

Financial Statements

18 — directors' report

22 — balance sheets

23 — income statements

24 — statements of
changes in equity

27 — cash flow statements

29 — summary of significant
accounting policies

36 — notes to the
financial statements

54 — statement by directors

54 — statutory declaration

55 — report of the auditors to the
members of UBG Berhad



Directors' Report

The directors submit herewith their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. With the Company's disposal of all its entire investment in Rashid Hussain Berhad ('RHB') Group on 22 May 2007, the Group ceased to have any significant business or operations.

CHANGE OF NAME

The name of the Company was changed to UBG Berhad with effect from 28 June 2007.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before taxation	28,072	31,908
Taxation	(10,312)	(10,309)
Profit for the financial year from continuing operations	17,760	21,599
Profit for the financial year from discontinued operations	998,065	1,124,399
PROFIT FOR THE FINANCIAL YEAR	1,015,825	1,145,998

UBG Berhad

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 December 2007.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES

During the year, the Company completed a capital repayment and share consolidation exercise which resulted in its issued and paid-up share capital reduced from RM682,759,946 comprising 682,759,946 of RM1.00 each to RM68,275,995 comprising 273,103,978 ordinary shares of 25 sen each. For details of the capital repayment and reduction, please refer to Note 21(3) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHOD

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a. any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b. any contingent liability of the Group and the Company which has arisen since the end of the financial year other than in the normal course of business.

No contingent or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due except as stated in Note 18 to the financial statements.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading or inappropriate.

ITEMS OF AN UNUSUAL NATURE

There were no unusual items for the financial year ended 31 December 2007 except for the completion of the sale of the Company's investment in RHB to Employees Provident Fund Board ('EPF') for a total cash consideration of RM2.25 billion on 22 May 2007.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, other than that

disclosed in Note 21 to the financial statements, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 21 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET

Significant events subsequent to the balance sheet date are disclosed in Note 22 to the financial statements.

DIRECTORS

The directors of the Company in office since the date of the last report are:

Dato' Paduka Nik Hashim bin Nik Yusoff

Dato' Haji Mohamad Taha bin Ariffin
(deceased on 24 November 2007)

Datu Dr. Hatta bin Solhi

Dato' Vaseehar Hassan bin Abdul Razack

Kevin How Kow

Haji Mahmud Abu Bekir Taib

Dato Sri Liang Kim Bang

Dato' Richard Alexander John Curtis

Syed Ahmad Alwee Alsree
(appointed on 4 December 2007)

Datu Michael Ting Kuok Ngie @ Ting Kok Ngie
(appointed on 8 January 2008)

In accordance with Article 98 of the Company's Articles of Association, Dato' Vaseehar Hassan bin Abdul Razack and Datu Dr. Hatta bin Solhi retire at the forthcoming Annual General Meeting of the Company. Dato' Vaseehar Hassan bin Abdul Razack being eligible, offers himself for re-election whilst Datu Dr. Hatta bin Solhi will not be seeking re-election.

In accordance with the Article 102 of the Company's Articles of Association, Tuan Syed Ahmad Alwee Alsree and Datu Michael Ting Kuok Ngie @ Ting Kok Ngie retire at the forthcoming Annual General Meeting and, being eligible offer themselves for re-election.

In accordance with Section 129 (6) of the Companies Act 1965, Dato Sri Liang Kim Bang and Dato' Paduka Nik Hashim bin Nik Yusoff retire at the forthcoming Annual General Meeting and offer themselves for re-appointment as director under Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the securities of the Company and its related corporations were as follows:

	NUMBER OF ORDINARY SHARES			
	RM1 EACH AS AT 1.1.2007/ DATE OF APPOINTMENT	BOUGHT	SOLD	RM1 EACH AS AT 31.12.2007
CAHYA MATA SARAWAK BERHAD (Ultimate holding company)				
Haji Mahmud Abu Bekir Taib - direct	29,400,085	-	-	29,400,085
Syed Ahmad Alwee Alsree - indirect	45,630,102	-	-	45,630,102

UBG Berhad

	NUMBER OF ORDINARY SHARES				
	RM1 EACH AS AT 1.1.2007/ DATE OF APPOINTMENT	BOUGHT	SOLD	CAPITAL REDUCTION	RM 0.25 EACH AS AT 31.12.2007
UBG BERHAD (formerly known as Utama Banking Group Berhad)					
Datu Dr. Hatta bin Solhi	18,000	-	-	(10,800)	7,200
Dato' Paduka Nik Hashim bin Nik Yusoff	8,000	-	-	(4,800)	3,200
Dato' Vaseehar Hassan bin Abdul Razack	786,000	-	-	(471,600)	314,400
Dato Sri Liang Kim Bang	504,000	-	-	(302,400)	201,600
Syed Ahmad Alwee Alsree - indirect	712,000	-	-	(427,200)	284,800

During the year, the Company completed a capital repayment and share consolidation exercise which resulted in its issued and paid-up share capital reduced from RM682,759,946 comprising 682,759,946 of RM1.00 each to RM68,275,995 comprising 273,103,978 ordinary shares of 25 sen each. For details of the capital repayment and reduction, please refer to Note 21(3) to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind as disclosed in Note 15 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' BENEFITS cont'd

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, being arrangements with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The directors regard Cahya Mata Sarawak Berhad, a public listed company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, will not be seeking re-appointment.

On behalf of the Board of Directors,

HAJI MAHMUD ABU BEKIR TAIB

Director

SYED AHMAD ALWEE ALSREE

Director

Kuala Lumpur
3 April 2008



Balance Sheets

As at 31 December 2007

UBG Berhad

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Cash and short term funds	2	821,797	10,694,454	821,375	20,080
Securities purchased under resale agreements		-	2,691,541	-	-
Deposits and placements with banks and other financial institutions		-	5,596,849	-	-
Securities held-for-trading		-	5,160,642	-	-
Securities available-for-sale	3	-	6,269,840	-	1,181,270
Securities held-to-maturity		-	13,022,152	-	-
Loans, advances and financing		-	53,392,886	-	-
Clients' and brokers' balances		-	177,027	-	-
Other assets	4	501	600,965	500	7,249
Derivative assets	5	-	169,619	-	58,126
Statutory deposits		-	1,905,043	-	-
Tax recoverable		-	104,855	-	-
Deferred tax assets	6	-	254,801	-	-
Investments in subsidiaries	7	-	-	195	497,077
Investments in associates		-	15,446	-	-
Real property assets		-	392,000	-	-
Prepaid land lease		-	100,245	-	-
Property, plant and equipment	8	219	705,084	219	320
Goodwill	9	-	847,843	-	-
TOTAL ASSETS		822,517	102,101,292	822,289	1,764,122
LIABILITIES AND EQUITY					
Deposits from customers		-	57,466,001	-	-
Deposits and placements of banks and other financial institutions		-	11,577,118	-	-
Obligations on securities sold under repurchase agreements		-	14,975,669	-	-
Bills and acceptances payable		-	3,778,758	-	-
Clients' and brokers' balances		-	251,372	-	-
Other liabilities	10	9,705	1,874,355	9,699	1,008
Derivative liabilities		-	310,737	-	-
Recourse obligation on loans sold to Cagamas Berhad		-	2,879,284	-	-
Taxation		3,586	92,622	3,585	516
Deferred tax liabilities	6	-	16,526	-	-
Borrowings	11	-	3,966,605	-	145,000
Subordinated obligations		-	1,493,158	-	-
ICULS		-	197,844	-	-
INCPS		-	1,104,469	-	-
TOTAL LIABILITIES		13,291	99,984,518	13,284	146,524
Share capital	12	68,276	682,760	68,276	682,760
Reserves		740,950	305,681	740,729	934,838
		809,226	988,441	809,005	1,617,598
Minority interests		-	1,128,333	-	-
TOTAL EQUITY		809,226	2,116,774	809,005	1,617,598
TOTAL LIABILITIES AND EQUITY		822,517	102,101,292	822,289	1,764,122
COMMITMENTS AND CONTINGENCIES	18	13,718	56,939,867	13,718	-
CONTINGENT ASSET	18	-	30,718	-	30,718

The accompanying accounting policies and notes form an integral part of these financial statements.



Income Statements

For the financial year ended 31 December 2007

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CONTINUING OPERATIONS					
Interest income		36,805	469	40,633	15,041
Other operating income		-	-	-	120
Marketing costs		(171)	(47)	(171)	(47)
Personnel costs	13	(642)	(524)	(642)	(524)
Administrative expenses		(3,241)	(10,172)	(3,233)	(10,165)
Impairment loss		(800)	-	(800)	-
Profit/(Loss) from operations	14	31,951	(10,274)	35,787	4,425
Interest expense		(3,879)	(7,761)	(3,879)	(7,762)
Profit/(Loss) before taxation		28,072	(18,035)	31,908	(3,337)
Taxation	16	(10,312)	(3,717)	(10,309)	(3,714)
Profit/(Loss) after tax for the financial year from continuing operations		17,760	(21,752)	21,599	(7,051)
DISCONTINUED OPERATIONS					
- Rashid Hussain Berhad ("RHB")	26	967,347	252,732	1,093,681	37,909
- Utama Merchant Bank Berhad ("UMBB")	21	30,718	-	30,718	-
Profit for the financial year from discontinued operations		998,065	252,732	1,124,399	37,909
Profit for the financial year		1,015,825	230,980	1,145,998	30,858
Attributable to					
- Equity holders of the Company		1,165,799	(5,166)	1,145,998	30,858
- Minority interests		(149,974)	236,146	-	-
		1,015,825	230,980	1,145,998	30,858
Basic earnings per share attributable to equity holders of the Company:	17				
Profit/(loss) from continuing operations (sen)		2.93	(3.19)		
Profit from discontinued operations (sen)		189.31	2.43		
Profit/(loss) for the financial year (sen)		192.24	(0.76)		

UBG Berhad

The accompanying accounting policies and notes form an integral part of these financial statements.



