

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

**Statements of comprehensive income  
For the financial year ended 31 December 2014**

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income	4	285,914	230,507	340,471	282,251
Interest expense	5	(189,640)	(148,513)	(177,811)	(146,039)
Net interest income		96,274	81,994	162,660	136,212
Income from Islamic banking business	42	787	769	787	769
Other income	6	335,003	243,802	48,346	50,861
Net income		432,064	326,565	211,793	187,842
Other expenses	7	(197,366)	(141,017)	(20,374)	(16,159)
		234,698	185,548	191,419	171,683
Allowance for impairment losses on loans, advances and financing	8	(76,374)	(46,855)	(76,374)	(46,855)
Allowance for impairment losses on other assets	9	(1,192)	(3,587)	-	-
<b>Operating profit</b>		157,132	135,106	115,045	124,828
Share of results of associates		6,656	8,911	-	-
<b>Profit before tax</b>	10	163,788	144,017	115,045	124,828
Income tax expense	13	(50,623)	(41,856)	(23,559)	(28,989)
<b>Profit net of tax</b>		113,165	102,161	91,486	95,839
<b>Other comprehensive income for the year:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Net gain on securities available-for-sale:					
- (Loss)/gain on fair value changes		(47,928)	(2,843)	280	(130)
- Cumulative gain reclassified to profit or loss upon disposal		-	78	-	78
- Income tax relating to securities available-for-sale		(70)	13	(70)	13
		(47,998)	(2,752)	210	(39)

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		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share of other comprehensive income of associates:					
- Net gain on securities available-for-sale:					
- Gain/(loss) on fair value changes		56	(438)	-	-
- Cumulative gain reclassified to profit or loss upon disposal		(53)	(147)	-	-
- Income tax relating to other comprehensive income of associates:					
Securities available-for-sale		(9)	46	-	-
		<u>(6)</u>	<u>(539)</u>	<u>-</u>	<u>-</u>
Foreign currency translation:					
- current year		9,762	6,975	-	-
- cumulative loss reclassified to profit or loss		2	-	-	-
		<u>9,764</u>	<u>6,975</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(38,240)</u>	<u>3,684</u>	<u>210</u>	<u>(39)</u>
<b>Total comprehensive income for the year</b>		<u>74,925</u>	<u>105,845</u>	<u>91,696</u>	<u>95,800</u>
<b>Profit attributable to:</b>					
Owner of the Company		113,169	102,162	91,486	95,839
Non-controlling interests		(4)	(1)	-	-
		<u>113,165</u>	<u>102,161</u>	<u>91,486</u>	<u>95,839</u>
<b>Total comprehensive income attributable to:</b>					
Owner of the Company		74,929	105,846	91,696	95,800
Non-controlling interests		(4)	(1)	-	-
		<u>74,925</u>	<u>105,845</u>	<u>91,696</u>	<u>95,800</u>
<b>Earnings per share attributable to owner of the Company (sen per share)</b>					
Basic	14	<u>21.76</u>	<u>20.43</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 financial position**  
**As at 31 December 2014**

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
Cash and short-term funds	15	122,576	58,158	28,685	10,907
Deposits and placements with financial institutions	16	160,987	191,761	45,789	43,871
Securities held-for-trading	17	34,541	37,842	34,537	37,839
Securities available-for-sale	18	55,318	103,247	9,124	8,845
Securities held-to-maturity	19	-	64,500	-	64,500
Loans, advances and financing	20	3,365,524	2,896,939	4,658,369	4,178,148
Property, plant and equipment	21	1,473,679	928,785	529	658
Investment properties	22	22,479	22,727	1,841	1,867
Property held-for-sale	23	-	50,998	-	50,998
Intangible assets	24	164,097	155,706	-	-
Investments in subsidiaries	25	-	-	11,512	11,512
Investments in associates	26	79,781	76,113	38,652	38,652
Deferred tax assets	27	-	3,105	29,060	25,988
Other assets	28	836,025	776,014	531,113	543,736
<b>Total assets</b>		<b>6,315,007</b>	<b>5,365,895</b>	<b>5,389,211</b>	<b>5,017,521</b>
<b>Liabilities</b>					
Deposits from customers	29	1,048,748	804,733	1,059,866	814,937
Borrowings	30	4,375,121	3,611,994	3,422,000	3,316,000
Other liabilities	31	171,488	286,901	58,996	100,475
Deferred tax liabilities	27	11,914	-	-	-
Employee defined benefit liability	32	6,792	6,248	6,792	6,248
<b>Total liabilities</b>		<b>5,614,063</b>	<b>4,709,876</b>	<b>4,547,654</b>	<b>4,237,660</b>

