



PERBADANAN PEMBANGUNAN EKONOMI SARAWAK

SARAWAK ECONOMIC DEVELOPMENT CORPORATION

**SARAWAK ECONOMIC DEVELOPMENT CORPORATION**

6th - 11th Floor, Menara SEDC, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak.

Tel : 082- 416 777 Fax: 082-424 330 E-mail: [ssedc@po.jaring.my](mailto:ssedc@po.jaring.my)

<http://www.sedc.com.my>



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## CORPORATE INFORMATION

The Sarawak Economic Development Corporation (SEDC) was established on 1st March 1972 as a State - owned statutory body with the general aim of promoting the commercial, industrial and socio-economic development of the State. SEDC was established under the Perbadanan Pembangunan Ekonomi Sarawak Ordinance (Sarawak Cap. 35), a law duly passed by the Sarawak State Assembly in accordance with the powers conferred on and delegated to the State Government of Sarawak under the Constitution of Malaysia.

While SEDC is a statutory body established under the laws of the State of Sarawak, it also comes under the purview of the Federal Government of Malaysia through the Federal Ministry of Entrepreneur and Cooperative Development (MeCD).

SEDC's objective is to promote investment and economic development in Sarawak by implementing projects directly or on a joint venture basis in a wide range of industries including agro-food, tourism and leisure, property development, mineral and mining, and construction. SEDC also plays a role of a trust agency in the development of a vibrant Bumiputera Commercial and Industrial Community (BCIC).

With the State aggressively pursuing its development agenda towards a developed State by 2020, SEDC plays a key role in realising this objective by implementing its projects effectively, efficiently, economically and ethically.

### VISION

To be the premier State agency in Malaysia.

### MISSION

To spearhead the economic and social transformation of the State by implementing projects effectively, economically, efficiently and ethically.

### SHARED VALUES

To serve and grow together through integrity, teamwork, quality, professionalism and caring.

### MOTTO

**"COMMITTED TO EXCELLENCE"**

### WAR CRY

**"GET IT DONE"**



## SEDC GROUP OF COMPANIES

### TOURISM & LEISURE

#### Subsidiaries

##### Sara Resorts Sdn Bhd

❖ *Sara Hospitality Sdn Bhd*

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Urusharta Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Damai Cove Resorts Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Rasa Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Resorts Holdings Sdn Bhd

❖ *Sara Tourism & Leisure Sdn Bhd*

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Convention Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Kuching Hotels Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Damai Beach Golf Course Bhd

❖ *Damai Golf & Country Club Bhd*

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Resorts Management Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Bukit Saban Resort Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Bukit Saban Resort Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Damai Beach Resort Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Tourism & Leisure Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sejadu Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Worldwide Vacations Bhd

❖ *Asia Vacations Club Sdn Bhd*

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Permata Carpark Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Great Horizon Sdn Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Hotels Bhd

6-11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

#### Associate

##### GOS Management Holdings Sdn Bhd

18th Floor, Wisma Bapa Malaysia  
Petra Jaya  
93502 Kuching  
Tel: 082-311990 / 082-492336  
Fax: 082-442355 / 082-448308  
Website: www.sedc.com.my

#### Investment

##### Borsarmulu Resort Sdn Bhd

Lot 154-156, 2nd Floor,  
Jalan Sungai Padungan,  
93100 Kuching  
P.O. Box 2113, 93742 Kuching  
Tel: 082-413877  
Fax: 082-244406  
Website: www.sedc.com.my

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❖ *Subsidiary of holding company*



## SEDC GROUP OF COMPANIES

### AGRO-FOOD BASED

#### Subsidiaries

##### PPES Aqua (Santubong) Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### PPES Ternak Holdings Sdn Bhd

❖ PPES Ternak Sdn Bhd  
❖ Rosewood Station Pty Ltd  
❖ Sarabif Sdn Bhd

Lot 1260, Jalan Mersawa  
Bintawa Industrial Estate  
93450 Kuching  
Tel: 082-482015 / 082-416777  
Fax: 082-481350 / 082-424330  
Website: www.sedc.com.my

##### Sara Spectrum Holdings Sdn Bhd

❖ Hakanda Sdn Bhd  
❖ PPES Poultry Farm Sdn Bhd  
❖ Sarawak Coconut Enterprise Sdn Bhd  
❖ Carbon Supplies (Sarawak) Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara-HL Plantation Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Eastern Empress Silk Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Kenyalang Teguh Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### PPES Akua (Mukah) Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sarapine Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Sago Industries Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Sara Concrete Poles Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

##### Azen Industries Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: www.sedc.com.my

#### Associate

##### SOP Karabungan Sdn Bhd

No. 124-126  
Jalan Bendahara  
P. O. Box 547  
98007 Miri  
Tel: 085-436969 / 082-416777  
Fax: 085-432929 / 082-424330  
Website: www.sop.com.my



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## SEDC GROUP OF COMPANIES

### ENTREPRENEUR DEVELOPMENT

#### **Subsidiaries** **Comerich Sdn Bhd**

1st & 2nd Floor, Lot 2592  
Wisma Sandhu, Green Road  
93400 Kuching  
Tel: 082-256176  
Fax: 082-419455  
Website: [www.sedc.com.my](http://www.sedc.com.my)

#### **Taskwin Marketing Sdn Bhd**

1st & 2nd Floor, Lot 2592  
Wisma Sandhu, Green Road  
93400 Kuching  
Tel: 082-256176  
Fax: 082-419455  
Website: [www.sedc.com.my](http://www.sedc.com.my)

