

**Sabah Development Bank Berhad - 34638-W
(Incorporated in Malaysia)**

**Statements of comprehensive income
For the financial year ended 31 December 2013**

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income	4	230,507	223,931	282,251	227,490
Interest expense	5	(148,513)	(115,777)	(146,039)	(116,108)
Net interest income		81,994	108,154	136,212	111,382
Income from Islamic banking business	43	769	776	769	776
Other income	6	243,802	147,895	50,861	168,978
Net income		326,565	256,825	187,842	281,136
Other expenses	7	(141,017)	(48,983)	(16,159)	(15,268)
		185,548	207,842	171,683	265,868
Allowance for impairment losses on loans, advances and financing	8	(46,855)	(87,612)	(46,855)	(87,612)
Allowance for impairment losses on other assets	9	(3,587)	(909)	-	(909)
Operating profit		135,106	119,321	124,828	177,347
Share of results of associates		8,911	5,889	-	-
Profit before tax	10	144,017	125,210	124,828	177,347
Income tax expense	13	(41,856)	(26,916)	(28,989)	(2,310)
Profit net of tax		102,161	98,294	95,839	175,037
Other comprehensive income for the year:					
Items that may be reclassified subsequently to profit or loss					
- Net gain on securities available-for-sale:					
- (Loss)/gain on fair value changes		(2,843)	1,840	(130)	379
- Cumulative gain reclassified to profit or loss upon disposal		78	1,373	78	1,373
- Income tax relating to securities available-for-sale		13	(438)	13	(438)
		(2,752)	2,775	(39)	1,314

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		Group		Company	
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Share of other comprehensive income of associates:					
- Net gain on securities available-for-sale:					
- Gain/(loss) on fair value changes		(438)	37	-	-
- Cumulative gain reclassified to profit or loss upon disposal		(147)	(59)	-	-
- Income tax relating to other comprehensive income of associates:					
Securities available-for-sale		46	6	-	-
		<u>(539)</u>	<u>(16)</u>	<u>-</u>	<u>-</u>
Foreign currency translation		6,975	-	-	-
Other comprehensive income for the year, net of tax		<u>3,684</u>	<u>2,759</u>	<u>(39)</u>	<u>1,314</u>
Total comprehensive income for the year		<u>105,845</u>	<u>101,053</u>	<u>95,800</u>	<u>176,351</u>
Profit attributable to:					
Owner of the Company		102,162	98,294	95,839	175,037
Non-controlling interests		(1)	-	-	-
		<u>102,161</u>	<u>98,294</u>	<u>95,839</u>	<u>175,037</u>
Total comprehensive income attributable to:					
Owner of the Company		105,846	101,053	95,800	176,351
Non-controlling interests		(1)	-	-	-
		<u>105,845</u>	<u>101,053</u>	<u>95,800</u>	<u>176,351</u>
Earnings per share attributable to owner of the Company (sen per share)					
Basic	14	<u>20.43</u>	<u>22.85</u>		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Sabah Development Bank Berhad - 34638-W
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**Statements of financial position
As at 31 December 2013**

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Assets					
Cash and short-term funds	15	58,158	72,736	10,907	63,571
Deposits and placements with financial institutions	16	191,761	85,276	43,871	46,918
Securities held-for-trading	17	37,842	35,554	37,839	35,554
Securities available-for-sale	18	103,247	101,049	8,845	4,434
Securities held-to-maturity	19	64,500	34,000	64,500	34,000
Loans, advances and financing	20	2,896,939	2,654,368	4,178,148	3,271,629
Property, plant and equipment	22	928,785	10,976	658	871
Investment properties	23	22,727	22,975	1,867	1,893
Properties held-for-sale	24	50,998	50,998	50,998	50,998
Intangible assets	25	155,706	90,157	-	-
Investments in subsidiaries	26	-	-	11,512	11,512
Investments in associates	27	76,113	69,951	38,652	38,652
Deferred tax assets	28	3,105	19,029	25,988	19,445
Other assets	29	776,014	733,339	543,736	528,174
Total assets		5,365,895	3,980,408	5,017,521	4,107,651
Liabilities					
Deposits from customers	30	804,733	1,009,374	814,937	1,019,624
Borrowings	31	3,611,994	2,260,000	3,316,000	2,260,000
Derivative liabilities	21	-	862	-	862
Other liabilities	32	286,901	103,453	100,475	86,559
Defined benefit obligations	33	6,248	6,545	6,248	6,545
Total liabilities		4,709,876	3,380,234	4,237,660	3,373,590

