

SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The directors of **SABAH DEVELOPMENT BANK BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2010.

PRINCIPAL ACTIVITIES

The Company is principally involved in the provision of finance for development projects. The principal activities of the subsidiaries are as disclosed in Note 22 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	112,055	88,022
Income tax expense	<u>(29,845)</u>	<u>(22,175)</u>
Profit for the year	<u>82,210</u>	<u>65,847</u>
Profit attributable to:		
Owner of the Company	82,346	65,847
Non-controlling interests	<u>(136)</u>	<u>-</u>
	<u>82,210</u>	<u>65,847</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Notes 2 and 40 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholder at the Extraordinary General Meeting of the Company held on October 28, 2010, the issued ordinary share capital of the Company was increased from RM380,000,000 to RM430,000,000 by the issuance of 50,000,000 new ordinary shares of RM1 each at par upon conversion of 50,000,000 3% redeemable convertible non-cumulative preference shares (“RCNCPS”) of RM1 each to 50,000,000 ordinary shares of RM1 each.

The Company has not issued any new debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for bad and doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for bad and doubtful debts and financing; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts and financing, or the amount of allowance for bad and doubtful debts and financing in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of 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 of the Company which has arisen since the end of the financial year except as disclosed in Note 43 to the financial statements.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Siau Wui Kee - Chairman
Datuk Lim Siong Eng - Managing Director
Dr Mohd Fowzi Mohd Razi
Kevin K. How
Datuk Hj Abdillah @ Abdullah B Hassan @ S Hassan
Datuk Haji Yusoff @ Hunter Bin Mohamed Kasim
Datuk Pengiran Hassanel Bin Pg Mohd Tahir

In accordance with Article 83 of the Company's Articles of Association, Datuk Lim Siong Eng, the Managing Director of the Company, is not subject to retirement by rotation.

In accordance with Article 93 of the Company's Articles of Association, Datuk Hj Abdillah @ Abdullah B Hassan @ S Hassan and Datuk Haji Yusoff @ Hunter Bin Mohamed Kasim retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during the financial year. Under the Company's Articles of Association, the directors are not required to hold any shares in the Company or in related companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company as disclosed in Note 8 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 he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING ENTITY

The Company is wholly owned by the Sabah State Government, which is also the ultimate holding entity.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

SIAU WUI KEE

KEVIN K. HOW

Kota Kinabalu,

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF SABAH DEVELOPMENT BANK BERHAD**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Sabah Development Bank Berhad, which comprise the statements of financial position of the Group and of the Company as of December 31, 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 98.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries audited by us, have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, as mentioned in Note 22 to the Financial Statements, being accounts that have been included in the financial statements of the Group;
- (c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/11(J)
Chartered Accountant

June 11, 2011

SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income	4	171,815	133,092	177,022	134,665
Interest expense	5	(91,025)	(76,508)	(91,179)	(74,920)
Net interest income		80,790	56,584	85,843	59,745
Other operating income	6	94,518	100,127	21,943	52,379
Income from Islamic Banking business	44	506	481	506	481
		175,814	157,192	108,292	112,605
Other operating expenses	7	(56,068)	(53,835)	(13,253)	(13,908)
Operating profit before allowance for impairment losses		119,746	103,357	95,039	98,697
Allowance for impairment losses on loans and financing	9	(6,960)	(37,968)	(6,960)	(37,968)
(Allowance)/Write-back of allowance for impairment losses on other financial assets	10	(731)	4,131	(57)	4,131
Operating profit		112,055	69,520	88,022	64,860
Trade receivable recovered	19	-	47,000	-	-
Profit before tax		112,055	116,520	88,022	64,860
Income tax expense	11	(29,845)	(32,857)	(22,175)	(7,051)
Profit for the year		82,210	83,663	65,847	57,809
Other comprehensive income					
Net value gain on financial investments available-for-sale		2,181	-	2,083	-
Total comprehensive income for the year		84,391	83,663	67,930	57,809

(Forward)

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit attributable to:					
Owner of the Company		82,346	83,680	65,847	57,809
Non-controlling interests		<u>(136)</u>	<u>(17)</u>	<u>-</u>	<u>-</u>
		<u>82,210</u>	<u>83,663</u>	<u>65,847</u>	<u>57,809</u>
Total comprehensive income attributable to:					
Owner of the Company		84,527	83,680	67,930	57,809
Non-controlling interests		<u>(136)</u>	<u>(17)</u>	<u>-</u>	<u>-</u>
		<u>84,391</u>	<u>83,663</u>	<u>67,930</u>	<u>57,809</u>
Earnings per share					
Basic (sen)	12	<u>19.15</u>	<u>19.46</u>		

The accompanying Notes form an integral part of the Financial Statements.

SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Cash and short-term funds	13	76,987	830,166	54,928	821,450
Deposits and placements with financial institutions	14	11,842	16,777	1,000	3,003
Financial assets held-for-trading	15	7,723	26,728	7,723	26,728
Financial investments available-for-sale	16	30,594	975	30,394	975
Financial investments held-to-maturity	17	-	67,236	-	67,236
Loans, advances and financing	18	2,085,646	1,624,706	2,554,326	2,072,578
Other assets	19	602,325	519,983	430,788	389,701
Non-current assets held for sale	20	63,504	63,504	50,998	50,998
Prepaid lease payments	21	8,400	8,517	1,946	1,972
Investments in subsidiaries	22	-	-	9,273	3,820
Investment in associate	23	-*	-*	-*	-*
Project expenditure	24	97,996	102,450	-	-
Property, plant and equipment	25	53,706	54,736	199	455
Amount due from associate	27	-	-	-	-
Deferred tax assets	28	41,858	55,670	11,608	25,420
Total Assets		<u>3,080,581</u>	<u>3,371,448</u>	<u>3,153,183</u>	<u>3,464,336</u>

*Denotes amount less than RM1,000.

(Forward)

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
Liabilities					
Deposits from customers	29	1,147,172	1,335,025	1,152,780	1,335,878
Long-term borrowings	30	730,000	615,000	730,000	615,000
Short-term borrowings	31	557,000	857,000	557,000	857,000
Hire-purchase and finance lease payables	32	-	13	-	-
Derivative financial liabilities	33	1,087	-	1,087	-
Other liabilities	34	117,661	98,447	109,279	100,782
Provisions	35	4,681	4,677	4,123	3,802
Deferred tax liabilities	36	29,743	30,602	-	-
Total Liabilities		<u>2,587,344</u>	<u>2,940,764</u>	<u>2,554,269</u>	<u>2,912,462</u>
Capital and Reserves					
Share capital	37	430,000	430,000	430,000	430,000
Reserves	38	63,349	660	168,914	121,874
Equity attributable to owner of the Company		493,349	430,660	598,914	551,874
Non-controlling interests		(112)	24	-	-
Total Equity		<u>493,237</u>	<u>430,684</u>	<u>598,914</u>	<u>551,874</u>
Total Equity and Liabilities		<u>3,080,581</u>	<u>3,371,448</u>	<u>3,153,183</u>	<u>3,464,336</u>

The accompanying Notes form an integral part of the Financial Statements.

SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

The Group	Note	← Attributable to Owner of the Company →							Non-controlling Interests RM'000	Total RM'000
		Share Capital RM'000	Investments Revaluation Reserve RM'000	Reserve - Capital Redemption Reserve (Note 38) RM'000	General Reserve (Note 38) RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000	Non-distributable Reserves		
Balance as of January 1, 2009		430,000	-	50,000	93,230	(226,250)	346,980	41	347,021	
Profit for the year		-	-	-	-	83,680	83,680	(17)	83,663	
Other comprehensive income for the year		-	-	-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	83,680	83,680	(17)	83,663	
Transfer to retained earnings	38	-	-	(50,000)	(93,230)	143,230	-	-	-	
Balance as of December 31, 2009		430,000	-	-	-	660	430,660	24	430,684	

(Forward)

The Group	Note	Attributable to Owner of the Company					Total RM'000	Non- controlling Interests RM'000	Total RM'000
		Share Capital RM'000	Investments Revaluation Reserve RM'000	Reserve - Capital Redemption Reserve (Note 38) RM'000	General Reserve (Note 38) RM'000	Retained Earnings/ (Accumulated Losses) RM'000			
Balance as of January 1, 2010									
As previously stated		430,000	-	-	-	660	430,660	24	430,684
Effects of adoption of FRS 139	40	-	24	-	-	(21,862)	(21,838)	-	(21,838)
As restated		430,000	24	-	-	(21,202)	408,822	24	408,846
Profit for the year		-	-	-	-	82,346	82,346	(136)	82,210
Other comprehensive income for the year		-	2,181	-	-	-	2,181	-	2,181
Total comprehensive income for the year		-	2,181	-	-	82,346	84,527	(136)	84,391
Balance as of December 31, 2010		430,000	2,205	-	-	61,144	493,349	(112)	493,237