#### **Revlín Holdings Sdn. Bhd.**

6 - 11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: [www.sedc.com.my](http://www.sedc.com.my)

#### **Sara-Fibre Sdn Bhd**

6 - 11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: [www.sedc.com.my](http://www.sedc.com.my)

### COMMUNITY DEVELOPMENT

#### **Subsidiaries** **SeDidik Sdn Bhd**

No. 3, Jalan Ong Kwan Hin  
93000 Kuching  
Tel: 082-347489 / 082-347493  
Fax: 082-347497  
Website: [www.sedidik.com.my](http://www.sedidik.com.my)

### MINERAL & MINING

#### **Associates** **CMS Infra Trading Sdn Bhd** ❖ CMS Sumber Sdn Bhd

No. 2128, Sublot 2  
Jalan Utama, Pending  
93450 Kuching  
Tel: 082-348949 / 082-348950  
Fax: 082-348952  
Website: [www.cmsb.com.my](http://www.cmsb.com.my)

#### **CMS Resources Sdn Bhd** ❖ CMS Quarries Sdn Bhd ❖ CMS Premix Sdn Bhd ❖ CMS Premix (Miri) Sdn Bhd ❖ CMS Penkuari Sdn Bhd ❖ PPES Concrete Product Sdn Bhd

7th Mile, Old Airport Road  
93250 Kuching  
Tel: 082-610226  
Fax: 082-612434  
Website: [www.cmsb.com.my](http://www.cmsb.com.my)



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❖ *Subsidiary of holding company*

## SEDC GROUP OF COMPANIES

### ROADS & WORKS

#### Associates

##### CMS Land Sdn Bhd

Level 5, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel: 082-237777  
Fax: 082-252652  
Website: [www.cmsproperty.com.my](http://www.cmsproperty.com.my)

##### CMS Property Management Sdn Bhd

Level 5, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel: 082-237777  
Fax: 082-252652  
Website: [www.cmsproperty.com.my](http://www.cmsproperty.com.my)

##### PPES Works ( Sarawak ) Sdn Bhd

1st - 4th Floor, Lot 691-623  
Section 62, KTLD  
Jalan Padungan  
93100 Kuching  
Tel: 082-340588  
Fax: 082-340695  
Website: [www.cmsb.com.my](http://www.cmsb.com.my)

### OTHERS

#### Subsidiaries

##### Permaisara Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
: 082-416777  
Fax: 082-255963

##### Safemal Drilling Sdn Bhd

4th Floor, Unit 4.3  
Wisma Yong Lung  
Lot 698, Pelita Commercial Centre  
98000 Miri  
Tel: 085-427991  
Fax: 085-412434

##### Goebilt Seafoods Processing Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: [www.sedc.com.my](http://www.sedc.com.my)

##### Sarawak Car Care Centre Sdn Bhd

6 -11th Floors, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel: 082-416777  
Fax: 082-424330  
Website: [www.sedc.com.my](http://www.sedc.com.my)

#### Associates

##### IDS Sebor (S'wak) Holdings Sdn Bhd

Lot 2678, Section 64 KTLD  
Jalan Kwong Lee Bank  
93450 Kuching  
Tel: 082-335677  
Fax: 082-484720  
Website: [www.idsmarketing/sarawak/](http://www.idsmarketing/sarawak/)

##### Permodalan ASSAR Sdn Bhd

Lot 357, Section 5, KTLD  
Jalan Satok  
93400 Kuching  
Tel: 082-231085  
Fax: 082-232514  
Website: [www.assar.com.my](http://www.assar.com.my)

##### Syarikat Sebangun Sdn Bhd

Off 21KM, Tanjung Kidurong Road  
P O Box 168, 97007 Bintulu  
Tel: 086-253549 / 086-253569  
Fax: 086-253919  
Website: [www.sebangun-sand.com](http://www.sebangun-sand.com)

#### Investment

##### Sarawak Concrete Industries Bhd

Lot 1258, Jalan Utama  
Pending Industrial Estate  
Kuching  
Tel: 082-334485  
Fax: 082-334484  
Website: [www.scib.com.my](http://www.scib.com.my)

##### Cahya Mata Sarawak Bhd

Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel: 082-238888  
Fax: 082-338611  
Website: [www.cmsb.com.my](http://www.cmsb.com.my)

