contractual terms and there is no related party transaction with the Board of Directors or Senior Management.

RATING BY EXTERNAL RATING AGENCIES

During the financial year, the Bank was not rated by any external agencies.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheet and income statement of the Bank were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Bank which has arisen since the end of the financial year other than those arising in the ordinary course of business.

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Bank to meet its obligations when they fall due; and

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Bank for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors on 12 May 2009.

Hajime Washizu

Kiyoshi Waki

**BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Hajime Washizu and Kiyoshi Waki, being two of the directors of Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad, state that, in the opinion of the directors, the accompanying financial statements set out on pages 25 to 80 are drawn up in accordance with provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Bank as at 31 December 2008 and of the results and the cash flows of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors on 12 May 2009.

Hajime Washizu

Kiyoshi Waki

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Hajime Washizu, the director primarily responsible for the financial management of Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 25 to 80 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Hajime Washizu
at Kuala Lumpur in the Federal Territory
on 12 May 2009

Hajime Washizu

Before me,

302316-U

**Independent auditors' report to the member of
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 80.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

302316-U

**Independent auditors' report to the member of
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (Cont'd.)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Bank as at 31 December 2008 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 May 2009

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Cash and short-term funds	3	2,211,163	1,861,438
Securities available-for-sale	4	112,151	170,552
Securities held-to-maturity	5	2,993	2,993
Loans and advances	6	2,947,493	2,583,351
Purchased receivables	7	288,564	46,782
Other assets	8	86,413	30,342
Statutory deposits with Bank Negara Malaysia	9	65,200	77,100
Amount due from holding company	10	1,053,247	1,612,788
Amount due from related companies	10	172	463
Property, plant and equipment	11	13,393	11,484
Deferred tax assets	12	17,068	18,279
Intangible assets	13	1,983	1,383
TOTAL ASSETS		<u>6,799,840</u>	<u>6,416,955</u>
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	14	4,779,927	4,388,216
Deposits and placements of banks and other financial institutions	15	67,627	532,056
Bills and acceptances payable		32,519	12,335
Amount due to holding company	10	541,621	305,821
Amount due to related companies	10	24	24
Other liabilities	16	242,879	185,507
TOTAL LIABILITIES		<u>5,664,597</u>	<u>5,423,959</u>
SHARE CAPITAL	17	200,000	200,000
RESERVES	18	935,243	792,996
SHAREHOLDER'S FUNDS		<u>1,135,243</u>	<u>992,996</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		<u>6,799,840</u>	<u>6,416,955</u>
OFF-BALANCE SHEET EXPOSURES	30(f)	<u>13,335,424</u>	<u>9,944,684</u>

The accompanying notes form an integral part of the financial statements.

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM'000	2007 RM'000
Operating revenue	19	<u>204,098</u>	<u>188,164</u>
Interest income	20	248,129	248,791
Interest expense	21	<u>(136,349)</u>	<u>(141,702)</u>
Net interest income		111,780	107,089
Other operating income	22	<u>92,359</u>	<u>81,119</u>
Operating income		204,139	188,208
Other operating expenses	23	<u>(40,867)</u>	<u>(34,831)</u>
Operating profit before allowance for losses on loans and advances		163,272	153,377
Writeback of allowance/(allowance) for losses on loans and advances	25	<u>20,068</u>	<u>(29,434)</u>
Profit before taxation		183,340	123,943
Taxation	26	<u>(41,527)</u>	<u>(42,442)</u>
Profit after taxation		<u>141,813</u>	<u>81,501</u>
Basic earnings per share (sen)	27	<u>70.9</u>	<u>40.8</u>
Dividends per share (sen)	28	<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Share Capital RM'000	Statutory Reserve RM'000	Non-distributable -----> Net Unrealised Reserves on Revaluation of Securities Available-for-Sale RM'000	Distributable Retained Profits RM'000	Total RM'000
As at 1 January 2007		200,000	204,187	2,192	506,186	912,565
Net profit for the year		-	-	-	81,501	81,501
Change in fair value of securities available-for-sale		-	-	(1,506)	-	(1,506)
Transfer to deferred tax	12	-	-	436	-	436
As at 31 December 2007		200,000	204,187	1,122	587,687	992,996
Net profit for the year		-	-	-	141,813	141,813
Change in fair value of securities available-for-sale		-	-	537	-	537
Transfer from deferred tax	12	-	-	(103)	-	(103)
As at 31 December 2008		200,000	204,187	1,556	729,500	1,135,243

The accompanying notes form an integral part of the financial statements.

