

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

**Statements of comprehensive income
For the financial year ended 31 December 2011**

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income	4	197,324	171,815	202,952	177,022
Interest expense	5	(103,086)	(91,025)	(103,225)	(91,179)
Net interest income		94,238	80,790	99,727	85,843
Income from Islamic banking business	42	787	506	787	506
Other income	6	98,111	94,518	22,162	21,943
Net income		193,136	175,814	122,676	108,292
Other expenses	7	(59,551)	(56,068)	(17,436)	(13,253)
		133,585	119,746	105,240	95,039
Allowance for impairment losses on loans, advances and financing	8	(10,712)	(6,960)	(10,712)	(6,960)
Allowance for impairment losses on other financial assets	9	(3,154)	(731)	(3,154)	(57)
Profit before tax	10	119,719	112,055	91,374	88,022
Income tax expense	13	(25,951)	(29,845)	(18,166)	(22,175)
Profit net of tax		93,768	82,210	73,208	65,847
Other comprehensive income for the year:					
Net gain on available-for-sale financial assets					
- (Loss)/gain on fair value changes		(5,428)	2,181	(5,428)	2,083
- Transfer to profit or loss upon disposal		248	-	248	-
Income tax relating to components of other comprehensive income		768	-	768	-
		(4,412)	2,181	(4,412)	2,083
Total comprehensive income for the year		89,356	84,391	68,796	67,930
Profit attributable to:					
Owner of the Company		93,772	82,346	73,208	65,847
Non-controlling interests		(4)	(136)	-	-
		93,768	82,210	73,208	65,847
Total comprehensive income attributable to:					
Owner of the Company		89,360	84,527	68,796	67,930
Non-controlling interests		(4)	(136)	-	-
		89,356	84,391	68,796	67,930

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**Statements of comprehensive income
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		Group	
	Note	2011 RM'000	2010 (restated) RM'000
Earnings per share attributable to owners of the Company (sen per share)			
Basic	14	<u>21.81</u>	<u>21.17</u>
Diluted	14	<u>21.81</u>	<u>19.15</u>

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

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

Statements of financial position
As at 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 (restated) RM'000	2011 RM'000	2010 (restated) RM'000
Assets					
Cash and short-term funds	15	13,797	30,407	7,605	8,348
Deposits and placements with financial institutions	16	75,176	78,580	59,308	67,738
Securities held-for-trading	17	26,756	30,034	26,756	30,034
Securities available-for-sale	18	8,054	8,283	7,854	8,083
Loans, advances and financing	19	2,277,372	2,085,646	2,771,453	2,554,326
Derivative assets	20	8	-	8	-
Other assets	21	670,515	574,769	403,048	409,724
Income tax refundable		5,527	6,582	18	906
Properties held-for-sale	22	50,998	51,405	50,998	50,998
Investment properties	23	20,293	20,484	1,919	1,946
Investment in subsidiaries	24	-	-	12,452	9,273
Investment in associates	25	-*	-*	-*	-*
Intangible asset	26	93,542	97,996	-	-
Property, plant and equipment	27	11,804	54,537	1,069	199
Deferred tax assets	28	14,305	12,115	13,151	11,608
Total assets		3,268,147	3,050,838	3,355,639	3,153,183
Liabilities					
Deposits from customers	29	1,071,542	1,147,172	1,080,787	1,152,780
Borrowings	30	1,513,000	1,287,000	1,513,000	1,287,000
Derivative liabilities	20	1,922	1,087	1,922	1,087
Other liabilities	31	87,573	117,868	81,013	109,277
Income tax payable		4,953	351	4,643	2
Defined benefit obligations	32	6,564	4,123	6,564	4,123
Total liabilities		2,685,554	2,557,601	2,687,929	2,554,269

**Sabah Development Bank Berhad - 34638-W
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**Statements of financial position (continued)
As at 31 December 2011**

		Group		Company	
	Note	2011 RM'000	2010 (restated) RM'000	2011 RM'000	2010 (restated) RM'000
Equity attributable to owner of the Company					
Share capital	33	430,000	430,000	430,000	430,000
Fair value adjustment reserve	34	(2,207)	2,205	(2,305)	2,107
Retained earnings	35	154,916	61,144	240,015	166,807
		<u>582,709</u>	<u>493,349</u>	<u>667,710</u>	<u>598,914</u>
Non-controlling interests		(116)	(112)	-	-
Total equity		<u>582,593</u>	<u>493,237</u>	<u>667,710</u>	<u>598,914</u>
Total equity and liabilities		<u>3,268,147</u>	<u>3,050,838</u>	<u>3,355,639</u>	<u>3,153,183</u>

* Denotes amount less than RM1,000.

The accompanying accounting policies and explanatory notes 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 2011**

<----- Attributable to owner of the Company ----->
<----- Non-distributable -----> Distributable

Group	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
Opening balance at 1 January 2011	430,000	2,205	61,144	493,349	(112)	493,237
Total comprehensive income for the year	-	(4,412)	93,772	89,360	(4)	89,356
Closing balance at 31 December 2011	430,000	(2,207)	154,916	582,709	(116)	582,593
Opening balance at 1 January 2010	430,000	24	(21,202)	408,822	24	408,846
Total comprehensive income for the year	-	2,181	82,346	84,527	(136)	84,391
Closing balance at 31 December 2010	430,000	2,205	61,144	493,349	(112)	493,237

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

**Sabah Development Bank Berhad - 34638-W
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**Statements of changes in equity
For the financial year ended 31 December 2011**

Company	<----- Attributable to owner of the Company ----->			
	<-- Non-distributable -->	Distributable		
	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total shareholder's equity RM'000
Opening balance at 1 January 2011	430,000	2,107	166,807	598,914
Total comprehensive income for the year	-	(4,412)	73,208	68,796
Closing balance at 31 December 2011	430,000	(2,305)	240,015	667,710
Opening balance at 1 January 2010	430,000	24	100,960	530,984
Total comprehensive income for the year	-	2,083	65,847	67,930
Closing balance at 31 December 2010	430,000	2,107	166,807	598,914

The accompanying accounting policies and explanatory notes 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 2011**

		Group		Company	
	Note	2011 RM'000	2010 (restated) RM'000	2011 RM'000	2010 (restated) RM'000
Operating activities					
Profit before tax		119,719	112,055	91,374	88,022
<u>Adjustments for:</u>					
Allowance for doubtful debts on amount due from associate no longer required		-	(511)	-	(511)
Allowance for impairment losses on loans, advances and financing		10,712	6,960	10,712	6,960
Allowance for impairment loss on other financial assets		3,154	731	3,154	57
Allowance for impairment losses on trade receivable		114	52	-	-
Amortisation of intangible assets		4,454	4,454	-	-
Depreciation of investment properties		191	93	27	27
Depreciation of property, plant and equipment		2,975	2,303	277	296
Defined benefit obligations		2,883	379	2,883	379
Gain on disposal of investment properties		(271)	-	-	-
Gain on disposal of property, plant and equipment		(90)	(69)	(18)	(3)
Gain on deemed disposal of subsidiary		(6,052)	-	-	-
Net gain on disposal of securities held-for-trading		(4,452)	(361)	(4,452)	(361)
Net loss on disposal of securities available for sale		248	-	248	-
Net loss on derivative financial instruments		827	312	827	312
Unrealised gain/(loss) on revaluation of financial assets held-for-trading		10	(279)	10	(279)
Total adjustments		<u>14,703</u>	<u>14,064</u>	<u>13,668</u>	<u>6,877</u>

**Sabah Development Bank Berhad - 34638-W
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**Statements of cash flows (continued)
For the financial year ended 31 December 2011**

	Note	Group		Company	
		2011 RM'000	2010 (restated) RM'000	2011 RM'000	2010 (restated) RM'000
Operating cash flows before changes in working capital		134,422	126,119	105,042	94,899
<u>Changes in working capital</u>					
Change in deposits and placements with financial institutions		(6,259)	(5,431)	(7,533)	-
Change in securities held for trading		(370)	(1,160)	(370)	(1,160)
Change in securities available for sale		(263)	-	(263)	-
Change in loans, advances and financing		(202,420)	(459,189)	(231,000)	(483,902)
Change in other assets		(99,311)	(46,067)	5,685	(2,112)
Change in amount due from an associate		-	511	-	511
Change in deposits from customers		(75,630)	(187,854)	(71,993)	(183,098)
Increase in other liabilities		20,147	19,057	(28,264)	8,655
Payment of retirement benefit obligation		(442)	(58)	(442)	(58)
Total changes in working capital		<u>(364,548)</u>	<u>(680,191)</u>	<u>(334,180)</u>	<u>(661,164)</u>
Cash flows used in operations		<u>(230,126)</u>	<u>(554,072)</u>	<u>(229,138)</u>	<u>(566,265)</u>
Income taxes paid		(31,366)	(28,868)	(23,052)	(16,737)
Income taxes refunded		<u>10,642</u>	<u>5,588</u>	<u>10,631</u>	<u>114</u>
Net cash flow used in operating activities		<u>(250,850)</u>	<u>(577,352)</u>	<u>(241,559)</u>	<u>(582,888)</u>
Investing activities					
Additional investment in subsidiary		(18)	-	(18)	(600)
Cash inflow from deemed disposal of subsidiary		2,925	-	-	-
Proceeds from disposal of property, plant and equipment		90	69	18	3
Proceeds from disposal of investment property		678	-	-	-
Purchase of property, plant and equipment		<u>(5,098)</u>	<u>(1,249)</u>	<u>(1,147)</u>	<u>(40)</u>
Net cash flows used in Investing activities		<u>(1,423)</u>	<u>(1,180)</u>	<u>(1,147)</u>	<u>(637)</u>

**Sabah Development Bank Berhad - 34638-W
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**Statements of cash flows (continued)
For the financial year ended 31 December 2011**

		Group		Company	
	Note	2011 RM'000	2010 (restated) RM'000	2011 RM'000	2010 (restated) RM'000
Financing activities					
Proceeds from borrowings		720,000	370,000	720,000	370,000
Repayment of borrowings		(494,000)	(555,000)	(494,000)	(555,000)
Repayment of hire purchase payables		-	(13)	-	-
Net cash flows from/(used in) financing activities		<u>226,000</u>	<u>(185,013)</u>	<u>226,000</u>	<u>(185,000)</u>
Net decrease in cash and cash equivalents		(26,273)	(763,545)	(16,706)	(768,525)
Cash and cash equivalents at 1 January		<u>82,187</u>	<u>845,732</u>	<u>54,928</u>	<u>823,453</u>
Cash and cash equivalents at 31 December		<u>55,914</u>	<u>82,187</u>	<u>38,222</u>	<u>54,928</u>

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