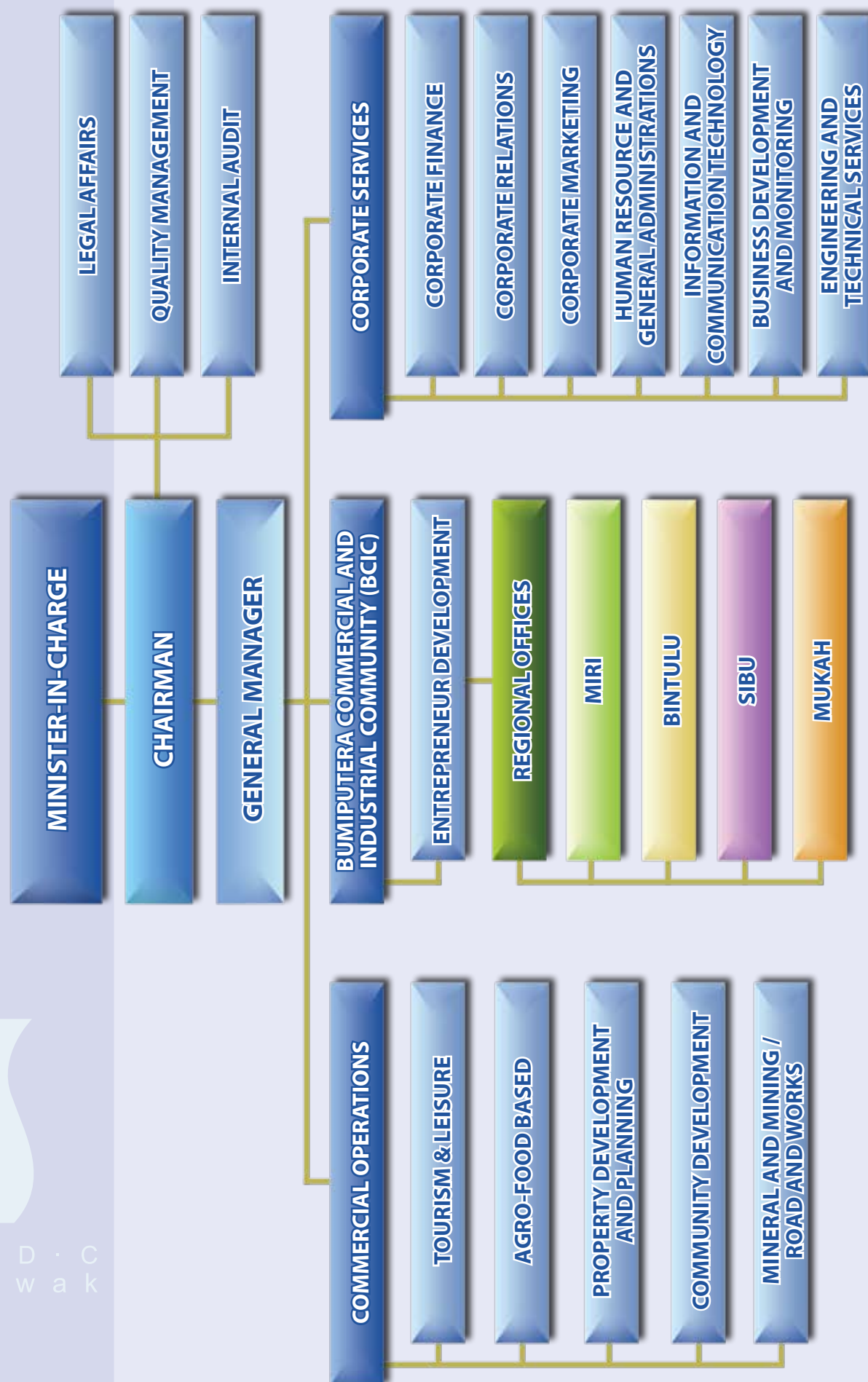
##### Utama Banking Group Bhd

Level 6, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel: 082-238888  
Fax: 082-333828  
Website: [www.cmsb.com.my](http://www.cmsb.com.my)

## SARAWAK ECONOMIC DEVELOPMENT CORPORATION ORGANISATION STRUCTURE



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## CORPORATE GOVERNANCE

### BOARD AND BOARD COMMITTEES

The Corporation has established various Committees to enhance and adopt the good corporate governance practice in the Corporation. These Committees are as follows:-

#### Board

YB Datuk Haji Talib Zulpilip	(Chairman)
YB Datuk Amar Wilson Baya Dandot	
YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (Setiausaha Kewangan Negeri)	
Encik Rahim bin Abu Bakar	(appointed on 25 June 2008)
(Wakil daripada Perbendaharaan Persekutuan, Malaysia)	
YBhg Dato' Haji Za'ba bin Hj. Che Rus	(resigned on 25 June 2008)
(Wakil daripada Perbendaharaan Persekutuan, Malaysia)	
YBhg Datuk Haji Mohd. Morshidi bin Abdul Ghani	
YB Dr. Stephen Rundi Utom	
YBhg Datuk Fong Joo Chung	
YBhg Datuk Haji Ismail bin Haji Hashim	
YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim	
YBhg Datu Haji Abdul Rashid bin Haji Aziz	
Encik Mohd. Amin Ma'mon bin Mohamad	(appointed on 25 June 2008)
YBhg Dato' Adzmy bin Abdullah	(resigned on 25 June 2008)

#### Establishment Committee

Chairman :	YB Datuk Amar Wilson Baya Dandot
Members :	YBhg Datu Haji Abdul Rashid bin Haji Aziz
	YBhg Tuan Haji Sarudu bin Haji Hoklai
	YBhg Puan Laura Lee Ngien Hion

#### Audit Committee

Chairman :	YBhg Datuk Haji Mohd. Morshidi bin Abdul Ghani
Members :	YB Dr Stephen Rundi Utom
	YBhg Datuk Haji Ismail bin Haji Hashim
	YBhg Datu William Lee Boon Tong
	YBhg Cik Grace Hii Hui Hing (State Financial Secretary Representative)

#### Tender, Finance and Investment Committee

Chairman :	YB Datuk Haji Talib Zulpilip
Members :	YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman
	YBhg Datuk Haji Mohd. Morshidi bin Abdul Ghani
	YBhg Dato' Haji Za'ba bin Che Rus
	YBhg Puan Laura Lee Ngien Hion

**CORPORATE GOVERNANCE****BOARD AND BOARD COMMITTEES**

Section 41(1) of the SEDC Ordinance provides that the Board of the Corporation shall consist of the following Members appointed by the Minister- in - Charge, YAB Chief Minister of Sarawak:-

- ❖ A Chairman
- ❖ Two official members
- ❖ Not less than three, but not more than eight other members

Since there are no changes in respect of the Members, the composition of the Board remains the same.