Statements of Changes in Equity

For the financial year ended 31 December 2007

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →								
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RESERVE FUNDS RM'000	AFS RESERVES RM'000	TRANSLATION RESERVES RM'000	(ACCUMULATED LOSSES)/RETAINED PROFITS RM'000	SUB-TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
GROUP									
Balance as at 1 January 2007	682,760	425,283	95,011	6,233	(6,951)	(213,895)	988,441	1,128,333	2,116,774
Dilution of interest due to conversion of RHB ICULS by minority interests	-	-	(7,791)	(338)	112	26,011	17,994	(14,554)	3,440
Bonus issue	682,760	(357,007)	-	-	-	(325,753)	-	-	-
Capital distribution to shareholders	(1,297,244)	(68,276)	-	-	-	-	(1,365,520)	-	(1,365,520)
Currency translation differences	-	-	-	-	(2,245)	-	(2,245)	(12,876)	(15,121)
Exercise of RHB Call Warrants 2003/2007	-	-	(4,145)	(84)	19	4,210	-	39,113	39,113
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	4,536	-	-	4,536	26,340	30,876
Net transfer to income statement on disposal or impairment	-	-	-	228	-	-	228	2,191	2,419
Deferred tax	-	-	-	(7)	-	-	(7)	(381)	(388)
Income and expense recognised directly in equity	(614,484)	(425,283)	(11,936)	4,335	(2,114)	(295,532)	(1,345,014)	39,833	(1,305,181)
Profit/(loss) for the financial year	-	-	-	-	-	1,165,799	1,165,799	(149,974)	1,015,825
Total income and expense recognised for the financial year	(614,484)	(425,283)	(11,936)	4,335	(2,114)	870,267	(179,215)	(110,141)	(289,356)
Dividends paid to minority interests	-	-	-	-	-	-	-	(44,632)	(44,632)
Realised upon disposal of a subsidiary	-	-	(83,075)	(10,568)	9,065	84,578	-	(973,560)	(973,560)
Balance as at 31 December 2007	68,276	-	-	-	-	740,950	809,226	-	809,226

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2007

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →									
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RESERVE FUNDS RM'000	AFS RESERVES RM'000	TRANSLATION RESERVES RM'000	(ACCUMULATED LOSSES) RM'000	SUB- TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000	
GROUP cont'd										
Balance as at 1 January 2006	682,760	425,283	57,627	(883)	(4,714)	(172,298)	987,775	928,956	1,916,731	
Dilution of interest due to conversion of RHB ICULS by minority interests	-	-	(2,105)	(52)	11	3,284	1,138	(2,132)	(994)	
Currency translation differences	-	-	-	-	(2,250)	60	(2,190)	(13,324)	(15,514)	
Exercise of call warrants 2003/2007	-	-	(523)	(11)	2	237	(295)	4,136	3,841	
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	13,063	-	-	13,063	41,178	54,241	
Net transfer to income statement on disposal or impairment	-	-	-	(3,235)	-	-	(3,235)	(8,258)	(11,493)	
Increase in investment in an associate	-	-	-	-	-	-	-	(10)	(10)	
Deferred tax	-	-	-	(2,649)	-	-	(2,649)	(8,628)	(11,277)	
Income and expense recognised directly in equity	-	-	(2,628)	7,116	(2,237)	3,581	5,832	12,962	18,794	
Profit/(loss) for the financial year	-	-	-	-	-	(5,166)	(5,166)	236,146	230,980	
Total income and expense recognised for the financial year	-	-	(2,628)	7,116	(2,237)	(1,585)	666	249,108	249,774	
Transfer in respect of statutory requirements	-	-	40,012	-	-	(40,012)	-	-	-	
Dividends paid to minority interest	-	-	-	-	-	-	-	(49,731)	(49,731)	
Balance as at 31 December 2006	682,760	425,283	95,011	6,233	(6,951)	(213,895)	988,441	1,128,333	2,116,774	

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2007

COMPANY	← NON-DISTRIBUTABLE →		→ DISTRIBUTABLE		TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	AFS RESERVES RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	
Balance as at 1 January 2007	682,760	425,283	589,071	(79,516)	1,617,598
Bonus issue	682,760	(357,007)	-	(325,753)	-
Capital distribution to shareholders	(1,297,244)	(68,276)	-	-	(1,365,520)
Disposal of securities available-for-sale	-	-	(589,071)	-	(589,071)
Net profit for the financial year	-	-	-	1,145,998	1,145,998
Balance as at 31 December 2007	68,276	-	-	740,729	809,005
Balance as at 1 January 2006	682,760	425,283	(7,118)	(110,374)	990,551
Unrealised gain on fair valuation of securities available-for-sale	-	-	596,189	-	596,189
Net profit for the financial year	-	-	-	30,858	30,858
Balance as at 31 December 2006	682,760	425,283	589,071	(79,516)	1,617,598

The accompanying accounting policies and notes form an integral part of these financial statements.



Cash Flow Statements

For the financial year ended 31 December 2007

GROUP	NOTE	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
– continuing operations		28,072	(18,035)
Adjustments for:			
Property, plant and equipment			
– depreciation		99	100
– written off		2	–
Unrealised loss/(gain) on revaluation of derivative assets		800	(120)
Operating profit/(loss) before working capital changes		28,973	(18,055)
Decrease in other assets		6,749	26
Increase/(decrease) in other liabilities		8,739	(878)
Cash generated from /(used in) operations		44,461	(18,907)
Taxation paid		(7,244)	(3,561)
Net cash generated from operating activities		1,249,326	1,757,186
– discontinued operations			
Net cash generated from operating activities		1,286,543	1,734,718
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow on disposal of RHB			
– discontinued operations	26	(10,459,185)	–
Net cash inflow from disposal of UMBB			
– discontinued operations		30,718	–
Net cash inflow/(outflow) from investing activities		695,706	(2,740,215)
– discontinued operations			
Net cash used in investing activities		(9,732,761)	(2,740,215)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		–	17,600
Repayment of borrowings		(145,000)	(10,000)
Payment to hire-purchase creditors		(49)	(47)
Capital distribution to shareholders		(1,365,520)	–
Net cash generated from financing activities		84,130	296,377
– discontinued operations			
Net cash (used in)/generated from financing activities		(1,426,439)	303,930
Net decrease in cash and cash equivalents		(9,872,657)	(701,567)
Cash and cash equivalents at the beginning of the financial year		10,694,454	11,396,022
Cash and cash equivalents at the end of the financial year		821,797	10,694,455

UBG Berhad

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash Flow Statements

For the financial year ended 31 December 2007

COMPANY	NOTE	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
- continuing operations		31,908	(3,337)
Adjustments for:			
Property, plant and equipment			
- depreciation		99	100
- written off		2	-
Unrealised loss/(gain) on revaluation of derivative assets		800	(120)
Operating profit/(loss) before working capital changes		32,809	(3,357)
Decrease in other assets		6,749	22
Decrease/(increase) in other liabilities		8,740	(881)
Cash generated from /(used in) operations		48,298	(4,216)
Taxation paid		(7,241)	(3,559)
Net cash from/(used in) operating activities		41,057	(7,775)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of RHB			
- discontinued operations	26	2,240,089	-
Proceeds from disposal of UMBB			
- discontinued operations		30,718	-
Net cash generated from investing activities		2,270,807	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(145,000)	(10,000)
Drawdown of borrowings		-	17,600
Payment to hire-purchase creditors		(49)	(47)
Capital distribution to shareholders		(1,365,520)	-
Net cash (used in)/generated from financing activities		(1,510,569)	7,553
Net increase/(decrease) in cash and cash equivalents		801,295	(222)
Cash and cash equivalents at the beginning of the financial year		20,080	20,302
Cash and cash equivalents at the end of the financial year		821,375	20,080

The accompanying accounting policies and notes form an integral part of these financial statements.



Summary of Significant Accounting Policies

For the financial year ended 31 December 2007

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements except as disclosed below:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies and are in accordance with Financial Reporting Standards ('FRS'), the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

The financial statements of the Group incorporate all activities relating to the Islamic Banking business undertaken by the Group in compliance with Shariah principles.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965, and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements, and the reported amounts of revenues and expenses during the reported year. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from estimates.

A. STANDARDS AND TECHNICAL PRONOUNCEMENTS THAT ARE EFFECTIVE

During the financial year, the Group adopted the following revised FRS issued by MASB that are relevant and effective for financial statements commencing 1 January 2007:

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The adoption of the above revised FRS do not have any significant financial impact on the results of the Group other than the effect of restatement of the comparative figures as disclosed in Note 25.

B. STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

The new standards, amendments to published standards and interpretations that are relevant and mandatory for the Group's financial year beginning on or after 1 January 2008 or later periods, but which the Group has not early adopted, are as follows:

STANDARD/INTERPRETATION	EFFECTIVE FOR ACCOUNTING PERIOD BEGINNING ON OR AFTER
<ul style="list-style-type: none"> • Amendment to FRS 112 Income Taxes – This revised standard has removed the requirements that prohibit recognition of deferred tax on reinvestment allowances or other allowances in excess of capital allowances. 	1 July 2007
<ul style="list-style-type: none"> • Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation – This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in. 	1 July 2007
<ul style="list-style-type: none"> • FRS 139 Financial Instruments: Recognition and Measurement – This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. 	To be announced by MASB

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS cont'd**B. STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN****EARLY ADOPTED** cont'd

Other revised standards that have no significant changes compared to the original standards:

FRS 107	Cash Flow Statements
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The Group will apply the above revised standards and amendments to published standards (except for FRS 139 of which the effective date has yet to be determined) from financial periods beginning on 1 January 2008. The adoption of these standards and amendments will not have any significant impact on the results of the Group and Company.