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM'000	2007 RM'000
Cash Flows From Operating Activities			
Profit before taxation		183,340	123,943
Adjustments for:			
Gain on disposal of property, plant and equipment		(41)	(44)
Depreciation of property, plant and equipment		1,776	1,452
Amortisation of intangible assets		541	661
(Writeback of allowance)/allowance for losses on loans and advances		(20,068)	29,434
Net interest-in-suspense recovered		(66)	(3,601)
Provision for retirement benefits		728	563
Dividend income from securities held-to-maturity		(214)	(148)
Interest income from securities available-for-sale		(6,007)	(8,846)
Accretion of discount less amortisation of premium of securities available-for-sale		(93)	869
Unrealised gain on foreign exchange		(10,249)	(2,058)
Unrealised gain on changes in fair value of derivative financial instrument		(2,064)	(1,204)
Operating profit before working capital changes		<u>147,583</u>	<u>141,021</u>
(Increase)/decrease in operating assets:			
Loans and advances		(344,008)	(357,347)
Statutory deposits with Bank Negara Malaysia		11,900	(15,250)
Other assets		(297,852)	(11,237)
Increase/(decrease) in operating liabilities:			
Deposits from customers		391,711	685,075
Deposits and placements of banks and other financial institutions		(464,429)	(28,125)
Obligation on securities sold under repurchase agreements		-	(151,268)
Bills and acceptances payable		20,184	7,191
Net movement in inter-company balances		795,632	246,467
Other liabilities		63,795	31,751
Cash generated from operations		<u>324,516</u>	<u>548,278</u>
Taxation paid		(34,428)	(47,876)
Payment of staff gratuities		(826)	(587)
Net cash generated from operating activities		<u>289,262</u>	<u>499,815</u>

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTD.)

	Note	2008 RM'000	2007 RM'000
Cash Flows From Investing Activities			
Proceeds from disposal of property, plant and equipment		42	44
Purchase of property, plant and equipment		(3,686)	(1,278)
Purchase of intangible assets		(1,141)	(486)
Proceeds from sale of securities available-for-sale		79,599	44,991
Purchase of securities available-for-sale		(20,568)	(45,012)
Interest income received		6,007	8,846
Dividend received		210	108
Net cash generated from investing activities		<u>60,463</u>	<u>7,213</u>
Net increase in cash and cash equivalents		349,725	507,028
Cash and cash equivalents at beginning of year		<u>1,861,438</u>	<u>1,354,410</u>
Cash and cash equivalents at end of year		<u>2,211,163</u>	<u>1,861,438</u>
Analysis of cash and cash equivalents			
Cash and short term funds	3	<u>2,211,163</u>	<u>1,861,438</u>

The accompanying notes form an integral part of the financial statements.

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

1. CORPORATE INFORMATION

The Bank is a limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is located at Level 9 - 11, Menara IMC, No. 8 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

The holding and ultimate holding companies of the Bank are The Bank of Tokyo-Mitsubishi UFJ, Ltd and Mitsubishi UFJ Financial Group, Inc. respectively, both are incorporated in Japan.

The principal activities of the Bank during the year are banking and related financial services. There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 May 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia modified by Bank Negara Malaysia guidelines.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency, and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of Preparation (Contd.)

On 1 January 2008, the Bank adopted the following revised FRSs, amendment to FRS and Interpretation:

FRS 107 : Cash Flow Statements

FRS 112 : Income Taxes

FRS 118 : Revenue

FRS 134 : Interim Financial Reporting

FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates

- Net Investment in a Foreign Operations

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

The adoption of the revised FRS 107, FRS 112, FRS 118, FRS 134, FRS 137, Amendment to FRS 121 and IC Interpretation 1 did not result in significant changes in accounting policies of the Bank and did not have any significant impact on the Bank.

2.2 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Bank:

FRS and Interpretations	Effective for financial periods beginning on or after
FRS 7 : Financial Instruments: Disclosures	1 January 2010
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 FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Bank upon their initial application except for the adoption of FRS 139 and the changes in disclosures arising from the adoption of FRS 7.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies

(a) Recognition of Interest Income

Interest income is recognised in the income statement on an accrual basis. Interest income includes the amortisation of premiums or accretion of discounts. Interest income on housing and term loans is recognised to monthly rest periods.

Customers' accounts are classified as non-performing where repayments are in arrears for more than three months for loans and overdrafts, and three months after maturity date for trade bills, bankers' acceptances and trust receipts.

Interest accrued and recognised as income prior to the date the customers' accounts are classified as non-performing shall be reversed out of the income statements and the accrued interest out of the balance sheet. Subsequently, interest earned on non-performing accounts are recognised as income on a cash basis.

(b) Recognition of Fees and Other Income

Loan arrangement, management and participation fees, commissions and service charges/fees are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Dividends from securities held-to-maturity are recognised when the rights to receive payments are established.

(c) Allowance for Losses on Loans and Advances

Loans and advances are stated at cost less any allowance for bad and doubtful debts.

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as substandard, bad or doubtful.

A general allowance based on a percentage of the loan portfolio of the Bank is also made to cover possible losses which are not specifically identified, at balance sheet date. These percentage are reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made on the overall general provision, if necessary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(c) Allowance for Losses on Loans and Advances (Contd.)

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realizable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The Bank observes the minimum allowance policy of Bank Negara Malaysia's "Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts" guideline except that the Bank has lowered the default period to 3 months instead of 6 months.

The Bank has also assigned the following value to the collateral for non-performing loans when computing specific allowance:

- (i) realisable value of the collateral for non-performing loans which are in arrears for less than seven years;
- (ii) no value given to the collateral for all non-performing loans which are in arrears for more than seven years; and
- (iii) no value given to the collateral when the project is incomplete or abandoned.

(d) Securities

The securities portfolio of the Bank are classified and measured based on the following categories and measurement:

(i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired and held principally for the purpose of benefiting from actual or expected short term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(d) Securities (Contd.)

(ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Bank have the positive intent to hold to maturity. Unquoted shares in organisations set up for socio-economic purposes are classified as securities held-to-maturity.

The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held to-maturity are recognised in the income statement.

(iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity. When the financial assets are sold, collected, disposed of or impaired, the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

(e) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(e) Property, Plant and Equipment, and Depreciation (Contd.)

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	%
Buildings and leasehold improvements	2 - 15
Furniture, fixtures and equipment	5 - 25
Motor vehicles	20
Computer equipment	20

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(f) Leases

Leases of assets where all the risk and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the straight line basis over the lease period.

(g) Impairment of Assets

The carrying amounts of non-financial assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the Cash-Generating Unit ("CGU") to which the asset belongs to.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(g) Impairment of Assets (Contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement for the financial year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement for the financial year.

(h) Foreign Currency Translations

Transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(h) Foreign Currency Translations (Contd.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the financial year.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(j) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Bank contributes to the Employee Provident Fund, the national defined contribution plan, on a mandatory basis. The contributions are charged to the income statement in the period to which they relate. Once the contribution has been paid, the Bank has no further payment obligation.

(iii) Defined benefit plans

The liability in respect of a defined plan is the present value of the defined benefit obligation minus the adjustments for actuarial gains/losses and past service cost.

The defined benefit obligation is, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

The actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plans.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(j) Employee Benefits (Contd.)

(iv) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the service by the employees concerned using an accounting methodology similar to that for defined benefit plans.

(k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, short-term funds and deposits and placements with financial institutions that are readily convertible into cash without significant risk of changes in value.

(l) Obligations on Securities Sold under Repurchase Agreements

Obligations on securities sold under repurchase agreements are securities which the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the balance sheet.

(m) Bills and Acceptances Payable

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

(n) Provisions for Liabilities

Provisions for liabilities are recognised when the Bank has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(o) Derivative Financial Instruments

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cashflow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Bank has become a party to the contractual provisions of the instrument. The accounting policies for financial instruments recognised on the balance sheet are disclosed in the individual policy statements associated with each item.

(q) Intangible Assets

Intangible assets, comprising computer software that are not an integral part of a tangible asset, are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(g). Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to such assets will flow to the Bank and the costs of such assets can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(q) Intangible Assets (Contd.)

Amortisation is provided for on a straight line basis to write off the cost of the computer software to its residual value over the period of their expected benefits, at the annual rate of 20%.

(r) Other Assets

Other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(s) Liabilities

Deposits from customers, and deposits and placements of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(t) Significant Accounting Estimates and Judgements

Preparation of the financial statements involved making certain estimates and assumptions concerning the future judgements. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(i) Fair value estimation of securities

As disclosed in Note 2.3(d), where the quoted and observable market prices of certain securities are not available, fair value is estimated using pricing models or discounted cash flow techniques. The usage of these models and techniques require the Bank to make certain estimates and assumptions, including but not limited to estimated future cash flows and discount rates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of Significant Accounting Policies (Contd.)

(f) Significant Accounting Estimates and Judgements (Contd.)

(ii) Income tax

Deferred tax assets are measured and recognised based on the tax rates that are expected to apply in the period when the asset is realised. Estimates are made as to the amount of taxable profits in these periods which will enable the deferred tax assets to be realised.