**Meetings held in 2008**

In 2008, a total of four meetings were held. The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YB Datuk Haji Talib Zulpilip	4
YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (Represented by YBhg Datu Liaw Soon Eng)	2
(Represented by Puan Hajjah Sutin binti Shamat@ Sahmat)	2
YBhg Dato' Haji Za'ba bin Che Rus (till June 2008)	2
Encik Rahim bin Abu Bakar	2
YB Datuk Amar Wilson Baya Dandot	1
YB Dr Stephen Rundi Utom	2
YBhg Datuk Haji Mohd Morshidi bin Abdul Ghani	2
Yang Arif Datuk Fong Joo Chung	4
YBhg Datuk Haji Ismail bin Haji Hashim	3
YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim	2
YBhg Datu Haji Abdul Rashid bin Haji Aziz	4
Encik Mohd. Amin Ma'mon bin Mohamad	2
YBhg Dato' Adzmy bin Abdullah (till June 2008)	2



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## CORPORATE GOVERNANCE

### SEDC BOARD AUDIT COMMITTEE (BAC)

#### Composition of the SEDC Board Audit Committee

The members of the BAC shall be appointed by the SEDC Board. The Audit Committee shall comprise members (other than the Chairman) from among SEDC Board Members or any other person as shall be determined by SEDC Board under Section 16 of the SEDC Ordinance. The Audit Committee shall consist of not fewer than three (3) members, of whom a majority shall not be persons having relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the duties of the BAC.

The Chairman of the BAC shall be elected by the members of the BAC.

#### Duties and Responsibilities

This Committee shall be responsible for the following functions and duties:-

- ❖ To approve the Annual Audit Plan and to ensure that no unjustified restrictions have been imposed by the Management
- ❖ To review Internal Audit Reports and consider findings and management responses thereto, and other problems, observations and major issues of concern
- ❖ To ensure affirmative action is taken by the auditee in respect of Internal Audit recommendations and BAC decisions
- ❖ To review SEDC's Final Draft Audited Financial Statement and the Auditors' Report thereon prior to tabling for approval by the SEDC Board
- ❖ To recommend the appointment and remuneration of external auditors of subsidiaries where appropriate
- ❖ To review the maintenance of an effective internal control system including financial and accounting system
- ❖ To review the accounting policies and reporting requirements and compliance with legal requirement and accounting standards
- ❖ To institute efficiency reviews and help to establish the environment in which controls can operate effectively
- ❖ To initiate special audits and investigations and consider findings arising from such audits and investigations
- ❖ To perform any other related duties as directed by the Board



**CORPORATE GOVERNANCE****AUDIT COMMITTEE MEETING****Meetings held in 2008**

During the financial year ended 31 December 2008, four BAC meetings were held. A record of the attendance to these meetings is as follows:-

Members	No. of Meetings Attended
YBhg Datuk Haji Mohd. Morshidi bin Abdul Ghani	3
YB Dr Stephen Rundi Utom	3
YBhg Datuk Haji Ismail bin Haji Hashim	2
YBhg Datu William Lee Boon Tong	4
YBhg Cik Grace Hii Hui Hing (State Financial Secretary Representative)	3

**Activities**

The summary of activities of the BAC in the discharge of its duties and responsibilities for the financial year ended 31 December 2008 includes the following:-

- Reviewed the financial statements of the Corporation before approval by the Board, upon being satisfied that the financial reporting and disclosure requirement of the relevant authorities have been complied with. The significant issues resulting from the audit of the annual financial statements for the year ended 31 December 2007 by the external auditors were deliberated.
- Reviewed and approved the annual audit plan of the Internal Audit Division for 2008, including its scope and coverage over the activities of the SEDC and its subsidiary companies.
- Reviewed and deliberated the audit reports of the Internal Audit Division containing findings with regards to the internal control system noted during the course of the audits and the responses from the management.

## CORPORATE GOVERNANCE

### SEDC ESTABLISHMENT COMMITTEE (SEC)

#### Composition of the SEDC Establishment Committee

SEC was established in accordance with the provision in Section 16 of the SEDC Ordinance. The Committee shall consists of three members of the Board, the General Manager and any other person as the Corporation deems fit. The Chairman of SEDC shall appoint the members of SEC. A quorum of three members is required for the meeting to proceed. The Secretary of the Committee shall be the Director of the Human Resource and General Administration Division.

#### Duties and Responsibilities

This Committee shall be responsible for the following functions and duties:-

- ❖ Approve appointment to all posts in the Managerial and Professional group
- ❖ Approve promotion of employees in the Managerial and Professional group
- ❖ Dismissal and demotion of employees
- ❖ Establishment of new posts and deletion of redundant posts in the Managerial and Professional groups
- ❖ Upgrading and re-designation of existing posts
- ❖ Ex-gratia payment
- ❖ Guidelines on staff welfare

#### Meetings Held in 2008

In 2008, a total of two meetings were held. The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YB Datuk Amar Wilson Baya Dandot	2
YBhg Datu Haji Abdul Rashid bin Haji Aziz	1
YBhg Tuan Haji Sarudu bin Haji Hoklai	2
YBhg Puan Laura Lee Ngien Hion	2

## CORPORATE GOVERNANCE

The Corporation's Charter for Good Corporate Governance was launched by the then State Secretary, YB Datuk Amar Haji Abdul Aziz Husain on 5 February 2001. SEDC was the first government agency in Malaysia to draw up and launch its Charter for Good Corporate Governance. The Charter lay down the principles and best management practices and corporate behaviour in the following areas:-

❖	Law
❖	Morality
❖	Profitability
❖	Quality
❖	Good Management
❖	Good Corporate Citizenship

## CORPORATE GOVERNANCE ACTIVITIES

For the year 2008, numerous activities, programmes and events were held to enhance and strengthen corporate governance within the Corporation and its Group. These include the following:-

### ❖ **Adoption of Transparency International's Integrity Pact**

This involves the signing of the Memorandum of Collaboration between SEDC and Transparency International Malaysia (TI-M) to promote Integrity and to combat corruption on 14 March 2008.

### ❖ **Management Talk by Dr. Pero Micic on "Can We Really Manage The Future" on 14 March 2008**

### ❖ **Participated in Workshop: "Tan Sri Azizan Zainal Abidin Integrity Circles for Young Professionals" from 20th July to 25 July 2008**

### ❖ **K-Clinic by En. John W. Chamberlin Sirau, Director of Legal Affairs Division, SEDC on Governance Best Practices on 23 July 2008**

### ❖ **Participated in Majlis Konvensyen Integriti Nasional on 7 November 2008**

### ❖ **Participated in the Malaysian Business Ethics Excellence Award 2008 organised by the Ministry of Domestic Trade and Consumer Affairs Malaysia and was awarded First Place : Medium Company Category**

### ❖ **Review of SEDC Financial and Accounting Procedure Regulations, 1980**

## COMPLIANCE & REGULATIONS

The Corporation seeks to ensure full compliance with the laws and regulations applicable to the Corporation. These laws and regulations include:-

- ❖ The SEDC Ordinance (Swk. Cap. 35)
- ❖ Statutory Bodies (Conduct and Discipline) Ordinance, 2004
- ❖ Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995
- ❖ SEDC Financial Regulations, 1980

In addition, the Management is required to implement and enforce the decisions agreed at SEDC's Board Meetings.

Whereas in respect of subsidiaries, the Management is required to comply with and adhere to applicable laws and the company's internal regulations such as its Memorandum & Articles of Association, Company Operations Manual and Companies Act, 1965.

The Corporation will continue to undertake various activities to strengthen its corporate governance and thereby enhancing business integrity and corporate accountability.



## CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of the Sarawak Economic Development Corporation for the financial year ending 31st December 2008.

The Group recorded a total revenue amounting to RM408.99 million for the financial year. This represented an increase of RM38.99 million compared to 2007.

Profit Before Tax (PBT) attained by the Group was RM92.19 million, which represented an increase of RM88.80 million or 2,621% compared to the PBT recorded

in 2007. The increase was attributed to a gain on disposal of investments amounting to RM24.89 million coupled with an improved performance of associate companies.

The Balance Sheet of the Group remained healthy with net assets amounting to RM1,157.48 million, an increase of RM74.46 million or 7% compared to 2007.

Despite the challenging global environment, SEDC's Tourism and Leisure Sector (T&L) remained positive with a 5% improvement from the previous year. The year 2008 was historic for T&L as SEDC opted for self-management of its hotels. SEDC is now directly involved in the management and operation of its 3 hotels and resort namely Grand Margherita Hotel, Riverside Majestic Hotel and Damai Beach Resort. This has saved the Group significant costs in terms of management fees and related expenses. Another notable achievement in the T&L Sector was the acquisition of Intercontinental Hotel Group's 30% equity in Sara Hospitality Sdn. Bhd.

The Corporation has also completed the construction of Sematan Food Court in Lundu and commenced work on two new business premises namely, the New Kubah Ria Complex and "Permaidani Kampung" at the Kampung Boyan-Gersik-Sourabaya waterfront with funding from the Federal Government.

As one of the agencies entrusted with the development of local entrepreneurs in the State, SEDC has taken various initiatives towards the creation of a vibrant Bumiputera Commercial and Industrial Community (BCIC) in Sarawak. In 2008, SEDC continued to implement BCIC schemes and programmes aimed at enhancing the capacity and capability of the entrepreneurs in the State. A total of RM36.5 million was spent by the Corporation for the development of over 4,000 entrepreneurs in 2008.

As one of the agencies entrusted with the development of local entrepreneurs in the State, SEDC has taken various initiatives towards the creation of a vibrant Bumiputera Commercial and Industrial Community (BCIC) in Sarawak. In 2008, SEDC continued to implement BCIC schemes and programmes aimed at enhancing the capacity and capability of the entrepreneurs in the State. A total of RM36.5 million was spent by the Corporation for the development of over 4,000 entrepreneurs in 2008.

The success of SEDC is attributed to strong teamwork and commitment of the management and staff in upholding a high standard of corporate governance, professionalism, integrity and excellence in undertaking our tasks. This strong commitment is manifested when SEDC was awarded the Malaysian Business Ethics Excellence Award For Ethical Business Practices (MBEEA) by the Ministry



of Domestic Trade and Consumers Affairs Malaysia on 11th November 2008. Our Rosewood Cattle Station in Australia also won the Overall Champion Award at the Kununurra Cattle Show, Northern Territory, Australia.