C. STANDARDS AND INTERPRETATION TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND NOT RELEVANT FOR THE GROUP'S OPERATIONS:

		EFFECTIVE FOR ACCOUNTING PERIOD BEGINNING ON OR AFTER
• FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
• FRS 111	Construction Contracts	1 July 2007
• IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
• IC Interpretation 2	Members' Shares in Co-operation Entities and Similar Instruments	1 July 2007
• IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
• IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
• IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007

2. BASIS OF CONSOLIDATION**A. SUBSIDIARIES**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All material inter-company and intra-group transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2. BASIS OF CONSOLIDATION cont'd

A. SUBSIDIARIES cont'd

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with the carrying amount of the goodwill on the date of disposal.

Minority interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

B. ASSOCIATES

Investments in associates are accounted for in the consolidated financial statements by using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

3. INVESTMENTS IN SUBSIDIARIES

Subsidiaries are those corporations or other entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or convertible without restriction are considered when assessing whether the group controls another entity.

Investments in subsidiaries are stated at cost less any impairment loss. At each balance sheet date, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note (22) on impairment of non-financial assets.

4. INVESTMENTS IN ASSOCIATES

Associates are those corporations or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies through representation on the Board but not the power to exercise control over those policies.

Investments in associates are stated at cost less any impairment loss. At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note (22) on impairment of non-financial assets.

5. GOODWILL

Goodwill arising on consolidation represents the excess of the purchase price over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries and associates at the date of acquisition.

Goodwill is retained in the consolidated balance sheet and is stated at cost less any impairment loss and is tested at least annually for impairment. Impairment loss on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Refer to accounting policy Note (22) on impairment of non-financial assets.

6. SECURITIES

The Group classifies its securities portfolio into securities held-for-trading, securities held-to-maturity or securities available-for-sale. Classification of the securities is determined at initial recognition.

A. SECURITIES HELD-FOR-TRADING

Securities held-for-trading are securities acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identified securities that are managed together and for

6. SECURITIES cont'd**A. SECURITIES HELD-FOR-TRADING** cont'd

which there is evidence of a recent actual pattern of short-term profit-taking. Securities held-for-trading are stated at fair value at initial recognition. Any gain or loss arising from a change in the fair value or arising from derecognition of such securities is recognised in the income statement.

Interest calculated using the effective interest method is recognised in the income statement.

B. SECURITIES HELD-TO-MATURITY

Securities held-to-maturity are securities with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Securities held-to-maturity are measured at fair value at initial recognition and subsequently to amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the securities are derecognised or impaired and through the amortisation process.

Interest calculated using the effective interest method is recognised in the income statement.

C. SECURITIES AVAILABLE-FOR-SALE ('SECURITIES AFS')

Securities AFS are securities that are not classified as held-for-trading or held-to-maturity. Securities AFS are measured at fair value at initial recognition. Equity instruments that do not have a quoted market price in an active market and where the fair values cannot be reliably measured are stated at cost. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity, except for impairment loss and foreign exchange gain and loss. In the event that the financial assets are derecognised, the cumulative gain or loss previously recognised in equity shall be transferred to the income statement.

Interest calculated using the effective interest method is recognised in the income statement.

Dividends on AFS equity instruments are recognised in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair values using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

For loans converted into debt or equity instrument/ impaired securities, the Group shall assess whether there is any objective evidence that the securities or group of securities arising from conversion scheme/ other securities are impaired, and the impairment rules shall apply. Refer to accounting policy Note (23) on impairment of securities.

7. RECEIVABLES

Receivables are carried at anticipated realisable values. An estimate is made for doubtful debts based on the review of all outstanding amounts at the end of the financial year. Bad debts are written off during the financial year in which they are identified.

8. REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the banking subsidiaries have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the banking subsidiaries have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the balance sheet.

9. REAL PROPERTY ASSETS

Real property assets comprise land and the related development expenditure. Real property assets are stated at cost less impairment loss, if any. Where the carrying amount of the asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Refer to accounting policy Note (22) on impairment of non-financial assets.

10. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land, buildings in progress, renovations in progress and computer software in progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% to 3 $\frac{1}{3}$ %
Renovations and improvements	7 $\frac{1}{2}$ % to 20% or lease period
Computer equipment and software	20% to 33 $\frac{1}{3}$ %
Furniture, fittings and equipment	7 $\frac{1}{2}$ % to 20%
Motor vehicles	20% to 25%

10. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION cont'd

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Note (22) on impairment of non-financial assets.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique which variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one.

12. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

13. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD ('CAGAMAS')

In the normal course of commercial banking operations, the commercial banking subsidiaries sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet.

14. LEASES –WHERE THE GROUP IS LESSEE

A. OPERATING LEASE

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are

classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The up-front payments made for leasehold land represent prepaid lease rentals and are amortised on straight-line basis over the lease term.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

B. FINANCE LEASE

Leases of assets where the Group assumes substantially all the risks and benefits of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance charges is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term.

15. ASSETS PURCHASED UNDER HIRE-PURCHASE

Assets purchased under hire-purchase arrangements are capitalised at inception of the hire-purchase. Outstanding obligations due under hire-purchase agreements after deducting finance charges are treated as liabilities in the balance sheet. The interest element of the finance charges is charged to the income statement over the hire-purchase period.

16. OTHER PROVISIONS

Provisions other than for non-performing debts are recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

17. BORROWINGS

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Preference shares which carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement on an amortised cost basis using the effective interest method.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

19. INCOME RECOGNITION

Interest income is recognised on accruals basis.

20. ALLOWANCE FOR NON-PERFORMING DEBTS AND FINANCING

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

A general allowance for banking operations based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. A general allowance for securities operations is made based on a percentage of the total amounts due from clients after deducting the amount of interest-in-suspense and specific allowance for bad and doubtful debts. These percentages are reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general allowance, if necessary.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable

value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

21. EMPLOYEE BENEFITS**A. SHORT TERM EMPLOYEE BENEFITS**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

B. DEFINED CONTRIBUTION PLANS

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, Employees' Provident Fund ('EPF'). The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further legal or constructive obligations.

22. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

23. IMPAIRMENT OF SECURITIES

The Group assesses at each balance sheet date whether there is objective evidence that a security is impaired. A security is impaired and impairment loss are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the securities that can be reliably estimated.

A. SECURITIES CARRIED AT AMORTISED COST

If there is objective evidence that an impairment loss on securities held-to-maturity carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a security held-to-maturity has a variable interest rate, the discount rate

23. IMPAIRMENT OF SECURITIES ^{cont'd}

A. SECURITIES CARRIED AT AMORTISED COST ^{cont'd}

for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

B. SECURITIES CARRIED AT FAIR VALUE

In the case of securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised, is removed from equity and recognised in the income statement. Impairment loss recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as securities AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

24. INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and associates and arising from distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

25. CURRENCY CONVERSION AND TRANSLATION

A. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

B. TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

C. GROUP COMPANIES

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii. all resulting exchange differences are recognised as a separate component of equity.

26. DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and short term deposits, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.



Notes to the Financial Statements

For the financial year ended 31 December 2007

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Securities.

The principal activity of the Company is investment holding. With the Company's disposal of all its entire investment in Rashid Hussain Berhad ('RHB') Group on 22 May 2007, the Group ceased to have any significant business or operations.

The name of the Company was changed to UBG Berhad with effect from 28 June 2007.

The address of the registered office of the Company is at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, Malaysia.

2. CASH AND SHORT TERM FUNDS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and balances with banks and other financial institutions	278	388,183	275	233
Money at call and deposit placements maturing within one month	821,519	10,306,271	821,100	19,847
	821,797	10,694,454	821,375	20,080

3. SECURITIES AVAILABLE-FOR-SALE ('SECURITIES AFS')

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
AT FAIR VALUE				
Securities AFS held by RHB	-	6,269,840	-	-
Securities AFS held by the Company				
- RHB Irredeemable convertible unsecured loan stocks (ICULS)	-	-	-	1,181,270
	-	6,269,840	-	1,181,270

4. OTHER ASSETS

Other debtors, deposits and prepayments	40	377,098	40	24
Accrued interest receivable	461	223,867	460	7,225
	501	600,965	500	7,249

Other debtors, deposits and prepayments of the Group are stated net of allowance for doubtful debts of RM Nil (2006: RM4,775,000).