(iii) Allowance for losses on loans and advances

As stated in Note 2.3(c), specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as substandard, bad or doubtful. The individual assessment of loans and advances may include making estimates and judgements about the counterparty's financial position, fair value of the underlying collaterals and future recoverable cash flows in workout/restructuring arrangements.

3. CASH AND SHORT-TERM FUNDS

	2008 RM'000	2007 RM'000
Cash and balances with banks and other financial institutions	65,417	81,655
Money at call and deposit placements maturing within		
- One month	2,085,746	1,649,783
- One to three months	60,000	130,000
	<u>2,211,163</u>	<u>1,861,438</u>

4. SECURITIES AVAILABLE-FOR-SALE

	2008 RM'000	2007 RM'000
At fair value		
Money market instruments		
- Malaysian Government Securities	91,909	101,122
- Cagamas Bonds	20,242	20,000
- Commercial paper	-	49,430
	<u>112,151</u>	<u>170,552</u>

5. SECURITIES HELD-TO-MATURITY

	2008	2007
	RM'000	RM'000
At cost		
Unquoted securities		
- Shares	2,993	2,993
- Bonds	5,408	5,408
	<u>8,401</u>	<u>8,401</u>
Provision for diminution in value of securities held-to-maturity	(5,408)	(5,408)
	<u>2,993</u>	<u>2,993</u>

6. LOANS AND ADVANCES

	2008	2007
	RM'000	RM'000
Overdrafts	43,343	27,396
Term loans		
- Housing loans	18,468	21,411
- Other term loans	954,505	685,286
Revolving credits	1,680,836	1,730,083
Bills receivable	56,047	17,841
Claims on customers under acceptance credits	245,690	171,505
Staff loans	8,805	9,462
Others	300	300
	<u>3,007,994</u>	<u>2,663,284</u>
Unearned interest	(1,655)	(1,019)
Gross loans and advances	<u>3,006,339</u>	<u>2,662,265</u>
Allowance for losses on loans and advances		
- Specific	(4,819)	(31,572)
- General	(54,027)	(47,342)
Net loans and advances	<u>2,947,493</u>	<u>2,583,351</u>

(i) By maturity structure:

	2008	2007
	RM'000	RM'000
Maturing within one year	2,143,920	1,985,827
One year to three years	476,672	271,833
Three years to five years	363,595	283,001
Over five years	22,152	121,604
	<u>3,006,339</u>	<u>2,662,265</u>

6. LOANS AND ADVANCES (CONTD.)**(ii) By type of customer:**

	2008	2007
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	667,084	707,810
Domestic business enterprises		
- Small medium enterprises	557,645	499,814
- Others	1,753,848	1,422,716
Individuals	27,651	31,514
Foreign entities	111	411
	<u>3,006,339</u>	<u>2,662,265</u>

(iii) By interest rate sensitivity:

	2008	2007
	RM'000	RM'000
Fixed rate		
- Staff housing loans	8,805	9,462
- Other fixed rate loan	230,873	266,799
Variable rates	<u>2,766,661</u>	<u>2,386,004</u>
	<u>3,006,339</u>	<u>2,662,265</u>

(iv) By sector:

	2008	2007
	RM'000	RM'000
Agricultural	68,064	74,616
Mining	10,529	-
Manufacturing	1,177,610	1,076,985
Electricity	18,626	-
Construction	23,639	3,011
Purchase of landed property		
- Residential	25,969	29,427
General commerce	342,336	265,712
Transport, storage and communication	25,006	22,106
Finance, insurance and business services	1,173,821	1,048,014
Purchase of securities	445	823
Purchase of transport vehicles	1,088	1,217
Consumption credit	260	458
Health and Social Works	137,338	137,278
Others	1,608	2,618
	<u>3,006,339</u>	<u>2,662,265</u>

6. LOANS AND ADVANCES (CONTD.)**(v) Movements in non-performing loans and advances are as follows:**

	2008	2007
	RM'000	RM'000
At 1 January	5,438	5,938
Classified as non-performing during the year	1,808	2,373
Amount recovered	(58)	(400)
Reclassified as performing	(1,547)	(1,946)
Amount written off	-	(226)
Others	(250)	(301)
At 31 December	<u>5,391</u>	<u>5,438</u>
Specific allowance	<u>(4,819)</u>	<u>(3,572)</u>
Net non-performing loans and advances	<u>572</u>	<u>1,866</u>
Ratio of net non-performing loans and advances to net loans and advances	<u>0.02%</u>	<u>0.07%</u>