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**Statements of financial position
As at 31 December 2013**

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Equity attributable to owner of the Company					
Share capital	34	520,000	500,000	520,000	500,000
Fair value adjustment reserve	35	(2,087)	1,204	(1,030)	(991)
Foreign currency translation reserve	35	6,975	-	-	-
Retained earnings	36	131,248	99,086	260,891	235,052
		<u>656,136</u>	<u>600,290</u>	<u>779,861</u>	<u>734,061</u>
Non-controlling interests		(117)	(116)	-	-
Total equity		<u>656,019</u>	<u>600,174</u>	<u>779,861</u>	<u>734,061</u>
Total equity and liabilities		<u>5,365,895</u>	<u>3,980,408</u>	<u>5,017,521</u>	<u>4,107,651</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Sabah Development Bank Berhad - 34638-W
(Incorporated in Malaysia)**

**Statements of changes in equity
For the financial year ended 31 December 2013**

Group	<----- Attributable to owner of the Company ----->				Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
Opening balance at 1 January 2013	500,000	1,204	-	99,086	600,290	(116)	600,174
Total comprehensive income for the year	-	(3,291)	6,975	102,162	105,846	(1)	105,845
Transactions with owners:							
Issuance of shares	20,000	-	-	-	20,000	-	20,000
Dividends	-	-	-	(70,000)	(70,000)	-	(70,000)
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>(50,000)</u>	<u>(117)</u>	<u>(50,000)</u>
Closing balance at 31 December 2013	<u>520,000</u>	<u>(2,087)</u>	<u>6,975</u>	<u>131,248</u>	<u>656,136</u>	<u>(117)</u>	<u>656,019</u>

**Sabah Development Bank Berhad - 34638-W
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**Statements of changes in equity
For the financial year ended 31 December 2013**

Group	←----- Attributable to owner of the Company ----->				Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
Opening balance at 1 January 2012	430,000	(1,555)	-	180,792	609,237	(116)	609,121
Total comprehensive income for the year	-	2,759	-	98,294	101,053	-	101,053
Transactions with owners:							
Issuance of shares	70,000	-	-	-	70,000	-	70,000
Dividends	-	-	-	(180,000)	(180,000)	-	(180,000)
	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Closing balance at 31 December 2012	<u>500,000</u>	<u>1,204</u>	<u>-</u>	<u>99,086</u>	<u>600,290</u>	<u>(116)</u>	<u>600,174</u>

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**Sabah Development Bank Berhad - 34638-W
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**Statements of changes in equity
For the financial year ended 31 December 2013**

Company	<----- Attributable to owner of the Company ----->			Total shareholder's equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	
Opening balance at 1 January 2013	500,000	(991)	235,052	734,061
Total comprehensive income for the year	-	(39)	95,839	95,800
Transactions with owners:				
Issuance of ordinary shares	20,000	-	-	20,000
Dividends on ordinary shares	-	-	(70,000)	(70,000)
	20,000	-	(70,000)	(50,000)
Closing balance at 31 December 2013	520,000	(1,030)	260,891	779,861
Opening balance at 1 January 2012	430,000	(2,305)	240,015	667,710
Total comprehensive income for the year	-	1,314	175,037	176,351
Transactions with owners:				
Issuance of ordinary shares	70,000	-	-	70,000
Dividends on ordinary shares	-	-	(180,000)	(180,000)
	70,000	-	(180,000)	(110,000)
Closing balance at 31 December 2012	500,000	(991)	235,052	734,061