5. DERIVATIVE ASSETS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Derivative assets held by RHB	-	169,619	-	-
Derivative assets held by the Company				
- RHB Warrants	-	-	-	58,126
	-	169,619	-	58,126

6. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate set off are shown in the balance sheet:

	GROUP	
	2007 RM'000	2006 RM'000
Deferred tax assets	-	254,801
Deferred tax liabilities	-	(16,526)
	-	238,275
Balance as at the beginning of the financial year	238,275	244,754
Transfer from income statement		
- discontinued operations	7,528	4,693
Transfer to equity		
- discontinued operations	(388)	(11,277)
Exchange difference		
- discontinued operations	(101)	105
Realisation of deferred tax as a result of disposal of a subsidiary	(245,314)	-
Balance as at the end of the financial year	-	238,275

38 Notes to the Financial Statements

For the financial year ended 31 December 2007

6. DEFERRED TAX ASSETS/(LIABILITIES) ^{cont'd}

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	LEASING BUSINESS RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	SECURITIES AFS RM'000	LOANS, ADVANCES AND FINANCING RM'000	TAX LOSSES RM'000	PROVISION FOR LIABILITY RM'000	OTHER TEMPORARY DIFFERENCES RM'000	TOTAL RM'000
GROUP 2007								
Balance as at the beginning of the financial year	16,516	(26,141)	(11,700)	244,839	4,547	431	9,783	238,275
Transfer from/(to) income statement	1,732	4,389	-	2,533	-	95	(1,221)	7,528
- discontinued operations	-	-	(388)	-	-	-	-	(388)
Transfer to equity	-	-	-	-	(101)	-	-	(101)
Exchange difference	-	-	-	-	-	-	-	-
- discontinued operations	-	-	-	-	-	-	-	-
Realisation of deferred tax as a result of disposal of a subsidiary	(18,248)	21,752	12,088	(247,372)	(4,446)	(526)	(8,562)	(245,314)
Balance as at the end of the financial year	-	-	-	-	-	-	-	-
GROUP 2006								
Balance as at the beginning of the financial year	7,964	(30,455)	(423)	245,994	9,439	517	11,718	244,754
Transfer from/(to) income statement	8,552	4,314	-	(1,155)	(4,998)	(86)	(1,934)	4,693
Transfer to equity	-	-	(11,277)	-	-	-	-	(11,277)
Exchange difference	-	-	-	-	106	-	(1)	105
Balance as at the end of the financial year	16,516	(26,141)	(11,700)	244,839	4,547	431	9,783	238,275

6. DEFERRED TAX ASSETS/(LIABILITIES) cont'd

Deferred tax assets have not been recognised on the following as it is not probable that the Company and relevant subsidiaries of the Group will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unabsorbed tax losses carried forward				
– RHB	–	3,206,792	–	–
Unabsorbed capital allowances carried forward	–	469	–	155
	–	3,207,261	–	155

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007 RM'000	2006 RM'000
IN MALAYSIA		
Quoted shares, at cost	–	496,882
Unquoted shares, at cost	49,800	49,800
	49,800	546,682
Accumulated impairment loss on a subsidiary	(49,605)	(49,605)
	195	497,077

The details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	PAID-UP SHARE CAPITAL (IN RM UNLESS OTHERWISE STATED)	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
			2007 %	2006 %	
DIRECT SUBSIDIARIES OF THE COMPANY					
UBG Enterprise Berhad	Malaysia	49,800,000	100	100	Ceased operation
Rashid Hussain Berhad Group ¹	Malaysia	731,595,000	–	32.6	Investment Holding

Notes:

¹ RHB ceased to be a subsidiary on 22 May 2007 pursuant to the Company's disposal of its entire investment in RHB Group.

40 Notes to the Financial Statements
For the financial year ended 31 December 2007

8. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND RM'000	← LEASEHOLD LAND LESS THAN 50 YEARS RM'000	→ 50 YEARS OR MORE RM'000	BUILDINGS RM'000	RENOVATIONS AND IMPROVEMENTS RM'000	COMPUTER EQUIPMENT AND SOFTWARE RM'000	FURNITURE, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
GROUP 2007									
COST									
Balance as at the beginning of the financial year	121,986	1,047	125,039	444,224	170,178	720,913	221,128	22,869	1,827,384
- as previously reported	-	(1,047)	(125,039)	(730)	-	-	-	-	(126,816)
- effect of adoption of FRS 117									
- as restated	121,986	-	-	443,494	170,178	720,913	221,128	22,869	1,700,568
Additions	-	-	-	-	3,810	12,867	1,306	587	18,570
Disposals	-	-	-	(2,045)	-	(49)	(2)	(766)	(2,862)
Written off	-	-	-	-	(97)	(5,621)	(788)	(3)	(6,509)
Exchange difference	(33)	-	-	(1,125)	(250)	(430)	(256)	(27)	(2,121)
Reclassifications	-	-	-	-	(205)	(300)	406	99	-
Disposal of a subsidiary	(121,953)	-	-	(440,324)	(173,436)	(727,380)	(221,740)	(22,312)	(1,707,145)
Balance as at the end of the financial year	-	-	-	-	-	-	54	447	501
ACCUMULATED DEPRECIATION									
Balance as at the beginning of the financial year	-	440	4,096	87,407	121,874	560,776	199,736	15,694	990,023
- as previously reported	-	(440)	(4,096)	(75)	-	-	-	-	(4,611)
- effect of adoption of FRS 117									
- as restated	-	-	-	87,332	121,874	560,776	199,736	15,694	985,412
Depreciation charge for the financial year	-	-	-	3,309	2,507	23,303	3,244	1,000	33,363
Disposals	-	-	-	-	-	(45)	(1)	(565)	(611)
Written off	-	-	-	-	(18)	(5,621)	(786)	(3)	(6,428)
Exchange difference	-	-	-	(261)	(173)	(311)	(236)	(14)	(995)
Reclassifications	-	-	-	-	-	(32)	(64)	96	-
Disposal of a subsidiary	-	-	-	(90,380)	(124,190)	(578,070)	(201,842)	(15,977)	(1,010,459)
Balance as at the end of the financial year	-	-	-	-	-	-	51	231	282
ACCUMULATED IMPAIRMENT LOSS									
Balance as at the beginning of the financial year	1,136	-	21,960	4,335	-	4,601	-	-	32,032
- as previously reported	-	-	(21,960)	-	-	-	-	-	(21,960)
- effect of adoption FRS 117									
- as restated	1,136	-	-	4,335	-	4,601	-	-	10,072
Exchange difference	-	-	-	(19)	-	-	-	-	(19)
Disposal of a subsidiary	(1,136)	-	-	(4,316)	-	(4,601)	-	-	(10,053)
Balance as at the end of the financial year	-	-	-	-	-	-	-	-	-
Net book value as at the end of the financial year	-	-	-	-	-	-	3	216	219

8. PROPERTY, PLANT AND EQUIPMENT cont'd

	FREEHOLD LAND RM'000	← LEASEHOLD LAND LESS THAN 50 YEARS RM'000	→ LEASEHOLD LAND 50 YEARS OR MORE RM'000	BUILDINGS RM'000	RENOVATIONS AND IMPROVEMENTS RM'000	COMPUTER EQUIPMENT AND SOFTWARE RM'000	FURNITURE, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
GROUP 2006									
COST									
Balance as at the beginning of the financial year	122,569	1,047	128,831	473,366	156,877	683,965	205,482	25,353	1,797,490
- as previously reported	-	(1,047)	(128,831)	(730)	-	-	-	-	(130,608)
- effect of adoption of FRS 117									
- as restated	122,569	-	-	472,636	156,877	683,965	205,482	25,353	1,666,882
Additions	-	-	-	2,472	8,575	56,421	2,035	2,126	71,629
Disposals	(602)	-	-	(9,396)	-	(546)	(266)	(4,623)	(15,433)
Written off	-	-	-	-	(624)	(20,951)	(3,743)	(6)	(25,324)
Exchange difference	19	-	-	554	35	2,028	159	19	2,814
Reclassifications	-	-	-	(22,772)	5,315	(4)	17,461	-	-
Balance as at the end of the financial year	121,986	-	-	443,494	170,178	720,913	221,128	22,869	1,700,568
ACCUMULATED DEPRECIATION									
Balance as at the beginning of the financial year	-	412	4,067	78,497	115,955	510,874	193,693	17,387	920,885
- as previously reported	-	(412)	(4,067)	(67)	-	-	-	-	(4,546)
- effect of adoption of FRS 117									
- as restated	-	-	-	78,430	115,955	510,874	193,693	17,387	916,339
Depreciation charge for the financial year	-	-	-	11,232	6,455	71,164	9,904	2,730	101,485
Disposals	-	-	-	(2,362)	-	(530)	(265)	(4,436)	(7,593)
Written off	-	-	-	-	(608)	(20,827)	(3,740)	(6)	(25,181)
Exchange difference	-	-	-	120	(16)	95	144	19	362
Reclassifications	-	-	-	(88)	88	-	-	-	-
Balance as at the end of the financial year	-	-	-	87,332	121,874	560,776	199,736	15,694	985,412
ACCUMULATED IMPAIRMENT LOSS									
Balance as at the beginning of the financial year	-	-	23,535	3,495	-	4,290	-	-	31,320
- as previously reported	-	-	(23,535)	-	-	-	-	-	(23,535)
- effect of adoption of FRS 117									
- as restated	-	-	-	3,495	-	4,290	-	-	7,785
Charge for the financial year	1,136	-	-	1,342	-	-	-	-	2,478
Disposals	-	-	-	(310)	-	-	-	-	(310)
Reversal during the financial year	-	-	-	(174)	-	-	-	-	(174)
Exchange difference	-	-	-	(18)	-	311	-	-	293
Balance as at the end of the financial year	1,136	-	-	4,335	-	4,601	-	-	10,072
Net book value as at the end of the financial year	120,850	-	-	351,819	48,304	155,536	21,392	7,175	705,084

8. PROPERTY, PLANT AND EQUIPMENT cont'd

Included in the net book value of motor vehicles is an amount of RM216,000 (2006: RM1,146,000) which is purchased under hire-purchase arrangement.