We will continue to move forward in the quest for quality improvement through adoption of best practices and upgrading of our delivery systems to provide fast and reliable service to our customers. This is in line with our War Cry "Get It Done".

As a corporate entity, SEDC will continue to enhance the performance of its group of companies through the establishment of new ventures that are impactful to the economic and social development of the State. Our strategy is to establish smart partnerships and strategic alliances with reputable and successful organisations that will generate optimum returns to the Corporation.

I would like to take this opportunity to thank all our stakeholders especially the Minister-In-Charge, SEDC Board Members and partners for their continued support and trust in SEDC and to the dedicated SEDC team who have been loyal, hardworking and served the Corporation well.

A BIG THANK YOU to every one.

**"COMMITTED TO EXCELLENCE"**



YB Datuk Haji Talib Zulpilip  
**CHAIRMAN**



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## SEDG BOARD MEMBERS

**Standing (L - R)**

*YBhg Datuk Haji Ismail bin Haji Hashim, YB Dr Stephen Rundi Utom, Encik John Wayne Chamberlin Sirau (Board Secretary), YBhg Datu Liaw Soon Eng (Deputy State Financial Secretary, representing YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman)*

**Seated (L - R)**

*Encik Rahim bin Abu Bakar (Federal Secretary Representative), Puan Laura Lee Ngien Hion (General Manager), YB Datuk Haji Talib Zulpilip (Chairman), YB Datuk Haji Morshidi bin Abdul Ghani and YBhg Datu Haji Abdul Rashid bin Haji Aziz*

**Not in Photograph**

*YBhg Datuk Amar Wilson Baya Dandot, YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (State Financial Secretary), YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim, Yang Arif Datuk Fong Joo Chung and Encik Mohamad Amin Ma'mon bin Mohammad*



## SEDC MANAGEMENT TEAM



### **Standing (L - R)**

*Puan Marilyn Biyor, Encik Edwin Abit, Encik John Wayne Chamberlin Sirau, Encik Roneo J. Bunchol, Encik Yap Yien Chieng, Encik George Su Kieh Ping, Tuan Haji Jamaludin bin Mohd Yusof, Encik Anas bin Haji Nasir and Cik Siti Nurazlina binti Dollah*

### **Seated (L - R)**

*Puan Rakayah binti Hamdan, Puan Laura Lee Ngien Hion (General Manager), YB Datuk Haji Talib Zulpilip (Chairman), Tuan Haji Wan Lizozman bin Wan Omar (Deputy General Manager) and Puan Hajah Siti Hajar binti Abang Mon*

## CORPORATE HIGHLIGHTS

### Malaysian Business Ethics Excellence Award (11 November 2008)



YAB Chief Minister receiving the award from  
YB Datuk Haji Talib Zulpilip

### Annual Presidential Address 2008 (19 February 2008)



YB Datuk Haji Talib Zulpilip delivering the Presidential  
Address

### Corporate Governance and Integrity Enhancement (14 March 2008)



Signing of Integrity Pact between SEDC Sarawak  
and Transparency International Malaysia (TI-M)



Talk by En John W Chamberlin Sirau on  
Corporate Governance Best Practices

### Konvensyen Integriti Nasional 2008 (7 November 2008)



YAB Prime Minister officiating the Convention  
held at Riverside Majestic Hotel, Kuching



YB Datuk Haji Talib Zulpilip was one of the  
Panel of Speakers at a Workshop during the Convention

### Majlis Titian Kasih (10 October 2008)



Presentation of Hari Raya gifts by Tuan Yang Terutama Yang di-Pertua Negeri Sarawak,  
Tun Datuk Patinggi Abang Haji Muhammad Salahuddin and Y.A.Bhg. Toh Puan Datuk Patinggi Hajah Norkiah





## CORPORATE HIGHLIGHTS

### Gemaputra Games Carnival, Negeri Sembilan (18 - 23 August 2008)



Flag Handing-over Ceremony in Menara SEDC



SEDC Contingent at the Opening Ceremony

### 5S Programme - Gotong Royong 2008



YB Datuk Haji Talib Zulpilip with staff and participants of Gotong Royong held on 5 October 2008 at Kuching Waterfront



Gotong Royong at Permata Carpark held on 13 December 2008

### Management Talk 2008



Presentation of Memento by YB Datuk Haji Talib Zulpilip to Guest Speaker, Dr Pero Micic



Some of the participants attending the Management Talk

### Management Talk (28 August 2008)



Presentation of Memento to YB Datuk Sri Dr James Jemut Masing representing YAB Chief Minister of Sarawak



Some of the VIPs and participants attending the Talk held on 28 August 2008

## CORPORATE HIGHLIGHTS

### Media Appreciation Nite (16 May 2008)



YB Datuk Haji Talib Zulpilip handing over a Lucky Draw Prize



Participants in action

### Merdeka Day Parade in Miri (31 August 2008)



SEDC Contingent at the Parade



### Majlis Berbuka Puasa With Children of PERYATIM SARAWAK (9 September 2008)



Prayer Session



Handing over of Hari Raya gifts to PERYATIM children

### CULTURE BUILDING

#### Long Service Award (10 March 2008)



Presentation of Certificate by YB Datuk Haji Talib Zulpilip



Group photo of Award recipients



## CORPORATE HIGHLIGHTS

### "Love-In-A-Box" Programme (14 December 2008)



Handing-over of "Love-In-A-Box" to children of Kampung Sinar Baru by Tuan Haji Wan Lizozman, Deputy General Manager of SEDC