**Sabah Development Bank Berhad - 34638-W  
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**Statements of financial position  
As at 31 December 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Equity attributable to owner of the Company</b>					
Share capital	33	535,000	520,000	535,000	520,000
Fair value adjustment reserve	34	(50,091)	(2,087)	(820)	(1,030)
Foreign currency translation reserve	34	16,739	6,975	-	-
Retained earnings	35	199,417	131,248	307,377	260,891
		<u>701,065</u>	<u>656,136</u>	<u>841,557</u>	<u>779,861</u>
Non-controlling interests		(121)	(117)	-	-
<b>Total equity</b>		<u>700,944</u>	<u>656,019</u>	<u>841,557</u>	<u>779,861</u>
<b>Total equity and liabilities</b>		<u>6,315,007</u>	<u>5,365,895</u>	<u>5,389,211</u>	<u>5,017,521</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 2014**

Group	Attributable to owner of the Company		Foreign currency translation reserve RM'000	Distributable		Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000		Retained earnings RM'000	Non-distributable			
<b>Opening balance at 1 January 2014</b>	520,000	(2,087)	6,975	131,248	656,136	(117)	656,019	
Total comprehensive income for the year	-	(48,004)	9,764	113,169	74,929	(4)	74,925	
<b>Transactions with owners:</b>								
Issuance of shares	15,000	-	-	-	15,000	-	15,000	
Dividends	-	-	-	(45,000)	(45,000)	-	(45,000)	
<b>Closing balance at 31 December 2014</b>	535,000	(50,091)	16,739	199,417	701,065	(121)	700,944	

**Sabah Development Bank Berhad - 34638-W**  
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**Statements of changes in equity**  
**For the financial year ended 31 December 2014**

Group	Attributable to owner of the Company		Foreign currency translation reserve RM'000	Retained earnings RM'000	Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000					
<b>Opening balance at 1 January 2013</b>	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
<b>Transactions with owners:</b>							
Issuance of shares	20,000	-	-	-	20,000	-	20,000
Dividends	-	-	-	(70,000)	(70,000)	-	(70,000)
	20,000	-	-	(70,000)	(50,000)	(117)	(50,000)
<b>Closing balance at 31 December 2013</b>	520,000	(2,087)	6,975	131,248	656,136	(117)	656,019

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 changes in equity**  
**For the financial year ended 31 December 2014**

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	
<b>Opening balance at 1 January 2014</b>	520,000	(1,030)	260,891	779,861
<b>Total comprehensive income for the year</b>	-	210	91,486	91,696
<b>Transactions with owners:</b>				
Issuance of shares	15,000	-	-	15,000
Dividends	-	-	(45,000)	(45,000)
	<u>15,000</u>	<u>-</u>	<u>(45,000)</u>	<u>(30,000)</u>
<b>Closing balance at 31 December 2014</b>	<u>535,000</u>	<u>(820)</u>	<u>307,377</u>	<u>841,557</u>
<b>Opening balance at 1 January 2013</b>	500,000	(991)	235,052	734,061
<b>Total comprehensive income for the year</b>	-	(39)	95,839	95,800
<b>Transactions with owners:</b>				
Issuance of shares	20,000	-	-	20,000
Dividends	-	-	(70,000)	(70,000)
	<u>20,000</u>	<u>-</u>	<u>(70,000)</u>	<u>(50,000)</u>
<b>Closing balance at 31 December 2013</b>	<u>520,000</u>	<u>(1,030)</u>	<u>260,891</u>	<u>779,861</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 cash flows**  
**For the financial year ended 31 December 2014**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Operating activities</b>				
Profit before tax	163,788	144,017	115,045	124,828
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	76,374	46,855	76,374	46,855
Allowance for impairment loss on other assets	1,192	3,587	-	-
Reversal of allowance for impairment losses on trade receivables				
- trade receivables	(63,752)	(10,000)	-	-
- other receivables	(6,034)	-	-	-
- redeemable convertible secured loan stocks and redeemable secured loan stocks	(8,618)	-	(8,618)	-
Amortisation of intangible assets	6,158	5,701	-	-
Depreciation of investment properties	248	248	26	26
Depreciation of property, plant and equipment	25,999	24,711	289	281
Defined benefit obligations	619	735	619	735
Gain on disposal of property held-for-sale	(4,002)	-	(4,002)	-
Gain on disposal of property, plant and equipment	(25)	(101)	-	(2)
Net gain on disposal of securities held-for-trading	(1,273)	(1,968)	(1,273)	(1,968)
Net gain on derivative financial instruments	-	(7)	-	(7)
Property, plant and equipment written off	-	2	-	-
Share of results of associates	(6,656)	(8,911)	-	-
Unrealised fair value gain on securities held-for-trading	3,517	(3,969)	3,517	(3,969)
<b>Total adjustments</b>	<u>23,747</u>	<u>56,883</u>	<u>66,932</u>	<u>41,951</u>