(Forward)

The Company	Note	← Attributable to Owner of the Company →					Total RM'000
		Share Capital RM'000	Investments Revaluation Reserve (Note 38) RM'000	Reserve - Capital Redemption Reserve (Note 38) RM'000	General Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000	
Balance as of January 1, 2009		430,000	-	50,000	93,230	(79,165)	494,065
Profit for the year		-	-	-	-	57,809	57,809
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	57,809	57,809
Transfer to retained earnings	38	-	-	(50,000)	(93,230)	143,230	-
Balance as of December 31, 2009		<u>430,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,874</u>	<u>551,874</u>
Balance as of January 1, 2010							
As previously stated		430,000	-	-	-	121,874	551,874
Effects of adoption of FRS 139	40	-	24	-	-	(20,914)	(20,890)
As restated		<u>430,000</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>100,960</u>	<u>530,984</u>
Profit for the year		-	-	-	-	65,847	65,847
Other comprehensive income for the year		-	2,083	-	-	-	2,083
Total comprehensive income for the year		<u>-</u>	<u>2,083</u>	<u>-</u>	<u>-</u>	<u>65,847</u>	<u>67,930</u>
Balance as of December 31, 2010		<u>430,000</u>	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>166,807</u>	<u>598,914</u>

The accompanying Notes form an integral part of the Financial Statements.

SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group	
	2010	2009
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	82,210	83,663
Adjustments for:		
Allowance/(write-back of allowance) for impairment losses on loans and financing:		
Loans, advances and financing	6,960	37,968
Islamic banking business	(10)	(12)
Tax expense recognised in profit or loss	29,845	32,857
Amortisation of project expenditure	4,454	4,454
Depreciation and amortisation expenses:		
Depreciation of property, plant and equipment	2,279	2,009
Amortisation of prepaid lease payments	117	117
Loss arising from sale/redemption of:		
Financial assets held-for-trading	-	977
Financial investments held-to-maturity	-	212
Provisions for retirement gratuities - net of write-back	379	653
Allowance for impairment losses on financial investments available-for-sale	971	243
Impairment loss on trade receivables	52	53
Impairment loss recognised on franchise fee	-	51
Bad debts written off	11	3
Loss on disposal of property, plant and equipment	-*	-*
Property, plant and equipment written off	-*	-
Write-back of allowance for impairment losses on:		
Financial assets held-for-trading	-	(4,374)
Financial investments available-for-sale	(240)	-
Gain arising from sale/redemption of financial assets held-for-trading	(361)	(1,317)
Gross dividends from:		
Financial assets held-for-trading	(286)	(511)
Financial investments available-for-sale	(288)	(360)
Gain on disposal of property, plant and equipment	(69)	(2)

*Denotes amount less than RM1,000.

(Forward)

	The Group	
	2010	2009
	RM'000	RM'000
Interest income from:		
Financial investments available-for-sale	(328)	-
Loans, advances and financing	(11,363)	-
Other investments	(2,386)	-
Unrealised gain on revaluation of financial assets held-for-trading	(279)	-
Allowance for doubtful debts on amount due from associate no longer required	(511)	-
Loss arising on financial liabilities designated as at FVTPL	312	-
	<u>111,469</u>	<u>156,684</u>
Movements In Working Capital		
(Increase)/Decrease in:		
Deposits and placements with financial institutions – restricted	(26)	(8)
Loans, advances and financing	(447,826)	(262,690)
Other assets	(46,067)	(122,746)
Amount due from associate	511	-
Increase/(Decrease) in:		
Deposits from customers	(187,854)	681,953
Other liabilities	19,373	19,909
Provisions	(317)	(122)
Cash Generated (Used In)/From Operations	(550,737)	472,980
Income tax paid	(28,868)	(22,990)
Retirement gratuities paid	(58)	(107)
Income tax refunded	5,588	22,871
Net Cash (Used In)/From Operating Activities	<u>(574,075)</u>	<u>472,754</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from redemption of:		
Financial investments held-to-maturity	-	9,677
Other investments	2,199	-
Proceeds from sale of financial assets held-for-trading	937	11,453
Dividends received from:		
Financial assets held-for-trading	286	856
Financial investments available-for-sale	288	-
Interest income from financial investments available-for-sale	328	-
Proceeds from disposal of property, plant and equipment	69	3
Purchase of:		
Financial assets held-for-trading	(1,340)	(15,992)
Financial investments held-to-maturity	-	(624)
Other investments	(570)	-
Additions to property, plant and equipment	(1,249)	(639)
Additions to project expenditure	-	(75)
Net Cash From Investing Activities	<u>948</u>	<u>4,659</u>

(Forward)

The Group

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from:			
Short-term borrowings		80,000	642,000
Long-term borrowings		290,000	-
Repayment of:			
Short-term borrowings		(380,000)	(185,514)
Long-term borrowings		(175,000)	(145,000)
Hire-purchase and finance lease payables		(13)	(18)
		<u>(185,013)</u>	<u>311,468</u>
Net Cash (Used In)/From Financing Activities			
		(758,140)	788,881
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>845,732</u>	<u>56,851</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	41	<u><u>87,592</u></u>	<u><u>845,732</u></u>

The accompanying Notes form an integral part of the Financial Statements.
SABAH DEVELOPMENT BANK BERHAD
(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	The Company	
	2010	2009
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	65,847	57,809
Adjustments for:		
Allowance/(write-back of allowance) for impairment losses on loans and financing:		
Loans, advances and financing	6,960	37,968
Islamic banking business	(10)	(12)
Tax expense recognised in profit or loss	22,175	7,051
Loss arising on financial liabilities designated as at FVTPL	312	-
Depreciation and amortisation expenses:		
Property, plant and equipment	296	967
Prepaid lease payments	26	26
Loss arising from sale/redemption of:		
Financial assets held-for-trading	-	977
Financial investments held-to-maturity	-	212
Provision for retirement gratuities - net of write-back	379	653
Allowance for impairment loss of financial investments available-for-sale	297	243
Bad debts written off	11	3
Loss on disposal of property, plant and equipment	-*	-*
Tax-exempt dividend from subsidiary	-	(40,000)
Allowance for doubtful debts on amount due from associate no longer required	(511)	-
Interest income from:		
Financial investments available-for-sale	(328)	-
Loans, advances and financing	(13,757)	-
Other investments	(2,386)	-
Write-back of allowance for impairment loss of:		
Financial assets held-for-trading	-	(4,374)
Financial investments available-for-sale	(240)	-
Gain arising from sale/redemption of financial assets held-for-trading	(361)	(1,317)

*Denotes amount less than RM1,000.

(Forward)

The Company	
2010	2009
RM'000	RM'000

Gross dividend from:		
Financial assets held-for-trading	(286)	(511)
Financial investments available-for-sale	(288)	(360)
Gain on disposal of property, plant and equipment	(3)	(2)
Unrealised gain on revaluation of financial assets held-for-trading	(279)	-
	<u>77,854</u>	<u>59,333</u>
Movements In Working Capital		
(Increase)/Decrease in:		
Loans, advances and financing	(470,145)	(261,411)
Other assets	(2,112)	(2,454)
Amount due from associate	511	-
Increase/(Decrease) in:		
Deposits from customers	(183,098)	682,806
Other liabilities	8,655	(40,636)
	<u>(568,335)</u>	<u>437,638</u>
Cash (Used In)/Generated From Operations		
Retirement gratuities paid	(58)	(107)
Income tax paid	(16,737)	(9,000)
Income tax refunded	114	18,990
	<u>(585,016)</u>	<u>447,521</u>
Net Cash (Used In)/From Operating Activities		
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from redemption of :		
Financial investments held-to-maturity	-	9,677
Other investments	2,199	-
Proceeds from sale of financial assets held-for-trading	937	11,453
Dividends received from:		
Financial assets held-for-trading	286	856
Financial investments available-for-sale	288	-
Interest income from financial investments available-for-sale	328	-
Proceeds from disposal of property, plant and equipment	3	2
Purchase of:		
Financial assets held-for-trading	(1,340)	(15,992)
Financial investments held-to-maturity	-	(624)
Other investments	(570)	-
Increase in investment in subsidiary	(600)	(600)
Additions to property, plant and equipment	(40)	(73)
	<u>1,491</u>	<u>4,699</u>
Net Cash From Investing Activities		

(Forward)

Note	The Company	
	2010 RM'000	2009 RM'000

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from:

Short-term borrowings	80,000	540,000
Long-term borrowings	290,000	-

Repayment of:

Long-term borrowings	(175,000)	(145,000)
Short-term borrowings	(380,000)	(58,000)

Net Cash (Used In)/From Financing Activities	<u>(185,000)</u>	<u>337,000</u>
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NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS

(768,525)	789,220
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

<u>824,453</u>	<u>35,233</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR

41	<u>55,928</u>	<u>824,453</u>
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The accompanying Notes form an integral part of the Financial Statements.