Group photo with children of Kampung Sinar Baru, Kuching

### MEETINGS, WORKSHOPS AND SEMINARS

#### Seminar Keusahawanan, Bintulu (5 August 2008)



Keynote Address by YB Datuk Haji Talib Zulpilip



Some of the entrepreneurs attending the Seminar

#### Seminar on "Halal Food Standards Realisation (HAFSTAR) MS 1500:2004 (31 March - 1 April 2008)



Press Conference in conjunction with the Seminar



Some of participants of the Seminar

#### Bengkel Pembangunan Usahawan Kek Lapis Sarawak (31 March - 28 May 2008)



Some of the participants of the Workshop



YB Datuk Haji Talib Zulpilip, YBhg Tuan Hj. Wan Lizozman, and Tuan Hj. Jamaludin bin Mohd. Yusof at the Opening Ceremony of the Workshop



## CORPORATE HIGHLIGHTS

### SEDC Financial Regulations Review (4 November 2008)



One of the Review sessions chaired by Puan Laura Lee, General Manager

### Exit Conference with Auditor General of Malaysia ( 7 November 2008)



SEDC Audit Exit Conference chaired by Auditor General, YBhg. Tan Sri Dato' Setia Haji Ambrin bin Buang attended by YB Datuk Haji Talib Zulpilip, Puan Laura Lee, Puan Rakayah Hamdan, Director of Corporate Finance Division and SEDC officers

## EXPOS AND EXHIBITIONS

### PESTA KAUL MUKAH (25 - 27 April 2008)



YB Datuk Haji Talib Zulpilip giving away prizes to the winners of the Handicraft Competition held in conjunction with Pesta Kaul Mukah 2008



PPES Ternak Sales booth at the Pesta

### Hari Peladang dan Penternak Peringkat Negeri (1 November 2008)



Exhibition held in conjunction with State Farmers and Breeders Day held at Kuching Indoor Stadium



Some visitors to the SEDC booth

## LAUNCHING CEREMONIES AND EVENTS

### Majlis Pecah Tanah Premis Perniagaan Tebingan Boyan - Gersik - Sourabaya (7 March 2008)



Keynote Address and Launching by YAB Chief Minister of Sarawak



YAB Chief Minister of Sarawak browsing through the "Facade of Early Days Kuching" photo album

## CORPORATE HIGHLIGHTS

### LAUNCHING CEREMONIES AND EVENTS

#### Innovation and Creativity Circle (ICC) Sarawak and Sabah Region 2008 (2 July 2008)



SEDC ICC Group D'Zoomers presenting their project



Prize Presentation by YB Dato' Jacob Dungau Sagan, Deputy Minister of International Trade and Industry, Malaysia

#### Student Excellence Award (18 August 2008)



Presentation of Awards by YB Datuk Haji Talib Zulpilip



Group photo with the Award recipients

#### Re-Opening Ceremony of Sarawak Plaza Shopping Complex (12 December 2008)



Re-Opening Ceremony by YBhg. Tan Sri Datuk Amar Haji Bujang Mohd. Nor, Chairman of Kuching Hotels Sdn Bhd and Datuk Haji Talib Zulpilip



Sarawak Plaza Shopping Complex with its 'New Shopping Experience'



New-look entrance of Sarawak Plaza Shopping Complex



Upgraded and fresh new-look of shopping outlets



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## PERBADANAN PEMBANGUNAN EKONOMI SARAWAK

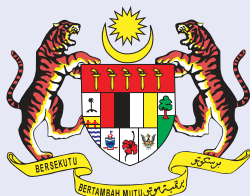
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**MEMBERS' REPORT AND AUDITED FINANCIAL STATEMENTS  
31 DECEMBER 2008**



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**SIJIL KETUA AUDIT NEGARA  
MENGENAI PENYATA KEWANGAN  
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK  
BAGI TAHUN BERAKHIR 31 DISEMBER 2008**

Penyata Kewangan Perbadanan Pembangunan Ekonomi dan Kumpulan bagi tahun berakhir 31 Disember 2008 telah dibuat oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap Penyata Kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan berpandukan piawaian pengauditan yang diluluskan. Piawaian tersebut menghendaki pengauditan dirancang dan dilaksanakan untuk mendapat kepastian yang munasabah sama ada Penyata Kewangan adalah bebas daripada kesilapan atau ketinggalan yang ketara. Pengauditan itu termasuk memeriksa rekod secara semak uji, menyemak bukti yang menyokong angka dan memastikan pendedahan yang mencukupi dalam Penyata Kewangan. Penilaian juga dibuat terhadap prinsip perakaunan yang digunakan, keputusan signifikan dan persembahan Penyata Kewangan secara keseluruhan.

Pada pendapat saya, Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan pada 31 Disember 2008, hasil operasi serta aliran tunainya untuk tahun tersebut berdasarkan piawaian perakaunan yang diluluskan.

Saya telah memperimbangkan Penyata Kewangan dari laporan juruaudit bagi semua syarikat subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota Kepada Penyata Kewangan Disatukan. Saya berpuas hati bahawa Penyata Kewangan Berkenaan telah disatukan dengan Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak adalah dalam bentuk dan kandungan yang sesuai dan wajar bagi tujuan penyediaan Penyata Kewangan Disatukan. Saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.