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Sabah Development Bank Berhad - 34638-W
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**Statements of cash flows
For the financial year ended 31 December 2013**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating activities				
Profit before tax	144,017	125,210	124,828	177,347
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	46,855	87,612	46,855	87,612
Allowance for impairment loss on other financial assets	3,587	909	-	909
Reversal of allowance for impairment losses on trade receivables	(10,000)	(40,000)	-	-
Amortisation of intangible assets	5,701	4,455	-	-
Depreciation of investment properties	248	247	26	26
Depreciation of property, plant and equipment	24,711	1,614	281	282
Defined benefit obligations	735	685	735	685
Gain on disposal of investment properties		-	-	-
Gain on disposal of property, plant and equipment	(101)	(117)	(2)	(65)
Net gain on disposal of securities held-for-trading	(1,968)	(1,934)	(1,968)	(1,934)
Net loss on disposal of securities available-for-sale	-	1,373	-	1,373
Net gain on derivative financial instruments	(7)	(336)	(7)	(336)
Property, plant and equipment written off	2	-	-	-
Share of results of associates	(8,911)	(5,889)	-	-
Unrealised fair value gain on securities held-for-trading	(3,969)	(1,416)	(3,969)	(1,416)
Total adjustments	<u>56,883</u>	<u>47,203</u>	<u>41,951</u>	<u>87,136</u>

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**Statements of cash flows
For the financial year ended 31 December 2013**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating cash flows before changes in working capital	200,900	172,413	166,779	264,483
<u>Changes in working capital</u>				
Change in deposits and placements with financial institutions	(34,744)	9,521	(827)	5,947
Change in securities held-for-trading	3,652	(5,448)	3,652	(5,448)
Change in securities available-for-sale	(4,463)	(92,064)	(4,463)	2,889
Change in securities held-to-maturity	(30,500)	(34,000)	(30,500)	(34,000)
Change in loans, advances and financing	(509,184)	(464,608)	(953,374)	(586,848)
Change in derivative financial instruments	(855)	(716)	(855)	(716)
Change in other assets	54,225	(50,400)	(22,102)	(152,735)
Change in deposits from customers	(204,641)	(62,168)	(204,687)	(61,163)
Increase in other liabilities	(21,288)	5,778	13,916	5,546
Payment of retirement benefit obligation	(1,032)	(704)	(1,032)	(704)
Total changes in working capital	<u>(748,830)</u>	<u>(694,809)</u>	<u>(1,200,272)</u>	<u>(827,232)</u>
Cash flows used in operations	(547,930)	(522,396)	(1,033,493)	(562,749)
Income taxes paid	(48,220)	(32,484)	(28,979)	(24,709)
Income taxes refunded	-	6	-	-
Net cash flow used in operating activities	<u>(596,150)</u>	<u>(554,874)</u>	<u>(1,062,472)</u>	<u>(587,458)</u>
Investing activities				
Additional investment in subsidiary	6,510	-	-	-
Addition of intangible assets	(418)	(1,070)	-	-
Dividend received from associate	2,210	1,102	-	-
Proceeds from disposal of property, plant and equipment	101	118	2	65
Proceeds from disposal of investment property	-	-	-	-
Purchase of property, plant and equipment	(344,139)	(787)	(68)	(84)
Purchase of investment properties	-	(2,929)	-	-
Net cash flows used in Investing activities	<u>(335,736)</u>	<u>(3,566)</u>	<u>(66)</u>	<u>(19)</u>

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**Statements of cash flows
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	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Financing activities				
Issuance of ordinary shares	20,000	70,000	20,000	70,000
Dividends paid on ordinary shares	(70,000)	(180,000)	(70,000)	(180,000)
Proceeds from borrowings	1,451,583	1,110,000	1,443,000	1,110,000
Repayment of borrowings	<u>(453,421)</u>	<u>(363,000)</u>	<u>(387,000)</u>	<u>(363,000)</u>
Net cash flows from financing activities	<u>948,162</u>	<u>637,000</u>	<u>1,006,000</u>	<u>637,000</u>
Net increase/(decrease) in cash and cash equivalents	16,276	78,560	(56,538)	49,523
Cash and cash equivalents at 1 January	<u>134,474</u>	<u>55,914</u>	<u>87,745</u>	<u>38,222</u>
Cash and cash equivalents at 31 December (Note 15)	<u>150,750</u>	<u>134,474</u>	<u>31,207</u>	<u>87,745</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements