

SABAH CREDIT CORPORATION

FINANCIAL STATEMENT

For the Year Ended 31 December 2011

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

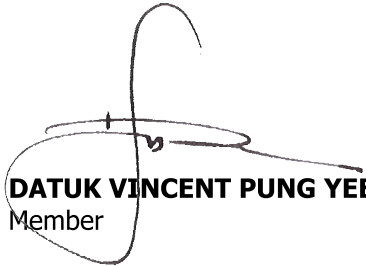
STATEMENT BY BOARD MEMBERS

In our opinion, the financial statements set out on pages 3 to 30 are properly drawn up in accordance with the provisions of the Credit Corporation Ordinance, 1955 as amended and generally accepted accounting principles in Malaysia so as to give a true and fair view of the state of affairs of the Corporation as at **31 December 2011** and of the results of its operations and cash flows for the year ended on that date.

Signed on behalf of the Corporation,



YB DATIN LINDA TSEN
Chairman



DATUK VINCENT PUNG YEE KIONG
Member

Date: 17 APR 2012

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

STATUTORY DECLARATION

I, **FIONA KAU SHUK FANG**, being the officer primarily responsible for the financial management of **SABAH CREDIT CORPORATION**, do solemnly and sincerely declare that the financial statements set out on pages 3 to 30 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by
the abovenamed **FIONA KAU SHUK FANG** at
Kota Kinabalu in the State of Sabah
on 17 APR 2012



FIONA KAU SHUK FANG

Before me



Block I, Lot 2, Ground Floor,
Donggongan Newtownship,
89500 Penampang,
Sabah, Malaysia.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
ASSETS					
Cash and bank balance		8,213,916	36,853,120	8,213,916	36,853,120
Investments	5	3,434,131	3,310,167	3,434,131	3,310,167
Deposits	6	242,853,186	18,800,755	242,853,186	18,800,755
Investment in jointly controlled entity	7	1,884,892	125,000	125,000	125,000
Amount owing from joint venture		7,998,199	7,834,594	7,998,199	7,834,594
Loans, advances and financing	8	1,352,282,527	1,189,701,232	1,352,282,527	1,189,701,232
Current tax asset		-	2,543,405	-	2,543,405
Other receivables	9	3,209,557	2,737,873	3,209,557	2,737,873
Property, plant and equipment	10	42,992,916	43,262,655	42,992,916	43,262,655
TOTAL ASSETS		1,662,869,324	1,305,168,801	1,661,109,432	1,305,168,801
LIABILITIES AND SHAREHOLDERS' EQUITY					
Borrowings	11	1,303,898,845	1,060,217,639	1,303,898,845	1,060,217,639
Other payables and accruals	12	54,120,690	60,568,167	54,120,690	60,568,167
Current tax liabilities		492,688	-	492,688	-
TOTAL LIABILITIES		1,358,512,223	1,120,785,806	1,358,512,223	1,120,785,806
Share capital	13	150,000,000	50,000,000	150,000,000	50,000,000
Non-distributable reserves	14	361,001	266,817	361,001	266,817
Accumulated funds	15	153,996,100	134,116,178	152,236,208	134,116,178
TOTAL SHAREHOLDERS' EQUITY		304,357,101	184,382,995	302,597,209	184,382,995
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,662,869,324	1,305,168,801	1,661,109,432	1,305,168,801

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Interest income	16	117,855,090	104,274,048
Interest expense	17	(42,000,338)	(41,302,703)
NET INTEREST INCOME		75,854,752	62,971,345
Non-interest income	18	16,159,239	6,845,842
Non-interest expense	19	(10,007,781)	(2,700,924)
NET INCOME		82,006,210	67,116,263
Operating expenses	20	(30,236,959)	(24,837,775)
Share of profits of jointly controlled entity		1,847,664	-
SURPLUS BEFORE TAX		53,616,915	42,278,488
Tax expense			
- Corporation	21	(14,805,037)	(11,076,278)
- jointly controlled entity		(87,772)	-
NET SURPLUS FOR THE YEAR		38,724,106	31,202,210

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2011

GROUP

	Share Capital	Non-distributable Reserves	Accumulated funds	Total
	RM	RM	RM	RM
2011				
AT 1 JANUARY 2011	50,000,000	266,817	134,116,178	184,382,995
Issued during the year	100,000,000	-	-	100,000,000
Net surplus for the current year	-	-	38,724,106	38,724,106
Transfer to reserves	-	94,184	(94,184)	-
Dividend (Note 22)	-	-	(18,750,000)	(18,750,000)
AT 31 DECEMBER 2011	150,000,000	361,001	153,996,100	304,357,101
2010				
AT 1 JANUARY 2010	50,000,000	196,664	112,734,121	162,930,785
Net surplus for the current year	-	-	31,202,210	31,202,210
Transfer to reserves	-	70,153	(70,153)	-
Dividend (Note 22)	-	-	(9,750,000)	(9,750,000)
AT 31 DECEMBER 2011	50,000,000	266,817	134,116,178	184,382,995

COMPANY

	Share Capital	Non-distributable Reserves	Accumulated funds	Total
	RM	RM	RM	RM
2011				
AT 1 JANUARY 2011	50,000,000	266,817	134,116,178	184,382,995
Issued during the year	100,000,000	-	-	100,000,000
Net surplus for the current year	-	-	36,964,214	36,964,214
Transfer to reserves	-	94,184	(94,184)	-
Dividend (Note 22)	-	-	(18,750,000)	(18,750,000)
AT 31 DECEMBER 2011	150,000,000	361,001	152,236,208	302,597,209
2010				
AT 1 JANUARY 2010	50,000,000	196,664	112,734,121	162,930,785
Net surplus for the current year	-	-	31,202,210	31,202,210
Transfer to reserves	-	70,153	(70,153)	-
Dividend (Note 22)	-	-	(9,750,000)	(9,750,000)
AT 31 DECEMBER 2011	50,000,000	266,817	134,116,178	184,382,995

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	51,769,251	42,278,488
<i>Adjustments for: -</i>		
Depreciation of property, plant and equipment	3,660,309	3,572,180
Allowance for bad and doubtful loans and financing	10,007,781	2,700,924
Bad loans and financing written off	(3,110,048)	(2,477,855)
Net interest income suspended	(1,004,182)	(6,022,910)
Net gain on disposal of property, plant and equipment	(1,168,870)	(55,296)
Net gain on disposal of foreclosed properties	(44,000)	(31,470)
Allowance for diminution in value of investment securities written back	(27,577)	(62,463)
Gross dividend income	(230,249)	(239,287)
Operating Surplus Before Working Capital Changes	59,852,415	39,662,311
<i>(Increase)/decrease in operating assets/liabilities:-</i>		
Loans, advances and financing	(168,474,846)	(26,732,823)
Other receivables	(490,684)	3,068,879
Other payables and accruals	(6,447,477)	11,993,752
Cash Generated From Operating Activities	(115,560,592)	27,992,119
Tax paid	(11,768,944)	(13,057,732)
Net Cash Generated From Operating Activities	(127,329,536)	14,934,387
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,660,414)	(5,871,422)
Investment in trust funds	(96,387)	(92,533)
Investment in Islamic Banking Funds	(68,674,000)	(43,326,000)
Investment from Islamic Banking Funds	68,674,000	43,326,000
Advances to joint venture	(163,605)	(4,416,548)
Proceeds from disposal of property, plant and equipment	230,249	239,287
Proceeds from disposal of foreclosed properties	1,438,714	58,492
Dividends received from investment securities	63,000	34,300
Net Cash Used In Investing Activities	(2,188,443)	(10,048,424)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net issuance/(repayment) of loan and financing	352,521,089	17,732,846
Dividends paid	(18,750,000)	(9,750,000)
Net Cash Generated From/(Used In) Financing Activities	333,771,089	7,982,846

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

	2011	2010
	RM	RM
Changes in cash and cash equivalents	204,253,110	12,868,809
Cash and cash equivalents at beginning of the year	42,016,681	29,147,872
Cash And Cash Equivalents At End Of The Year	246,269,791	42,016,681
	2011	2010
	RM	RM
Cash and cash equivalents consist of the followings: -		
Cash and bank balances	8,213,916	36,853,120
Bank overdraft	(4,797,311)	(13,637,194)
Deposits	242,853,186	18,800,755
	246,269,791	42,016,681

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Sabah Credit Corporation was incorporated on 15 June 1955 under Credit Corporation Ordinance, 1955 which was later repealed and replaced by Credit Corporation Enactment, 1981.

The Corporation is principally engaged to promote the economic development of Sabah through financing and facilitating the grant of financial credits to small and medium scaled agricultural, industrial, housing, rural and/or urban developments and to stimulate and facilitate private investments in Sabah by local and external capital funds.

All business activities and transactions are carried out at Wisma PPS situated in Donggongan Township, Penampang and its branches located at major towns of Sabah.

There were no significant changes to the principal activities during the financial year.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation is exposed to the to various financial risks which includes interest rate risks, credit risks and liquidity risks that arise in the conduct of the business activities.

The overall management objectives of the Corporation are to maximise the returns of the stakeholders' investments by minimising potential adverse impact of the risks onto the financial performance and cash flows of the Corporation.

a) Interest rate risk

The Corporation finances its operation through internal and external sources of funds. External sources of funds consist of borrowings from Sabah State Government and other financial institutions which carries different fixed interest rates. The policy of the Corporation is to maximise the returns of the interests and at the same time able to service the interest costs of various loan portfolios.

b) Credit risks

Credit risks is the potential loss of revenue and principal losses in the form of specific allowances as a result of defaults by the borrowers or counter parties through its lending and investing activities.

The primary exposure to credit risks arises through its loans, advances and financing. The amount of credit exposure is represented by the carrying amounts of the assets in the balance sheet.

The main objective of credit risk management is to minimise the Corporation's credit risk exposure by ensuring the existence of capability and financial ability to meet potential financial loss that may arise as a result of default in payments by the borrowers.

The Corporation had established a comprehensive credit policy that integrates the internal grading system to ensure creditworthiness of potential borrowers, and formation of Loan Application Appraisal Committee to analyse loan application for Board members' approval.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The Corporation practices a prudence concept in managing liquidity risks by maintaining sufficient cash and the availability of funding through certain committed credit facilities.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Corporation have been prepared on the historical cost basis and are in accordance with the generally accepted accounting principles approved by Malaysian Accounting Standard Board (MASB) and comply with the provisions of the Credit Corporation Ordinance, 1955 as amended by the Credit Corporation Enactment, 1981.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment in Jointly controlled entity

The Group treats as a jointly controlled entity, corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

Investment in a jointly controlled entity is stated at cost less accumulated impairment losses. Where there is an indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount. The Group's interest in jointly controlled entities is accounted for in the consolidated Financial Statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of the joint venture in the Income Statement.

(b) Investment securities

Investment in unit trust is stated at cost less allowance for diminution in value when such diminution in value is other than temporary.

On derecognition or disposal of an investment the difference between net disposal proceeds, if any, and its carrying amount is charged or credited to the income statements.

(c) Allowance for bad and doubtful loans and financing

Loans and advances are stated at cost less any allowance for bad and doubtful debts.

The allowance for bad and doubtful debts and financing are computed in conformity with the BNM/GP3. Consistent with previous years, the Corporation has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Allowance for bad and doubtful loans and financing (continued)

Accordingly, the Corporation has also adopted a more stringent basis for specific allowances on non-performing loans by making a twenty percent (20%) specific allowance on non-performing accounts which are three (3) months to less than six (6) months-in-arrears where such treatment will reflect a more prudent provisioning policy for loans, advances and financing.

Allowance for bad and doubtful loans and financing are made with regard to specific risks and relate to those loans or receivables that have been individually reviewed and specifically identified as sub-standard, doubtful or bad.

A general allowance based on a percentage of total outstanding loans, net of interest in suspense and specific allowance for bad and doubtful debts, is maintained by the Corporation against risks which are not specifically identified.

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 opinion of management, there is no prospect of recovery.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Freehold land with an unlimited useful life and work-in-progress which are not yet available for use are not depreciated. Land where the estimated leasing lives exceed 50 years is classified as long-term leasehold land.

Depreciation

Depreciation property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset over the term of its estimated useful lives at the following annual rates:-

Leasehold land	0.11% to 2.326%
Buildings	2% - 10%
Motor Vehicles	20%
Office furniture and equipment	20%
Computer equipment	20%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) **Income recognition**

Interest income

Interest income on loans, other than hire purchase loans is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, either monthly or daily. Interest income on hire purchase is recognised using the sum-of-digits method. Income from Islamic banking financing is recognised on an accrual basis in accordance with the principles of Shariah.

When an account becomes non-performing, interest accrued and recognised as income prior to the date the loan is classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, interest on the non-performing loan shall be recognised as income on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for 3 months or more.

Dividend income

Dividend income is recognised as and when it is received.

Rental income

Rental income is recognised on an accrual basis based on the rental agreements.

(f) **Cash and cash equivalents**

The Corporation reports the cash flows from operating activities using indirect method.

Cash and cash equivalents consist of cash in hand and bank balances, bank overdraft, and deposits with a licensed bank with maturities of less than one month.

(g) **Borrowings from Cagamas**

Borrowings from Cagamas Berhad through financial intermediaries (banks or financial institutions) are based on a sale and repurchase of receivables method. This facility is on a full recourse basis. The Corporation is required to repurchase defaulted loans sold and replace it with performing loans. The terms and conditions of sale and repurchase of loan portfolios are stated on the signed agreements. The interest rates and repayment amounts are based on the loan repayment schedules provided by the financial intermediaries. Interest charged on borrowings is recognised under Interest Expense in the Income Statement in the year it is incurred.

(h) **Income tax**

Tax on surplus or deficit for the financial year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) **Income tax (continued)**

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and unutilised tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

(i) **Impairment of assets**

The carrying amount of the Corporation's assets, other than financial assets and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(j) **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Corporation. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

5. INVESTMENT

	2011 RM	2010 RM
Investment quoted within Malaysia	4,783,524	4,687,137
Less: Allowance for diminution of investment securities	(1,349,393)	(1,376,970)
Total investment	3,434,131	3,310,167
Market value of quoted trust fund	3,434,131	3,310,167

6. DEPOSITS

	2011 RM	2010 RM
<i>Fixed Deposits,</i>		
Licensed Banks	242,853,186	18,800,755

7. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	2011 RM	2010 RM
Unquoted shares - at cost	125,000	125,000

Name of company	Effective interest		Principal activity	Place of incorporation
	2011	2010		
Bayview Properties Sdn Bhd	50%	50%	Property developer	Malaysia

The Group's share of the assets and liabilities of the jointly controlled entity are as follows:

	2011 RM	2010 RM
Non Current Asset	3,072,887	2,962,514
Current Asset	7,998,279	5,964,864
Non Current Liabilities	(9,141,965)	(8,500,183)
Current Liabilities	(44,309)	(44,309)
Net assets	1,884,892	382,886

The Group's share of income and expenses of jointly controlled entity is as follows:

	2011 RM	2010 RM
Income	10,482,512	2,333,826
Expenses	(8,634,848)	(1,938,206)
Surplus before taxation	1,847,664	395,620
Taxation	(87,772)	(87,772)
Surplus after taxation	1,759,892	307,848

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

8. LOANS, ADVANCES AND FINANCING

	2011 RM	2010 RM
Housing and project loans	1,399,247,132	1,222,061,419
Hire-purchase loans	11,106,677	14,354,706
Other loans	27,930,071	30,845,979
Gross loans	1,438,283,880	1,267,262,104
Interest/income-in-suspense	(23,887,217)	(22,883,035)
Allowance for bad and doubtful loans and financing		
- specific	(39,591,529)	(35,177,855)
- general	(20,622,077)	(18,138,018)
	1,354,183,057	1,191,063,196
Less: Unknown slips	(1,900,530)	(1,361,964)
Net loans, advances and financing	1,352,282,527	1,189,701,232

Analysis of housing and project loans by economic sector are as follows:-

Housing and project loans:	2011 RM	2010 RM
Government staff housing loans	88,923,736	104,307,415
Federal staff housing loans	402,498	575,211
Urban housing loans	32,739,979	37,109,895
Rural housing loans	392,186	327,395
Industrial, animal husbandry and agriculture	67,701,664	67,538,650
Refinancing loans	7,771,933	10,238,466
Executive loans	560,985,458	899,856,305
i-Executive financing	621,721,189	80,564,312
Staff loans	1,864,139	2,186,765
Community loans	676,562	713,468
Mortgage loans	15,967,699	18,542,764
Organic farming loans	100,089	100,773
	1,399,247,132	1,222,061,419

Other loans refer to three low cost housing schemes which was taken over by the Corporation from Lembaga Pembangunan Perumahan dan Bandar (LPPB) on 1 January 1995, 17 November 1999 and 1 January 2005 respectively. Consequently, the Corporation also bears the liability of LPPB owed to the Sabah State Government in relation to the two schemes.

The first scheme comprised of 42 projects in the State of Sabah with an aggregate carrying value of RM38,156,069. The Corporation took over 2,750 tenancy accounts under this scheme.

The second scheme comprised of 6 projects in the State of Sabah with an aggregate carrying value of RM20,772,146. The Corporation took over 593 tenancy accounts under this scheme.

The third scheme comprised of 5 projects in the State of Sabah with an aggregate carrying value of RM15,302,017. The Corporation took over 599 tenancy accounts under this scheme.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

8. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in the allowance for bad and doubtful loans and financing and interest/income-in-suspense are as follows:-

	2011	2010
	RM	RM
Specific allowance		
At 1 January	35,177,855	35,460,847
Allowance made during the year	13,990,042	11,499,550
Amount written back in respect of recoveries	(6,466,320)	(9,304,687)
Amount written off	(3,110,048)	(2,477,855)
	<hr/>	<hr/>
At 31 December	39,591,529	35,177,855

	2011	2010
	RM	RM
General allowance		
At 1 January	18,138,018	17,631,957
Allowance made during the year	2,484,059	506,061
	<hr/>	<hr/>
At 31 December	20,622,077	18,138,018

At % of gross loans, advances and financing less specific allowance and interest-in-suspense	1.5%	1.5%
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	2011	2010
	RM	RM
Interest/income-in-suspense		
At 1 January	22,883,035	16,860,126
Interest/income suspended during the year	13,259,189	10,701,867
Amount written back in respect of recoveries	(9,864,843)	(3,569,909)
Amount written off	(2,390,164)	(1,109,049)
	<hr/>	<hr/>
At 31 December	23,887,217	22,883,035

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	RM	RM
Other receivables, deposits and prepayments	2,433,370	1,950,686
Foreclosed properties	776,187	787,187
	<hr/>	<hr/>
	3,209,557	2,737,873

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT

2011	Capital work- in-progress	Leasehold land	Buildings	Office furniture & equipment	Motor vehicle	Computer equipment	Low value assets	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January	2,036,198	10,491,400	27,712,626	3,566,343	3,666,435	13,236,288	1,528	60,710,818
Reallocation	(2,036,198)		2,036,198	-	-	-	-	-
Additions	1,026,875	755,000	797,339	380,869	595,847	100,781	3,703	3,660,414
Disposal	-	-	(404,697)	(127,056)	(1,114,390)	(243,378)	(38)	(1,889,559)
Written off	-	-	-	(180)	-	-	-	(180)
At 31 December	1,026,875	11,246,400	30,141,466	3,819,976	3,147,892	13,093,691	5,193	62,481,493
Accumulated Depreciation								
At 1 January	-	968,871	6,653,221	2,575,732	2,517,338	4,731,473	1,528	17,448,163
Charge for the year	-	111,693	534,042	362,233	382,426	2,266,212	3,703	3,660,309
Disposal	-	-	(246,343)	(122,082)	(1,025,073)	(226,180)	(38)	(1,619,716)
Written off	-	-	-	(179)	-	-	-	(179)
At 31 December	-	1,080,564	6,940,920	2,815,704	1,874,691	6,771,505	5,193	19,488,577
NET BOOK VALUE								
At 31 December 2011	1,026,875	10,165,836	23,200,546	1,004,272	1,273,201	6,322,186	-	42,992,916
At 31 December 2010	2,036,198	9,522,529	21,059,405	990,611	1,149,097	8,504,815	-	43,262,655
Depreciation charge for the year 2010	-	105,974	534,168	344,642	297,294	2,288,574	1,528	3,572,180

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2011 RM	2010 RM
Net book value of the leasehold land comprised of the followings:-		
Long term leasehold land	10,140,877	9,497,065
Short term leasehold land	24,959	25,464
	<hr/> 10,165,836	<hr/> 9,522,529

The land titles for leasehold land and buildings amounted to RM3,798,556 (2010: RM2,390,780) are yet to be registered under the name of the Corporation.

The cost of fully depreciated assets but are still use amounting to RM6,232,403 (2010: RM6,306,719).

The entire assets have been pledged to banks for credit facilities granted to the Corporation.

11. BORROWINGS

	2011 RM	2010 RM
<i>Secured,</i>		
Borrowings from Cagamas Berhad through financial intermediaries	99,553,323	110,297,052
Borrowings from licensed banks	260,788,419	156,523,601
Bank overdraft	4,797,311	13,637,194
	<hr/> 365,139,053	<hr/> 280,457,847
<i>Unsecured,</i>		
Borrowings from Sabah State Government	243,759,792	343,759,792
Borrowings from Debt Securities		
Commercial Papers	-	11,000,000
Medium term Notes	695,000,000	425,000,000
	<hr/> 938,759,792	<hr/> 779,759,792
Total borrowings	<hr/> 1,303,898,845	<hr/> 1,060,217,639

Cagamas Berhad

Borrowings from Cagamas Berhad through financial intermediaries are secured by partial State government housing loans portfolio and partial hire purchase portfolio in aggregate amount of RM99,553,323 (2010: RM110,297,052) with interest-bearing ranges between 4.75% to 6.00% (2010 : 4.75% to 6.00%) per annum.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

11. BORROWINGS (CONTINUED)

Licensed Bank

Borrowings from licensed banks are secured by partial Executive loans amounting RM260,788,419 (2010: RM156,523,601) with interest-bearing ranges between 4.30% to 5.90% (2010 : 4.69% to 6.37%) per annum.

Bank overdraft facility is held on negative pledge over all the assets of the Corporation at an interest rate of 6.55% (2010: 6.55%) per annum.

Borrowings from Sabah State Government are repayable as follows:-

	Interest free RM	Interest bearing RM	Total RM
2011			
Repayable within one year	-	231,017,619	231,017,619
One to five years	-	4,020,909	4,020,909
Over five years	1,000,000	7,721,264	8,721,264
Total	1,000,000	242,759,792	243,759,792
2010			
Repayable within one year	-	329,019,504	329,019,504
One to five years	-	4,410,409	4,410,409
Over five years	1,000,000	9,329,879	10,329,879
Total	1,000,000	342,759,792	343,759,792

Borrowings from Sabah State Government which are repayable within one year, are only payable upon demand by the Sabah State Government.

The interest rate for Sabah State Government ranges between 0% to 7% per annum (2010 : 0% to 7% per annum).

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

11. BORROWINGS (CONTINUED)

Medium term Notes

No	Issue date	Maturity date	Tenure (month)	Issue price	Rate (per annum)		Nominal amount RM
					Coupon (%)	Yield (%)	
1	04-Jul-08	04-Jul-13	60	99.15	5.90	6.10	10,000,000
2	22-Oct-08	22-Oct-13	60	98.93	5.70	5.95	10,000,000
3	16-Jan-09	16-Jan-12	36	98.64	5.40	5.90	10,000,000
4	24-Sep-09	24-Sep-12	36	99.45	4.90	5.10	20,000,000
5	02-Nov-09	02-Nov-12	36	99.45	4.75	4.95	30,000,000
6	30-Dec-09	28-Dec-12	36	99.45	4.75	4.95	10,000,000
7	08-Jan-10	08-Jan-13	36	99.45	4.75	4.95	10,000,000
8	22-Jan-10	22-Jan-13	36	99.45	4.75	4.95	30,000,000
9	29-Mar-10	29-Mar-13	36	99.45	5.00	5.20	25,000,000
10	26-Apr-10	26-Apr -13	36	99.31	5.00	5.25	30,000,000
11	07-May-10	07-May-13	36	100.00	5.20	5.20	10,000,000
12	07-May-10	07-May-14	48	100.00	5.30	5.30	5,000,000
13	25-May-10	24-May -13	36	99.32	5.00	5.25	25,000,000
14	25-May-10	23-May -14	48	98.94	5.20	5.50	20,000,000
15	07-Sep-10	07-Sep-12	24	99.53	4.50	4.75	25,000,000
16	07-Sep-10	07-Sep-13	36	100.00	5.00	5.00	10,000,000
17	04-Nov-10	04-Nov -13	36	99.31	4.30	4.55	30,000,000
18	14-Dec-10	13-Dec-13	36	99.50	4.30	4.48	30,000,000
19	02-Feb-11	31-Jan-14	36	99.72	4.40	4.30	30,000,000
20	18-Apr-11	18-Apr-14	36	99.72	4.40	4.30	15,000,000
21	04-Jul-11	04-Jul-14	36	99.72	4.40	4.30	10,000,000
22	22-Dec-11	22-Dec-16	60	100.00	4.10	4.45	50,000,000
23	22-Dec-11	21-Dec-18	84	100.00	4.25	4.45	100,000,000
24	22-Dec-11	22-Dec-21	120	100.00	4.45	4.85	100,000,000
25	22-Dec-11	22-Dec-26	180	100.00	4.85	4.85	50,000,000
JUMLAH							695,000,000

12. OTHER PAYABLES AND ACCRUALS

	2011 RM	2010 RM
Interest payable	34,666,316	31,178,623
Other payables and accruals	704,374	19,639,544
Dividend payable	18,750,000	9,750,000
	54,120,690	60,568,167

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

13. SHARE CAPITAL

	2011 RM	2010 RM
Ordinary shares of RM1 each		
<i>Authorised</i>	200,000,000	100,000,000
<hr/>		
	2011 RM	2010 RM
<i>Issued and fully paid</i>		
At 1 January	50,000,000	45,000,000
Issued during the year	100,000,000	5,000,000
<hr/>		
At 31 December	150,000,000	50,000,000
<hr/>		

14. NON - DISTRIBUTABLE RESERVES

The non-distributable reserve was derived from net dividend on trust fund investment in Amanah Raya Berhad. The reserve is to be utilised solely to meet medical expenditures for retired staff subject to the approved terms.

15. ACCUMULATED FUNDS

Pursuant to the Finance Act, 2007, the single tier system was introduced and took effect from the year of assessment 2008. Under the single tier system, tax on a company's profit is a final tax and dividend distributed to shareholders will be exempted from tax. With the implementation of the single tier system, companies with a credit balance in the Section 108 account are allowed either to elect for an irrevocable option to switch over to the single tier system or to continue using the available credit balance as at 31 December 2007 after adjusting for any tax deductions for the purpose of dividend distribution, until 31 December 2013.

The Corporation did not elect for the irrevocable option to disregard the available Section 108 balance accumulated until 31 December 2007. Therefore, the Bank is allowed to continue utilising its available Section 108 balance for the purpose of dividend distribution until the credit balances are fully utilised or upon expiry of the six year transitional period on 31 December 2013, whichever is earlier.

Subject to the agreement by the Inland Revenue Board, the Corporation has sufficient tax credit under Section 108 (6) of the Income Tax Act, 1967 and tax exempt income under Section 12 of Income Tax Act (amended), 1999 to frank the payment of dividends out of the Corporation's accumulated funds as at 31 December 2011.

16. INTEREST INCOME

	2011 RM	2010 RM
Loans, advances and financing	117,445,017	103,987,011
Interest received from licensed banks	410,073	287,037
<hr/>		
	117,855,090	104,274,048
<hr/>		

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

17. INTEREST EXPENSE

	2011 RM	2010 RM
Borrowings from Sabah State Government	3,487,693	3,596,015
Borrowings from Cagamas Berhad through financial intermediaries	5,348,961	6,317,465
Borrowings from licensed banks	12,226,739	7,441,486
Borrowings from Commercial Paper/Medium Term Notes	20,798,648	23,855,181
Bank overdraft	138,297	92,556
	42,000,338	41,302,703

18. NON-INTEREST INCOME

	2011 RM	2010 RM
Dividend income from investment securities	230,249	239,287
Allowance for diminution in value of investment securities written back	27,577	62,463
Insurance commission	5,842,403	4,476,984
Other income	29,833	9,178
Rental income	233,200	211,100
Income from early redemption	799,764	214,106
Gain on disposal of property, plant and equipment	1,168,870	55,296
Gain on disposal of foreclosed properties	44,000	31,470
Administrative fee	49,234	33,897
Processing fee	7,729,117	1,508,407
Documentation and registration fee	4,992	3,654
	16,159,239	6,845,842

19. NON-INTEREST EXPENSE

	2011 RM	2010 RM
Allowance for bad and doubtful loans and financing	10,007,781	2,700,924

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

20. OPERATING EXPENSES

	2011 RM	2010 RM
Bank charges	10,133	11,789
Pension contributions	22,296	34,767
Employees' Provident Fund	1,758,520	1,397,827
Corporation members allowance	19,900	18,790
Trainee allowances	150,696	158,245
Water and electricity	373,745	340,501
Salary, bonus and allowances	11,952,932	9,908,203
Audit remuneration	41,462	36,000
Staff insurance expenses	97,610	103,173
Staff welfare expenses	613,022	543,252
Entertainment	49,983	47,866
Staff training expenses	396,289	437,574
Advertisement	61,209	67,260
Commercial Paper/Medium Term Notes Programme expenses	398,650	634,008
Boards members expenses	342,344	385,597
Staff travelling expenses	280,029	291,940
Staff medical expenses	168,079	167,675
Motor vehicle expenses	385,454	440,750
Legal fees	79,613	71,399
General expenses	224,637	230,484
Computer expenses	109,269	609,336
Marketing expenses	350,071	303,643
Outsource expenses	138,051	190,457
Computer software	583,698	280,094
Printing and stationeries	202,306	368,310
Syariah Advisory fees	26,500	57,578
Upkeep of office	1,015,340	933,369
Postage, telephone and telex	370,562	398,744
Government training Programme	16,596	20,697
Social community services expenses	3,947,700	1,488,340
Rental of premises	41,932	51,233
Depreciation	3,660,309	3,572,180
Accounting fees	9,540	9,157
Management fees - ANGKASA	1,398,658	1,209,528
Architect Fee	25,493	-
Amanah Raya service fee	3,166	3,009
Sukuk fees	911,165	15,000
	30,236,959	24,837,775

Included in the operating expenses is the Syariah advisory fee of RM26,500 (2010:RM57,577)

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

21. TAX EXPENSE

	2011 RM	2010 RM
Current tax expense	14,805,037	10,185,214
Under/(Over) provision of tax for previous year assessment	(344,965)	891,064
	<hr/> 14,460,072	<hr/> 11,076,278

A reconciliation of income tax expense applicable to surplus before tax expense at the statutory tax rate to income tax expense at the effective income tax rate of the Corporation is as follows:-

	2011 RM	2010 RM
Surplus before tax	51,769,251	42,278,488
Income tax using tax rate of 25%	12,942,313	10,569,622
Income not subject to tax	(316,946)	(33,907)
Non-deductible expenses	986,700	1,230,811
Taxes in respect of prior years	(344,965)	891,064
Unrecognised deferred tax assets/(liabilities)	1,192,970	(1,581,312)
Unrecognised deferred tax assets/(liabilities)	<hr/> 14,460,072	<hr/> 11,076,278

Deferred tax liabilities/(benefits) which are unutilised in respect of the followings:-

	2011 RM	2010 RM
Timing differences arising from allowance for bad and doubtful loans and financing which have been recognised on a different tax basis for tax purposes	(2,484,059)	(506,061)
Timing differences arising from property, plant and equipment	(2,287,824)	6,831,312
At 31 December	<hr/> (4,771,883)	<hr/> 6,325,251

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

22. DIVIDEND

	2011	2010
	RM	RM
<i>Paid,</i>		
Gross interim dividend of 40 cents (2010 : zero cents) less tax for year 2011/2010	15,000,000	-
Gross final dividend of 26 cents (2010 : 26 cents) less tax for year 2010/2009	9,750,000	9,750,000
	24,750,000	9,750,000
<i>Approved,,</i>		
Gross interim dividend of 40 cents (2010: zero cents) less tax for year 2011/2010.	15,000,000	-
Gross final dividend of 10 cents (2010: 26 cents) less tax for year 2011/2010	3,750,000	9,750,000
	18,750,000	9,750,000

23. CAPITAL COMMITMENT

	2011	2010
	RM	RM
<i>Property, plant & equipment</i>		
Authorised but not contracted for	6,680,000	8,990,000
Contracted but not provided for	-	3,265,566

24. FINANCIAL INSTRUMENTS

Financial instrument comprises of financial assets, financial liabilities and off-balance sheet instruments. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of the non-financial assets and liabilities are excluded because it is not a requirement under MASB 24 to disclose its fair value.

The carrying amounts are a reasonable estimate of their fair values as of the date of the balance sheet.

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

25. EMPLOYEES INFORMATION

	2011 RM	2010 RM
Staff costs	15,288,776	12,884,411
Number of employees at year end (excluding Members of the Corporation)	188	193

26. SOCIAL COMMUNITY SERVICES

The Corporation has obtained approval from Ministry of Finance to utilise not more than 5% of the net surplus in each financial year for financing community projects in the State.

27. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2011 and results for the financial year ended on this date under the Islamic banking business of the Corporation are summarised as follows:

Balance Sheet as at 31 December 2011

	Nota	2011 RM	2010 RM
ASSETS			
Cash and bank balance		8,496,821	5,747,790
Fixed Deposits	c	90,300,000	300,000
Financing and advances	d	610,652,692	79,361,127
Other receivables		143,981	-
TOTAL ASSETS		709,593,494	85,408,917
LIABILITIES AND ISLAMIC BANKING FUNDS			
Borrowings	e	470,890,996	-
Other payables and accruals	f	101,490,218	42,131,411
TOTAL LIABILITIES		572,381,214	42,131,411
Islamic Banking Fund		112,000,000	43,326,000
Accumulated funds		25,212,280	(48,494)
ISLAMIC BANKING FUND		137,212,280	43,277,506
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		709,593,494	85,408,917

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

27. ISLAMIC BANKING BUSINESS (CONTINUED)

Income statement for the year ended 31 December 2011

	Note	2011 RM	2010 RM
Income derived from financing and advances	g	40,549,441	1,169,873
Allowance for losses on financing and advances	h	(14,054,668)	(1,203,186)
TOTAL NET INCOME		26,494,773	(33,313)
Operating expenses	i	(1,233,999)	(15,181)
LOSSES BEFORE TAX		25,260,774	(48,494)

Statement of changes in equity for the year ended 31 December 2011

	Share Capital RM	Reserves RM	Total RM
2011			
AT 1 JANUARY	43,326,000	(48,494)	43,277,506
Issued during the year	68,674,000	-	68,674,000
Net losses for the current year	-	25,260,774	25,260,774
AT 31 DECEMBER	112,000,000	25,212,280	137,212,280
2010			
AT 1 JANUARY	-	-	0
Issued during the year	43,326,000	-	43,326,000
Net losses for the current year	-	(48,494)	(48,494)
AT 31 DECEMBER	43,326,000	(48,494)	43,277,506

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

27. ISLAMIC BANKING BUSINESS (CONTINUED)

Cash Flow Statement for the year ended 31 December 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Losses before tax	25,260,774	(48,494)
<i>Adjustments for: -</i>		
Allowance for bad and doubtful financing and advances	(9,545,445)	1,203,186
Profit in suspense	271,795	-
Operating Surplus Before Working Capital Changes	15,987,124	1,154,692
<i>(Increase)/decrease in operating assets/liabilities:-</i>		
Other receivables	(143,981)	-
Loans, advances and financing	(522,017,915)	(80,564,313)
Other payables and accruals	59,358,807	42,131,411
Cash Generated From Operating Activities	(446,815,965)	(37,278,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment on Islamic Banking Fund	68,674,000	43,326,000
Net Cash Generated From Investing Activities	68,674,000	43,326,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net issuance/(repayment) of financing	469,952,395	-
Net Cash Generated From/(Used In) Financing Activities	469,952,395	-
Changes in cash and cash equivalents	91,810,430	6,047,790
Cash and cash equivalents at beginning of the year	6,047,790	-
Cash And Cash Equivalents At End Of The Year	97,858,220	6,047,790
	2011 RM	2010 RM
Cash and cash equivalents consist of the followings: -		
Cash and bank balances	8,496,821	5,747,790
Cashline	(938,601)	-
Deposits	90,300,000	300,000
	97,858,220	6,047,790

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

27. ISLAMIC BANKING BUSINESS (CONTINUED)

Notes to the financial statements for the year ended 31 December 2011

(a) **Significant accounting policies**

The accounting policies adopted by the islamic banking business are consistent with those adopted by the Corporation as disclosed in note 2 to the financial statements of the Corporation.

(b) **Basis of accounting**

The financial statements of the islamic banking business have been prepared on a basis consistent with that of the Corporation as disclosed in note 2 to the financial statements of Corporation, and have been prepared under the accrual basis of accounting.

(c) **Deposits**

	2011 RM	2010 RM
<i>Fixed Deposits (Mudharabah)</i>	90,300,000	300,000

(d) **Financing and advances**

	2011 RM	2010 RM
Bai Al Inah Financing	621,721,188	80,564,313
Gross financing and advances	621,721,188	80,564,313
Profit in suspense	(271,795)	-
Less: Allowance for bad and doubtful financing		
- Specific allowance	(1,448,619)	-
- General allowance	(9,300,012)	(1,203,186)
	610,700,762	79,361,127
Unknown Slips	(48,070)	-
Net financing and advances	610,652,692	79,361,127

Movements in the allowance for bad and doubtful loans and financing and interest/income-in-suspense are as follows:-

	2011 RM	2010 RM
Specific allowance		
At 1 January	-	-
Allowance made during the year	1,448,619	-
Amount written back in respect of recoveries	-	-
Amount written off	-	-
At 31 December	1,448,619	-

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

27. ISLAMIC BANKING BUSINESS (CONTINUED)

Notes to the financial statements for the year ended 31 December 2011

(d) Financing and advances (continued)

	2011 RM	2010 RM
General allowance		
At 1 January	1,203,186	-
Allowance made during the year	8,096,826	1,203,186
At 31 December	9,300,012	1,203,186
At % of gross loans, advances and financing less specific allowance and interest-in-suspense	1.5%	1.5%
Interest/income-in-suspense		
At 1 January	-	-
Interest/income suspended during the year	478,673	-
Amount written back in respect of recoveries	(206,878)	-
Amount written off	-	-
At 31 December	271,795	-

(e) Borrowings

Medium term Notes

No	Issue date	Maturity date	Tenure (month)	Issue price	Rate (per annum)		Nominal amount RM
					Coupon (%)	Yield (%)	
1	22-Dec-11	22-Dec-16	60	100.00	4.10	4.45	50,000,000
2	22-Dec-11	21-Dec-18	84	100.00	4.25	4.45	100,000,000
3	22-Dec-11	22-Dec-21	120	100.00	4.45	4.85	100,000,000
4	22-Dec-11	22-Dec-26	180	100.00	4.85	4.85	50,000,000
JUMLAH							300,000,000

(f) Other Payables and Accruals

	2011 RM	2010 RM
Other payables and accruals	101,490,218	42,131,411

SABAH CREDIT CORPORATION

(Incorporated under Credit Corporation Ordinance, as amended)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

27. ISLAMIC BANKING BUSINESS (CONTINUED)

Notes to the financial statements for the year ended 31 December 2011

(g) **Income derived from financing and advances**

	2011	2010
	RM	RM
Income from financing and advances	31,660,620	-
Profit received from licensed Islamic banks	221,772	773
Income from management fee	7,783,374	1,063,475
Commission received from Takaful Operator	744,463	105,625
Other income	139,212	-
	40,549,441	1,169,873

(h) **Allowance for losses on financing and advances**

	2011	2010
	RM	RM
Finance cost	4,509,223	-
Allowances for losses on financing and advances		
- general allowance	1,448,619	-
- specific allowance	8,096,826	1,203,186
	14,054,668	1,203,186

(i) **Operating expenses**

	2011	2010
	RM	RM
General expenses	485	-
Management fee for ANGKASA	318,975	-
Bank fees	3,374	181
Profit received from licensed Islamic banks	911,165	15,000
	1,233,999	15,181