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**Statements of cash flows**  
**For the financial year ended 31 December 2014**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Operating cash flows before changes in working capital</b>	187,535	200,900	181,977	166,779
<b>Changes in working capital</b>				
Change in cash at bank-designated accounts	(13,601)	-	-	-
Change in deposits and placements with financial institutions	35,983	(34,744)	(459)	(827)
Change in securities held-for-trading	1,058	3,652	1,058	3,652
Change in securities available-for-sale	-	(4,463)	-	(4,463)
Change in securities held-to-maturity	64,500	(30,500)	64,500	(30,500)
Change in loans, advances and financing	(544,959)	(509,184)	(556,595)	(953,374)
Change in derivative financial instruments	-	(855)	-	(855)
Change in other assets	14,759	54,225	17,856	(22,102)
Change in deposits from customers	244,015	(204,641)	244,929	(204,687)
Increase in other liabilities	(118,024)	(21,288)	(41,479)	13,916
Payment of retirement benefit obligation	(75)	(1,032)	(75)	(1,032)
<b>Total changes in working capital</b>	<b>(316,344)</b>	<b>(748,830)</b>	<b>(270,265)</b>	<b>(1,200,272)</b>
<b>Cash flows used in operations</b>	<b>(128,809)</b>	<b>(547,930)</b>	<b>(88,288)</b>	<b>(1,033,493)</b>
Income taxes paid	(41,164)	(48,220)	(31,560)	(28,979)
Income taxes refunded	8,247	-	8,245	-
<b>Net cash flow used in operating activities</b>	<b>(161,726)</b>	<b>(596,150)</b>	<b>(111,603)</b>	<b>(1,062,472)</b>

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**Statements of cash flows**  
**For the financial year ended 31 December 2014**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Investing activities</b>				
Additional investment in subsidiary	-	6,510	-	-
Addition of intangible assets	(13,362)	(418)	-	-
Dividend received from associate	2,982	2,210	-	-
Proceeds from disposal of property, plant and equipment	50	101	-	2
Proceeds from disposal of property held-for-sale	55,000	-	55,000	-
Purchase of property, plant and equipment	(488,366)	(344,139)	(160)	(68)
<b>Net cash flows used in Investing activities</b>	<u>(443,696)</u>	<u>(335,736)</u>	<u>54,840</u>	<u>(66)</u>
<b>Financing activities</b>				
Issuance of ordinary shares	15,000	20,000	15,000	20,000
Dividends paid on ordinary shares	(45,000)	(70,000)	(45,000)	(70,000)
Proceeds from borrowings	1,610,101	1,451,583	904,000	1,443,000
Repayment of borrowings	(923,721)	(453,421)	(798,000)	(387,000)
<b>Net cash flows from financing activities</b>	<u>656,380</u>	<u>948,162</u>	<u>76,000</u>	<u>1,006,000</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	50,958	16,276	19,237	(56,538)
<b>Effects of foreign exchange rate changes</b>	5,553	-	-	-
<b>Cash and cash equivalents at 1 January</b>	<u>150,750</u>	<u>134,474</u>	<u>31,207</u>	<u>87,745</u>
<b>Cash and cash equivalents at 31 December (Note 15)</b>	<u>207,261</u>	<u>150,750</u>	<u>50,444</u>	<u>31,207</u>

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