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
COMPANY 2007			
COST			
Balance as at the beginning of the financial year	75	447	522
Written off	(21)	-	(21)
Balance as at the end of the financial year	54	447	501
ACCUMULATED DEPRECIATION			
Balance as at the beginning of the financial year	61	141	202
Charge for the financial year	9	90	99
Written off	(19)	-	(19)
Balance as at the end of the financial year	51	231	282
Net book value as at the end of the financial year	3	216	219
COMPANY 2006			
COST			
Balance as at the beginning/end of the financial year	75	447	522
ACCUMULATED DEPRECIATION			
Balance as at the beginning of the financial year	50	52	102
Charge for the financial year	11	89	100
Balance as at the end of the financial year	61	141	202
Net book value as at the end of the financial year	14	306	320

9. GOODWILL

	GROUP	
	2007 RM'000	2006 RM'000
Balance as at the beginning of the financial year	847,843	857,714
Realisation of goodwill upon conversion of RHB ICULS A & B	(39,579)	(9,189)
Realisation of goodwill upon exercise of Call Warrants 2003/2007	-	(682)
Disposal of a subsidiary	(808,264)	-
Balance as at the end of the financial year	-	847,843

10. OTHER LIABILITIES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other creditors and accruals	-	507,242	-	-
Accrued interest payable	-	503,142	-	447
Amount due to BNM	-	296,129	-	-
Accruals for operational expenses	9,551	155,028	9,545	356
General insurance fund	-	136,821	-	-
Short term employee benefits	-	116,707	-	-
Lessee deposits	-	82,778	-	-
Prepaid instalment	-	61,889	-	-
Remisiers' trust deposits	-	11,181	-	-
Amount due to Danaharta	-	1,725	-	-
Hire-purchase creditors	127	1,684	127	176
Amount due to ultimate holding company	27	29	27	29
	9,705	1,874,355	9,699	1,008

A. HIRE-PURCHASE CREDITORS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum lease payments				
- not later than one year	56	773	56	55
- later than one year and not later than two years	55	601	55	55
- later than two years and not later than five years	23	432	23	79
	134	1,806	134	189
Future finance charges on hire-purchase	(7)	(122)	(7)	(13)
Present value of hire-purchase creditors	127	1,684	127	176
Current	51	699	51	49
Non-current	76	985	76	127
	127	1,684	127	176
Present value of hire-purchase creditors				
- not later than one year	51	699	51	49
- later than one year and not later than two years	53	565	53	51
- later than two years and not later than five years	23	420	23	76
	127	1,684	127	176

UBG Berhad

Hire-purchases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The effective interest rates of hire-purchase creditors at balance sheet date range from 4.18% to 6.54% (2006: 4.18% to 6.54%) per annum.

11. BORROWINGS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Borrowings of RHB	-	3,821,605	-	-
Borrowings of the Company				
– Revolving credit	-	145,000	-	145,000
	-	3,966,605	-	145,000

12. SHARE CAPITAL

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
Authorised:		
Ordinary shares of RM0.25 each (2006: RM1.00 each)		
Balance as at the beginning of the financial year	1,000,000	1,000,000
Issued during the financial year	500,000	-
Balance as at the end of the financial year	1,500,000	1,000,000
Issued and fully paid:		
Ordinary shares of RM0.25 each (2006: RM1.00 each)		
Balance as at the beginning of the financial year	682,760	682,760
Bonus issue	682,760	-
Capital distribution to shareholders	(1,297,244)	-
Balance as at the end of the financial year	68,276	682,760

Refer to Note 21(3) to the financial statements for details.

13. PERSONNEL COSTS

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
Salaries, bonus, wages and allowances	542	376
Defined contribution plan	67	47
Other staff related costs	33	101
	642	524

14. PROFIT FROM OPERATIONS

The following items have been charged in arriving at profit from operations:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors' remuneration (Note 15)	1,258	532	1,258	532
Auditors' remuneration				
– statutory audit	55	53	52	50
– other fees	368	43	368	43
Depreciation of property, plant and equipment	99	100	99	100
Rental of premises	265	265	265	265
Legal and professional fees	315	8,299	315	8,299

15. DIRECTORS' REMUNERATION

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
NON-EXECUTIVE DIRECTORS		
Fees	842	164
Other remuneration	384	336
Estimated monetary value of benefits in-kind	32	32
	1,258	532

Number of Directors of the Company whose remuneration falls into the following bands:

	NUMBER OF DIRECTORS NON-EXECUTIVE	
	2007 RM'000	2006 RM'000
RM nil - RM50,000	2	9*
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	5	-
RM300,001 - RM350,001	-	1
RM600,001 - RM650,001	1	-

* Includes two directors who have resigned

16. TAXATION

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax based on profit/(loss) for the financial year				
- Malaysian income tax	10,086	3,736	10,083	3,733
Under/(Over) provision in respect of prior years	226	(19)	226	(19)
	10,312	3,717	10,309	3,714
CURRENT TAX				
Current year	10,086	3,736	10,083	3,733
Under/(Over) provision in respect of prior years	226	(19)	226	(19)
	10,312	3,717	10,309	3,714

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and of the Company is as follows:

	GROUP/COMPANY	
	2007 %	2006 %
Tax at Malaysian statutory tax rate	27.0	28.0
Tax effects in respect of:		
Non allowable expenses	4.6	(139.8)
Under/(Over) provision in respect of prior years	0.7	(0.6)
	32.3	(111.3)

17. EARNINGS/(LOSS) PER SHARE

	GROUP	
	2007	2006
CONTINUING OPERATIONS		
Basic earnings/(loss) per share		
Profit/(loss) attributable to equity holders of the Company (RM'000)	17,760	(21,752)
Weighted average number of ordinary shares in issue ('000)	606,440	682,760
Basic earnings/(loss) per share (sen)	2.93	(3.19)
DISCONTINUED OPERATIONS		
Basic earnings/(loss) per share		
Profit attributable to equity holders of the Company (RM'000)	1,148,039	16,586
Weighted average number of ordinary shares in issue ('000)	606,440	682,760
Basic earnings per share (sen)	189.31	2.43
PROFIT/(LOSS) FOR THE YEAR		
Profit attributable to equity holders of the Company (RM'000)	1,165,799	(5,166)
Weighted average number of ordinary shares in issue ('000)	606,440	682,760
Basic earnings per share (sen)	192.24	(0.76)

18. COMMITMENTS AND CONTINGENCIES

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Commitments and contingencies of RHB		-	56,939,867	-	-
Contingent liability of the Company	A	13,718	-	13,718	-
		13,718	56,939,867	13,718	-
Contingent asset of the Company	B	-	30,718	-	30,718

A. CONTINGENT LIABILITY

The Group does not have any outstanding guarantees or contingent liabilities as at 31 December 2007 with the completion of the Proposed Disposal of RHB by the Company on 22 May 2007 except for the following:

The Company has received a claim by correspondence from Merrill Lynch Pte Ltd ("MLS") for the sum of USD6,642,453.70 (which represents its primary claim) and out-of-pocket expenses amounting to USD63,625.97 in relation to fees and out-of-pocket expenses in respect of the alleged provision by it of financial advisory to UBG pursuant to the financial services agreement dated 27 June 2006 entered into between UBG and MLS.

UBG's position is that MLS is only entitled to be paid fees amounting to USD2.5 million and out-of-pocket expenses that are verified to be properly incurred (which represent present liabilities for which UBG has made provisions in its accounts). UBG regards any other liability consequent upon MLS's primary claim as a contingent one at this time. Notwithstanding the above, the directors are of the view that such a contingent liability, even if it subsequently becomes enforceable, would not have a material impact on the financial position or business of the Group.

18. COMMITMENTS AND CONTINGENCIES cont'd

B. CONTINGENT ASSET

The Group does not have any outstanding contingent asset as at 31 December 2007.

In 2006, the Group had a contingent asset of RM30,718,000 arising from the Supplemental Share Sale Agreement signed between the Company and Malaysia Industrial Development Finance ("MIDF") dated 22 December 2004 to resolve the completion of the sale of the Company's 189,772,222 ordinary shares of RM1.00 each comprising 85.1% equity interest in UMBB to MIDF under the Share Sale Agreement dated 6 May 2004. Refer to Note 21 to the financial statements for details.

19. SIGNIFICANT RELATED PARTY DISCLOSURES

A. RELATED PARTIES AND RELATIONSHIPS

The related parties of, and their relationship with the Company are as follows:

RELATED PARTIES	RELATIONSHIP
Cahaya Mata Sarawak Berhad ('CMS')	Ultimate holding company
Subsidiaries and associates of CMS as disclosed in its financial statements	Subsidiaries and associates of the ultimate holding company
Concordance Holdings Sdn Bhd	Holding company
Rashid Hussain Berhad ('RHB')	Deemed subsidiary*
Subsidiaries and associates of RHB as disclosed in its financial statements	Subsidiaries and associates of RHB
Key management personnel	Key management personnel of the Company includes: <ul style="list-style-type: none"> - All Directors of the Company and the holding companies - Key management personnel who are in charge of the UBG Group
Related parties of key management personnel	i. Close family members and dependants of key management personnel ii. Entities that are controlled, jointly controlled or significantly voting power in such entity resides with, directly or indirectly by key management personnel or its close family members.

* Rashid Hussain Berhad ceased to be a deemed subsidiary effective 22 May 2007

B. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Other related companies comprise the other companies in the CMS Group and UBG Berhad Group.

	ULTIMATE AND IMMEDIATE HOLDING COMPANY RM'000	RHB RM'000	OTHER RELATED COMPANIES RM'000
2007			
INCOME			
Interest income	-	3,841	-
EXPENDITURE			
Other expenses	479	-	-
AMOUNT DUE TO			
Other payables	28	-	-

19. SIGNIFICANT RELATED PARTY DISCLOSURES cont'd

B. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS cont'd

	ULTIMATE AND IMMEDIATE HOLDING COMPANY RM'000	RHB RM'000	OTHER RELATED COMPANIES RM'000
2006			
INCOME			
Interest income	-	14,350	234
EXPENDITURE			
Other expenses	326	-	-
AMOUNT DUE FROM			
Cash and short-term funds	-	104	-
Deposits and placements with banks and other financial institutions	-	7,480	-
Accrued interest receivable	-	12	-
	-	7,596	-
AMOUNT DUE TO			
Other payables	29	-	-

C. KEY MANAGEMENT PERSONNEL

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
Short-term benefits		
- Fees	842	164
- Salary and other remuneration	1,573	655
- Benefits-in-kind	32	32
	2,447	851

The above includes directors' remuneration as described in Note 15 to the financial statements and remuneration paid to the key management personnel of the holding company.

20. SEGMENT INFORMATION

Following the disposal of the Company's entire investment in Rashid Hussain Berhad Group, no segment reporting is presented as the Group derives its revenue and profits substantially from its investment in its subsidiary, Rashid Hussain Berhad, which is principally involved in the provision of banking and financial services.

21. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On 12 April 2007, the learned arbitrator, in the arbitration proceedings between the Company and MIDF in relation to the dispute that arose under the Share Sale Agreement with MIDF dated 6 May 2004 for the sale of 189,772,222 ordinary shares of RM1.00 each comprising 85.1% of the issued capital of UMBB, made the award in favour of the Company.

21. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR ^{cont'd}

Consequently, on 18 April 2007, the sum of RM30,718,000 previously disclosed as Contingent Asset (refer to Note 18) and the accrued interest thereon (less applicable charged if any) was released to the Company following the publication of the award.

The effect of the above outcome on the financial position of the Group was that the amount of RM30,718,000 was recognised in the income statement as a gain on disposal of UMBB and as a net cash inflow from investing activities in the cash flow statement.

2. On 8 March 2007, the Company announced that it has received and accepted, subject to shareholders and regulatory approvals, Employees Provident Funds Board's ("EPF") revised offer dated 7 March 2007 ("Proposed Disposal") involving all the securities held by the Company in RHB as follows:
 - i. 238,127,000 ordinary shares of RM1.00 each in RHB at RM1.80 per share;
 - ii. 449,206,479 units of 2002/2012 0.5% RHB ICULS-A at RM1.94 per unit;
 - iii. 403,471,898 units of 2002/2012 3% RHB ICULS-B at RM1.94 per unit; and
 - iv. 92,461,730 units of RHB Call Warrants 2003/2007 at RM1.84 per unit.

The total cash consideration for the securities was RM2,252,954,234.58.

A conditional sale and purchase agreement dated 3 April 2007 was entered into between UBG and EPF for purposes of the Proposed Disposal ("SPA"). All the conditions precedent as set out in the SPA were met on 15 May 2007 and the proposed disposal completed on 22 May 2007. Therefore, RHB ceased to be a subsidiary of the Company on 22 May 2007 ("Discontinued Operation").

3. On 31 October 2007, the Company completed a capital repayment of RM1,365,519,892 and share consolidation exercise which resulted in its issued and paid-up share capital reduced from RM682,759,946 comprising 682,759,946 of RM1.00 each to RM68,275,995 comprising 273,103,978 ordinary shares of 25 sen each.

22. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1. PROPOSED REGULARISATION SCHEME ('PN17')

Following the completion of the disposal of UBG's entire investment in Rashid Hussain Berhad on 22 May 2007, the Company ceased to have significant business/operations. Accordingly, UBG is an Affected Listed Issuer pursuant to PN17 and Paragraph 8.14C of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"). Bursa Securities has on 17 January 2008 approved the Company's application for an extension of time of 1 month to submit a regularisation plan by 21 February 2008.

Aseambankers Malaysia Berhad, the main advisors for the Company had on 31 January 2008 announced that the Company had entered into agreements in relation to its regularisation scheme to uplift the Company's PN17 status listed on Bursa Securities and the Proposed Regularisation Scheme involves the following:-

- a. a conditional share sale agreement with PPES Work (Sarawak) Sdn Bhd ("PPES") and Sarawak Economic Development Corporation ("SEDC"), to acquire 1,000,000 ordinary shares of RM1.00 each in CMS Roads Sdn Bhd ("CMS Roads") representing the entire issued and paid-up share capital of CMS Roads for a purchase consideration of RM123.0 million, to be satisfied by the issuance of 39,852,000 new UBG shares to PPES at an issue price of RM2.50 per UBG Share and a cash consideration of RM23.37 million to SEDC ("Proposed CMS Roads Acquisition");

22. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE cont'd

1. PROPOSED REGULARISATION SCHEME ('PN17') cont'd

- b. a conditional share sale agreement with PPES to acquire 5,000,000 ordinary shares of RM1.00 each in CMS Pavement Tech Sdn Bhd ("CMS Tech") representing the entire issued and paid-up capital of CMS Tech for a purchase consideration of RM12.0 million, to be satisfied by the issuance of 4,800,000 new UBG Shares to PPES at an issue price of RM2.50 per UBG share ("Proposed CMS Tech Acquisition");
- c. a conditional share sale agreement with Swan Symphony Sdn Bhd ("SSSB") to acquire 68,604,274 existing ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB") representing 49.21% equity interest in PPB from SSSB for a purchase consideration of approximately RM332.7 million to be satisfied entirely in cash ("Proposed PPB Acquisition"); and
- d. a conditional share sale agreement with Binary Bestari Sdn Bhd ("BBSB") to acquire 25,540,431 existing ordinary shares of RM1.00 each in Loh & Loh Corporation Berhad ("LLCB") representing 37.56% equity interest in LLCB from BBSB for a purchase consideration of approximately RM123.9 million to be satisfied entirely in cash ("Proposed LLCB Acquisition")
- e. Proposed issuance of 182,640,800 new ordinary shares of RM0.25 each in UBG ("UBG Shares") to Majestic Masterpiece Sdn Bhd ("MMSB") at the issue price of RM2.50 per new UBG Shares ("Proposed Restricted Issue"); and
- f. Mandatory offer by UBG for the remaining shares in PPB and LLCB not already held by UBG upon completion of the Proposed PPB Acquisition and Proposed LLCB Acquisition at the offer price of RM4.85 per PPB share and LLCB share ("MO").

(Agreements c, d, e and f above are inter-conditional upon each other).

The Proposed Regularisation Scheme is subject to (inter-alia) the approval of the Securities Commission ('SC'), approval-in-principle of Bursa Securities Malaysia Berhad ('Bursa Securities') for listing of new UBG's shares to be issued, shareholders approval, and other relevant approvals where applicable.

On 15 February 2008, Bursa Securities has approved the Company's application for an extension of time up to 21 March 2008 to submit its regularisation scheme to the relevant authorities. Subsequently, on 21 March 2008, it was announced that the relevant applications to the SC have been submitted to seek the approvals for UBG's Proposed Regularisation Scheme. Subsequently, on 21 March 2008, it was announced that the relevant applications to the SC have been submitted to seek the approvals for UBG's Proposed Regularisation Scheme.

23. FINANCIAL INSTRUMENTS

A. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose them to certain financial risks, including interest rate risk, credit risk, liquidity and cash flow risk. The Group and Company manages such risks through close monitoring of changes in market prices and interest rates. Regular reports are tabled at the regular Board meetings for information and decision. In situations where immediate steps need to be taken to address such risks, the matter would be brought to the attention of the EXCO and/or Board for deliberations and decisions (if within its delegated authority). The Company does not use any derivative financial instruments to hedge its exposure to these financial risks and the Group's policy is not to engage in speculative transactions.

i. Interest rate risk

The Group and the Company have no significant interest-bearing assets other than short term deposits with approved domestic financial institutions. Interest rate exposure arises from the Group's and Company's short term borrowings and deposits with approved domestic financial institutions.

Following the disposal of the Company's entire investment in Rashid Hussain Berhad Group, no interest rate risk disclosure for the financial year ended 31 December 2006 is presented as the Group's assets and liabilities are substantially from its subsidiary, Rashid Hussain Berhad, which is principally involved in the provision of banking and financial services.

23. FINANCIAL INSTRUMENTS cont'd

A. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

ii. Credit risk

The Group and the Company has no significant concentrations of credit risk except that the Group's deposits were placed with approved domestic financial institutions.

Following the disposal of the Company's entire investment in Rashid Hussain Berhad Group, no credit rate risk disclosure for the financial year ended 31 December 2006 is presented as the Group's assets and liabilities are substantially from its investment in its subsidiary, Rashid Hussain Berhad, which is principally involved provision of banking and financial services.

iii. Liquidity and cash flow risk

The Group and the Company maintain sufficient cash and adequate amount of committed credit facilities from their bankers.

24. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted and observable market prices, where available, are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of FRS 132 which requires fair value information to be disclosed. These include property, plant and equipment and investments in subsidiaries.

A range of methodologies and assumptions had been used in deriving the fair value of the Group's and the Company's financial statements at balance sheet date. The total fair value of each financial instrument approximates the total carrying value as at 31 December 2007.

25. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF REVISED FRS 117 – LEASES

The adoption of the revised FRS 117 has resulted in a change in accounting policy relating to classification of leasehold land. The upfront payment made for leasehold land represents prepaid land lease and is amortised on a straight-line basis over the remaining lease term. Prior to 1 January 2007, leasehold land of the Group was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss.

Upon the adoption of FRS 117, the unamortised carrying amount of leasehold land is classified as prepaid land lease in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease has been accounted for retrospectively and the following comparative figures as at 31 December 2006 have been restated:

	GROUP	
	AS PREVIOUSLY REPORTED RM'000	AS RESTATED RM'000
Prepaid land lease	–	100,245
Property, plant and equipment	805,329	705,084

The adoption of this FRS has no impact to the Group's financial results.

26. EFFECTS OF DISCONTINUED OPERATIONS

On 8 March 2007, the Company announced that it has received and accepted, subject to shareholders and regulatory approvals, Employees Provident Funds Board's ("EPF") revised offer dated 7 March 2007 ("Proposed Disposal") involving all the securities held by the Company in RHB as follows:

- i. 238,127,000 ordinary shares of RM1.00 each in RHB at RM1.80 per share;
- ii. 449,206,479 units of 2002/2012 0.5% RHB ICULS-A at RM1.94 per unit;
- iii. 403,471,898 units of 2002/2012 3% RHB ICULS-B at RM1.94 per unit; and
- iv. 92,461,730 units of RHB Call Warrants 2003/2007 at RM1.84 per unit.