(vi) Movements in allowance for losses on loans and advances are as follows:

	2008	2007
	RM'000	RM'000
General allowance		
At 1 January	47,342	45,808
Allowance made during the year	6,685	1,534
At 31 December	<u>54,027</u>	<u>47,342</u>
As % of gross loans and advances less specific allowance	<u>1.80%</u>	<u>1.80%</u>
Specific allowance		
At 1 January	31,572	4,045
Allowance made during the year	1,496	31,282
Amount written back in respect of recoveries	(28,249)	(3,755)
At 31 December	<u>4,819</u>	<u>31,572</u>

(vii) Non-performing loans according to economic sectors are as follows:

	2008	2007
	RM'000	RM'000
Manufacturing	169	169
Purchase of landed property		
- Residential	2,951	2,984
Wholesale & retail trade and restaurant & hotels	771	771
Finance, insurance and business services	1,500	1,500
Consumption credit	-	14
	<u>5,391</u>	<u>5,438</u>

7. PURCHASED RECEIVABLES

Purchased receivables relate to receivables acquired by the Bank on a non-recourse basis under the account receivables purchasing product. These amounts owing from obligors have a tenure of one to two months.

8. OTHER ASSETS

	2008	2007
	RM'000	RM'000
Derivative financial instrument assets	54,929	8,552
Accrued interest receivable	2,749	12,940
Other receivables, deposits and prepayments	28,735	8,850
	<u>86,413</u>	<u>30,342</u>

9. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as a set percentage of total eligible liabilities.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**(a) Related parties and relationships**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel of the Bank are the Executive Vice Presidents.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)**(c) Related parties transactions and balances**

	2008			2007		
	Holding Company RM'000	Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Related Companies RM'000	Key Management Personnel RM'000
Income						
Interest on advances	34,376	-	-	67,629	-	-
Expenditure						
Interest on advances	14,468	-	-	4,462	-	-
Amount due from						
Advances	663,715	-	-	1,481,091	-	-
Current accounts	389,532	172	-	131,697	463	-
Other assets	54,935	-	-	2,626	-	-
Amount due to						
Advances	540,837	-	-	305,188	-	-
Current accounts	784	24	-	633	24	-
Other liabilities	75	-	-	519	-	-

Related companies refer to subsidiary companies of the holding company as listed below:

Company	Relationship
Bank of Tokyo-Mitsubishi UFJ (Canada)	Subsidiary of holding company
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.	Subsidiary of holding company

Interest rates on advances, current accounts and fixed deposits were at normal commercial rates.

The remuneration of key management personnel included in the income statement was as follows:

	2008 RM'000	2007 RM'000
Short term employee benefits	1,272	1,013
Defined contribution plans	46	43
Defined benefit plans	175	141
	<u>1,493</u>	<u>1,197</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Buildings and Leasehold Improvements RM'000	Computer Equipment RM'000	Furniture, Fixtures and Equipment RM'000	Motor Vehicles RM'000	Total RM'000
2008						
Cost						
At 1 January	2,963	4,731	7,410	4,949	1,279	21,332
Additions	-	435	1,455	941	855	3,686
Disposal	-	-	-	(5)	(533)	(538)
Written off	-	-	(340)	(49)	-	(389)
At 31 December	2,963	5,166	8,525	5,836	1,601	24,091
Accumulated Depreciation						
At 1 January	-	1,906	4,830	2,393	719	9,848
Charge for the year	-	353	659	449	315	1,776
Disposal	-	-	-	(4)	(533)	(537)
Written off	-	-	(340)	(49)	-	(389)
At 31 December	-	2,259	5,149	2,789	501	10,698
Net Book Value	2,963	2,907	3,376	3,047	1,100	13,393
2007						
Cost						
At 1 January	2,963	4,505	7,421	5,466	1,283	21,638
Reclassification	-	-	266	(266)	-	-
Additions	-	235	795	111	137	1,278
Disposal	-	-	-	(3)	(141)	(144)
Written off	-	(9)	(1,072)	(359)	-	(1,440)
At 31 December	2,963	4,731	7,410	4,949	1,279	21,332
Accumulated Depreciation						
At 1 January	-	1,609	5,272	2,363	736	9,980
Reclassification	-	-	29	(29)	-	-
Charge for the year	-	306	601	421	124	1,452
Disposal	-	-	-	(3)	(141)	(144)
Written off	-	(9)	(1,072)	(359)	-	(1,440)
At 31 December	-	1,906	4,830	2,393	719	9,848
Net Book Value	2,963	2,825	2,580	2,556	560	11,484