The total cash consideration for the securities was RM2,252,954,234.58.

A conditional sale and purchase agreement dated 3 April 2007 was entered into between UBG and EPF for purposes of the Proposed Disposal ("SPA"). All the conditions precedent as set out in the SPA were met on 15 May 2007 and the proposed disposal completed on 22 May 2007. Therefore, RHB ceased to be a subsidiary of the Company on 22 May 2007 ("Discontinued Operation").

- a. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows:

	UP TO DISPOSAL DATE RM'000	FOR THE FINANCIAL YEAR ENDED 31.12.2006 RM'000
Interest income	1,602,067	4,322,756
Interest expense	(1,003,550)	(2,645,840)
Net interest income	598,517	1,676,916
Other operating income	(15,973)	816,453
Income from Islamic Banking business	74,021	236,099
	656,565	2,729,468
Other operating expenses	(459,982)	(1,357,931)
Operating profit before allowances	196,583	1,371,537
Allowance for losses on loans and financing	(317,668)	(709,398)
Impairment losses	(37,221)	(66,404)
	(158,306)	595,735
Share of results of associates	15	(308)
(Loss)/profit before INCPS dividends and taxation	(158,291)	595,427
INCPS dividends	(36,312)	(110,447)
(Loss)/profit after INCPS dividends and before taxation	(194,603)	484,980
Taxation	(67,917)	(232,248)
(Loss)/profit for the financial period from discontinued operations	(262,520)	252,732
Net gain on disposal of investment in RHB	1,229,867	
	967,347	

26. EFFECTS OF DISCONTINUED OPERATIONS cont'd

b. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows:

	AS AT DISPOSAL DATE RM'000	AS AT 31.2.2006 RM'000
Cash and short term funds	12,700,026	10,681,535
Securities purchased under resale agreements	3,756,680	2,691,541
Deposits and placements with banks and other financial institutions	4,466,754	5,596,849
Securities held-for-trading	5,310,091	5,160,642
Securities available-for-sale	11,171,695	6,269,840
Securities held-to-maturity	7,654,801	13,022,152
Loans, advances and financing	53,854,441	53,392,886
Clients' and brokers' balances	355,802	177,027
Other assets	978,215	862,792
Statutory deposits	1,768,950	1,905,043
Tax recoverable	107,089	104,855
Deferred tax assets	259,422	254,801
Investments in associates	15,301	15,446
Real property assets	392,000	392,000
Property, plant and equipment	686,633	704,764
Deposits from customers	(61,283,959)	(57,473,584)
Deposits and placements of banks and other financial institutions	(12,594,634)	(11,577,118)
Obligations on securities sold under repurchase agreements	(12,058,652)	(14,975,669)
Bills and acceptances payable	(3,938,298)	(3,778,758)
Clients' and brokers' balances	(416,018)	(251,372)
Other liabilities	(2,616,581)	(2,184,077)
Recourse obligation on loans sold to Cagamas Berhad	(2,633,057)	(2,879,284)
Taxation	(108,879)	(92,105)
Deferred tax liabilities	(14,108)	(16,526)
Borrowings	(3,885,273)	(3,821,605)
Subordinated obligations	(1,477,070)	(1,493,158)
ICULS	(171,384)	(197,844)
INCPS	(1,104,469)	(1,104,469)
Identifiable net assets	1,175,518	1,386,604
Less: Minority interests	(973,560)	(1,128,333)
Identifiable net assets disposed	201,958	258,271
Add: Goodwill	808,264	847,843
	1,010,222	1,106,114
Net disposal proceeds	(2,240,089)	
Gain on disposal after tax	(1,229,867)	

UBG Berhad

c. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows:

	RM'000
The cash flow on disposal of RHB is determined as follows:	
Total proceeds from disposal of RHB	2,252,954
Expenses directly attributable to the disposal	(12,865)
Net disposal proceeds	2,240,089
Cash and cash equivalents of subsidiary disposed of	(12,699,274)
Net cash outflow on disposal of RHB	(10,459,185)

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 3 April 2008.



Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tuan Haji Mahmud Abu Bekir Taib and Tuan Syed Ahmad Alwee Alsree, being two of the directors of UBG Berhad (formerly known as Utama Banking Group Berhad) state that, in the opinion of the directors, the accompanying financial statements set out on pages 18 to 53 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cash flows of the Group and the Company for the financial year ended 31 December 2007 in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

On behalf of the Board of Directors

TUAN HAJI MAHMUD ABU BEKIR TAIB
DIRECTOR

TUAN SYED AHMAD ALWEE ALSREE
DIRECTOR

Kuala Lumpur
3 April 2008

UBG Berhad



Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Monica Oh Chin Chin, being the officer primarily responsible for the financial management of UBG Berhad (formerly known as Utama Banking Group Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 18 to 53 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.

MONICA OH CHIN CHIN

Subscribed and solemnly declared by the abovenamed Monica Oh Chin Chin at Kuala Lumpur in Malaysia on 3 April 2008, before me.

SOH AH KAU (No. W 315)
COMMISSIONER FOR OATHS



Report of The Auditors to The Members of UBG Berhad

(Formerly known as Utama Banking Group Berhad) (Company No. 240931 X)

We have audited the financial statements set out on pages 18 to 53. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - i. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - ii. the state of affairs of the Group and Company as at 31 December 2007 and of the results and cash flows of the Group and Company for the financial year ended 31 December 2007;

and

- b. the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/09 (J))
Partner of the firm

Kuala Lumpur
3 April 2008



Analysis of Shareholdings

as at 18 March 2008

Authorised Share Capital: RM1,500,000,000 comprising 6,000,000,000 Ordinary Shares of RM0.25 each
Issued and Paid-up Share Capital: RM68,275,995 comprising 273,103,978 Ordinary Shares of RM0.25 each
Class of Shares: Ordinary Shares of RM0.25 each
Voting Rights: One Vote Per Ordinary Share

DIRECTORS' SHAREHOLDINGS

NAME OF SHAREHOLDER	DIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL	INDIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL
1. Tuan Haji Mahmud Abu Bekir Taib	-	-	-	-
2. Tuan Syed Ahmad Alwee Alsree	-	-	284,800*	0.10
3. Dato' Paduka Nik Hashim bin Nik Yusoff	3,200	^	-	-
4. Dato' Sri Liang Kim Bang	201,600	0.07	-	-
5. Dato' Vaseehar Hassan bin Abdul Razack	314,400	0.12	-	-
6. Datu Dr. Hatta bin Solhi	7,200	^	-	-
7. Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	-	-	59,600*	0.02
8. Dato' Richard Alexander John Curtis	-	-	-	-
9. Mr Kevin How Kow	-	-	-	-

^ Negligible

* Deemed interest pursuant to Section 134 (12) (c) of the Companies Act, 1965

DISTRIBUTION SCHEDULE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 to 99	202	1.44	5,428	0.00
100 to 1,000	9,525	67.86	4,680,760	1.71
1,001 to 10,000	3,884	27.67	10,609,935	3.88
10,001 to 100,000	351	2.50	10,524,578	3.85
100,001 to < 5% of issued shares	73	0.52	62,297,122	22.81
5% and above of issued shares	2	0.01	184,986,155	67.73
TOTAL	14,037	100.00	273,103,978	100.00

CATEGORY OF SHAREHOLDERS

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Individuals	12,781	91.05	25,849,096	9.46
Banks/Finance companies	12	0.09	17,658	0.01
Investment Trusts/Foundation/Charities	7	0.05	7,600	0.00
Industrial and Commercial Companies	166	1.18	188,428,156	69.00
Government Agencies/Institutions	4	0.03	10,210,799	3.74
Nominee Companies	1,067	7.60	48,590,669	17.79
TOTAL	14,037	100.00	273,103,978	100.00

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

NAME OF SHAREHOLDER	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1. Concordance Holdings Sdn Bhd	141,558,155	51.83
2. Kenyalang Utama Sdn Bhd	43,428,000	15.90
3. Yayasan Sarawak	8,983,333	3.29
4. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International PLC	8,307,200	3.04

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS cont'd

NAME OF SHAREHOLDER	NO. OF SHARES HELD	% OF ISSUED CAPITAL
5. Cartaban Nominees (Asing) Sdn Bhd Credit Suisse (Hong Kong) Limited	7,391,100	2.71
6. Citigroup Nominees (Asing) Sdn Bhd UBS SEC LLC for Arrow Clocktower Platinum Global Fund Trust	3,843,120	1.41
7. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. Incorporated	3,372,800	1.23
8. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	1,811,200	0.66
9. RHB Nominees (Asing) Sdn Bhd Aberdour Investments Inc	1,691,466	0.62
10. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund C041 for College Retirement Equities Fund	1,652,700	0.61
11. HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for Lim Asia Arbitrage Fund Inc	1,430,000	0.52
12. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund C021 for College Retirement Equities Fund	1,318,700	0.48
13. Citigroup Nominees (Asing) Sdn Bhd UBS SEC LLC for Clocktower Partners LP	1,267,520	0.46
14. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch International (Prime Broker)	1,209,500	0.44
15. Sarawak Economic Development Corporation	1,166,666	0.43
16. Tai Sing Chii & Sons Sdn Bhd	1,046,000	0.38
17. Citigroup Nominees (Asing) Sdn Bhd UBS AG for Black River Asia Fund Ltd	1,000,000	0.37
18. HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/c)	861,100	0.32
19. Citigroup Nominees (Asing) Sdn Bhd Bear Stearns Securities Corp for Freestone Select Partners LP	830,000	0.30
20. Malaysian Assurance Alliance Berhad As beneficial owner (Growth Fund)	824,040	0.30
21. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	720,800	0.26
22. Citigroup Nominees (Asing) Sdn Bhd UBS SEC LLC for Clocktower Emerging Markets LP	709,220	0.26
23. Tai Sing Chii	649,835	0.24
24. Sulaiman Daud	539,200	0.20
25. Sai Yee @ Sia Say Yee	520,000	0.19
26. Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Always Gain Corporation	504,933	0.18
27. TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Ting Tiew Po	445,000	0.16
28. Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd for Md Yusoff Bin Md Ali	440,000	0.16
29. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for DBX-Risk Arbitrage 10 Fund	425,800	0.16
30. Citigroup Nominees (Asing) Sdn Bhd CBNY for dimensional Funds II PLC	404,640	0.15
TOTAL	238,352,028	87.28

UBG Berhad

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS, EXCLUDING NOMINEE COMPANIES

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL	INDIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL
1. Concordance Holdings Sdn Bhd	141,558,155	51.83	-	-
2. Kenyalang Utama Sdn Bhd	43,428,000	15.90	-	-
3. Cahya Mata Sarawak Berhad	-	-	141,558,155@	51.83

@ Deemed interest pursuant to Section 6A of the Companies Act, 1965



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Ballroom I, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Tuesday, 20 May 2008 at 10:00 a.m. for the following purposes:

	ORDINARY RESOLUTION
1. To receive the Audited Accounts for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.	1
2. To re-elect Dato' Vaseehar Hassan Bin Abdul Razack who is retiring in accordance with Article 98 of the Company's Articles of Association and is offering himself for re-election.	2
3. To re-elect the following Directors who are retiring in accordance with Article 102 of the Company's Articles of Association and are offering themselves for election:	
a. Tuan Syed Ahmad Alwee Alsree	3
b. Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	4
4. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:	
a. "THAT Y Bhg Dato Sri Liang Kim Bang, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	5
b. "THAT Dato' Paduka Nik Hashim bin Nik Yusoff, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	6
5. To approve Directors' remuneration for the year ended 31 December 2007.	7
6. To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2008 in place of the retiring Auditors, Messrs. PricewaterhouseCoopers and to authorise the Directors to fix their remuneration.	8
AS SPECIAL BUSINESS	SPECIAL RESOLUTION
To consider and if thought fit, to pass the following Resolution:	
7. Proposed Amendments to the Articles of Association of the Company. "THAT the Articles of Association of UBG Berhad (formerly known as Utama Banking Group Berhad) be and are hereby amended in the manner as set out in Appendix I dispatched together with the UBG 2007 Annual Report".	

By Order of the Board

MONICA OH CHIN CHIN
KOO SWEE PHENG

Company Secretaries, Kuching, Sarawak
28 April 2008

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A corporation must complete the form of proxy under its common seal or under the hand of a duly authorised officer or attorney. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
2. A Form of Proxy is enclosed herewith and should be completed and deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak not less than 48 hours before the time fixed for the meeting.
3. For a form of proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

EXPLANATORY NOTES:

1. **DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2007 (ORDINARY RESOLUTION 7)**
The remuneration for directors for the year ended 31 December 2007 includes a proposed payment of additional fees of RM660,000 to the directors in recognition for their contribution and efforts in the disposal of interest in Rashid Hussain Berhad. Detailed information is set out in Note 15 of the Notes to the Financial Statements for the year ended 31 December 2007.
2. **SPECIAL BUSINESS**
 - **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (SPECIAL RESOLUTION)**
The proposed Special Resolution, if passed, will bring the Articles of Association of the Company in line with the recent amendments of the Listing Requirements of Bursa Malaysia Securities Berhad as well as for better clarity and enhancement. Detailed information on the Proposed Amendments to the Articles of Association of the Company is set out in Appendix I dispatched together with the UBG 2007 Annual Report.



Statement Accompanying the Notice of Annual General Meeting

Further details of Directors seeking election/re-election/re-appointment at the Annual General Meeting

NAME	DATO' VASEEHAR HASSAN BIN ABDUL RAZACK	TUAN SYED AHMAD ALWEE ALSREE
AGE	57	42
NATIONALITY	Malaysian	Singaporean
DESIGNATION	Non-Independent Non-Executive Director	Deputy Chairman/ Non-Independent Non-Executive Director
DATE FIRST APPOINTED ON THE BOARD	3 July 1995	4 December 2007
WORKING EXPERIENCE AND OCCUPATION	As per profile in page 4	As per profile in page 2
DIRECTORSHIPS IN OTHER PUBLIC COMPANIES	Ingress Corporation Berhad Unicorn International Islamic Bank Malaysia Berhad (formerly known as UIB Capital Berhad) UIB Capital (L) Ltd	Cahaya Mata Sarawak Berhad CMS I-Systems Berhad CMS Trust Management Berhad CMS Global (BVI) Ltd CMS Works International (China) Ltd CMS Foundation
SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES ACT, 1965	314,400 shares (direct interest)	284,800 shares (deemed interest) pursuant to Section 134(12)(C) of the Companies
FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF THE COMPANY	He is a nominee of Kenyalang Utama Sdn Bhd which holds 15.9% equity interest in UBG.	He is the Deputy Group Managing Director of Cahya Mata Sarawak Berhad ("CMS"), a major indirect shareholder of UBG Berhad with 51.83% equity interest in UBG through Concordance Holdings Sdn Bhd. He is also a brother-in-law of Tuan Haji Mahmud Abu Bekir Taib, Chairman of UBG and Group Deputy Chairman/major shareholder of CMS.
CONFLICT OF INTEREST WITH THE COMPANY	Please refer to Directors' profile in page 4	Please refer to Directors' profile in page 2
LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS	None	None
NO OF THE COMPANY'S BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR	21/21 (100%)	NA

Further details of Directors seeking election/re-election/re-appointment at the Annual General Meeting cont'd

NAME	DATU MICHAEL TING KUOK NGIE @ TING KOK NGIE	DATO' PADUKA NIK HASHIM BIN NIK YUSOFF	DATO SRI LIANG KIM BANG
AGE	67	70	71
NATIONALITY	Malaysian	Malaysian	Malaysian
DESIGNATION	Independent Non-Executive Director	Independent Non-Executive Director	Senior Independent Non-Executive Director
DATE FIRST APPOINTED ON THE BOARD	8 January 2008	13 March 1996	3 August 2006
WORKING EXPERIENCE AND OCCUPATION	As per profile in page 5	As per profile in page 3	As per profile in page 3
DIRECTORSHIPS IN OTHER PUBLIC COMPANIES	Cahaya Mata Sarawak Berhad	Genting Berhad Malayan United Industries Berhad	Cahaya Mata Sarawak Berhad CMS Trust Management Berhad MISC Berhad PPB Group Berhad
SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES ACT, 1965	59,600 shares (deemed interest) pursuant to Section 134(12)(C) of the Companies Act, 1965	3,200 shares (direct interest)	201,600 shares (direct interest)
FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF THE COMPANY	He has no family relationship with any Director of UBG.	He has no family relationship with any Director of UBG.	He has no family relationship with any Director of UBG.
CONFLICT OF INTEREST WITH THE COMPANY	None	None	None
LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS	None	None	None
NO OF THE COMPANY'S BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR	NA	21/21 (100%)	16/21 (76%)



Notice of Nomination as Auditors

CONCORDANCE HOLDINGS SDN BHD (073782-U)
Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak
Tel No: 082-238888 Fax No: 082-338828

The Board of Directors
UBG Berhad
(formerly known as Utama Banking Berhad)
Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching

Dear Sirs

NOTICE OF NOMINATION AS AUDITORS

We, the undersigned, being the registered holder of 141,558,155 ordinary shares of RM1.00 each fully paid in the capital of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of our nomination of Messrs Ernst & Young as auditors of the Company and our intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting to be held at a date to be determined by the Directors:

"That Messrs Ernst & Young be and are hereby appointed as auditors of the Company in place of Messrs PricewaterhouseCoopers and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
For and on behalf of
CONCORDANCE HOLDINGS SDN BHD



TUAN HAJI MAHMUD ABU BEKIR TAIB
Director

3 April 2008

This page has been intentionally left blank

Proxy Form

I/We (full name) _____ NRIC/Co. No. _____

of (full address) _____

being a member/members of UBG Berhad (Formerly known as Utama Banking Group Berhad) hereby appoint _____

_____ of _____

or, failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Ballroom I, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Tuesday, 20 May 2008 at 10:00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receive the Audited Accounts and Reports of the Directors and Auditors thereon		
2.	Re-election of Dato' Vaseehar Hassan Bin Abdul Razack as Director		
3.	Re-election of Tuan Syed Ahmad Alwee Alsree as Director		
4.	Re-election of Datu Michael Ting Kuok Ngie @ Ting Kok Ngie as Director		
5.	Re-appointment of Dato Sri Liang Kim Bang as Director		
6.	Re-appointment of Dato' Paduka Nik Hashim bin Nik Yusoff as Director		
7.	Approval of Directors' remuneration for the year ended 31 December 2007		
8.	Appointment of Auditors		
9.	Proposed Amendments to the Articles of Association of the Company		

UBG Berhad

Date _____ 2008

Signature _____

Notes:

- A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A corporation must complete the form of proxy under its common seal or under the hand of a duly authorised officer or attorney. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- This form of proxy, duly signed, must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak not less than 48 hours before the time fixed for the meeting.
- Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
- For a form of proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

2nd fold here

Affix
Stamp

UBG Berhad

UBG BERHAD
Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching, Sarawak

2nd fold here