Sijil ini hendaklah dibaca bersama Laporan Ketua Audit Negara tanpa menjejaskan pendapat saya.

**(TAN SRI DATO' SETIA AMBRIN BIN BUJANG)**

KETUA AUDIT NEGARA

SARAWAK  
PUTRAJAYA

TARIKH: 21 OGOS 2009



**LAPORAN KETUA AUDIT NEGARA  
MENGENAI PENYATA KEWANGAN  
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK  
BAGI TAHUN BERAKHIR 31 DISEMBER 2008**

Laporan Ketua Audit Negara ini hendaklah dibaca bersama-sama dengan Sijil Ketua Audit Negara bagi menyokong pendapat Audit terhadap Penyata Kewangan tersebut.

2. Pemerhatian Audit terhadap Penyata Kewangan adalah seperti berikut:

**2.1 Dana Pembangunan**

Sejumlah RM49.93 juta adalah jumlah pinjaman Kerajaan Negeri yang ditukar kepada geran. Jumlah tersebut telah dibawa ke hadapan dari tahun-tahun lepas. Bagaimanapun, pertukaran pinjaman kepada geran tidak dapat disahkan kerana dokumen pinjaman asal yang berkaitan tidak dapat dikemukakan untuk pengesahan.



**(TAN SRI DATO' SETIA AMBRIN BIN BUJANG)**

KETUA AUDIT NEGARA  
MALAYSIA

PUTRAJAYA

TARIKH: 21 OGOS 2009



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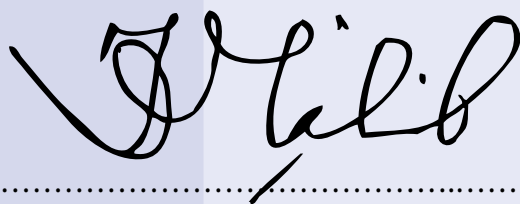


**PENYATA Pengerusi dan Seorang Ahli  
Lembaga Pengarah**

Kami, YB Datuk Haji Talib Zulpilip dan YB Dr. Stephen Rundi Utom yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN PEMBANGUNAN EKONOMI SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, penyata pendapatan, kunci kira-kira, penyata perubahan dalam ekuiti dan penyata aliran tunai yang berikut ini berserta dengan nota-nota di dalamnya adalah disediakan mengikut piawaian perakaunan yang diluluskan di Malaysia untuk memberi gambaran yang benar dan saksama berkenaan:

- (a) kedudukan kewangan Perbadanan dan Kumpulan seperti pada 31 Disember 2008 dan hasil kendalian Perbadanan dan Kumpulan bagi tahun berakhir pada tarikh tersebut; dan
- (b) aliran tunai Perbadanan dan Kumpulan bagi tahun berakhir 31 Disember 2008.

Ditandatangani bagi pihak Lembaga menerusi resolusi Lembaga



YB DATUK HAJI TALIB ZULPILIP  
Pengerusi



YB DR. STEPHEN RUNDI UTOM  
Ahli

KUCHING 19 AUG 2009  
Tarikh: .....

KUCHING 19 AUG 2009  
Tarikh: .....



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**PENGAKUAN OLEH PEGAWAI UTAMA YANG  
BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN  
BADAN BERKANUN BERKENAAN**

Saya, **Dr. Haji Sulaiman Haji Husaini**, sebagai pegawai utama yang bertanggungjawab terhadap pengurusan kewangan **PERBADANAN PEMBANGUNAN EKONOMI SARAWAK**, dengan sesungguhnya dan seikhlasnya mengaku bahawa, pada pengetahuan dan kepercayaan saya, Penyata Kewangan yang dibentangkan pada muka surat 6 hingga 70, adalah betul dan saya membuat akuan ini dengan sesungguhnya mempercayai bahawa ianya itu adalah benar serta menurut peruntukan-peruntukan Akta Akuan Berkanun, 1960.

Diakui dan diisytiharkan dengan )  
sesungguhnya oleh penama yang )  
tersebut, **Dr. Haji Sulaiman Haji** )  
**Husaini** di Kuching dalam Negeri )  
Sarawak pada **18 AUG 2009** )



**Dr. Haji Sulaiman Haji Husaini**

Pengurus Besar



PESURUHJAYA SUMPAAH  
LOT 330, (2ND FLOOR)  
SECTION 10,  
OFF RUBBER ROAD,  
93400 KUCHING,  
SARAWAK.

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**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Members' Report**

The Members of the Board ("Members") present their report together with the audited financial statements of Sarawak Economic Development Corporation ("the Corporation") and of the Group for the financial year ended 31 December 2008.

**Principal activities**

The Corporation is principally engaged in property development, research, planning and implementing industrial, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies and provision of management, technical, financial and other advice and information to potential investors and businesses.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**Financial results**

	<b>Group</b> RM'000	<b>Corporation</b> RM'000
Profit for the year	81,584	36,816
Minority interests	(3,127)	-
	-----	-----
Profit attributable to members	78,457	36,816
	=====	=====

**Reserves and provisions**

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

**Members**

The Members who have held office since the date of the last report and at the date of this report are:

YB Datuk Haji Talib Zulpilip	(Chairman)
YB Datuk Amar Wilson Baya Dandot	
YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (Setiausaha Kewangan Negeri)	
Encik Rahim bin Abu Bakar (Wakil daripada Perbendaharaan Persekutuan, Malaysia)	(appointed on 25 June 2008)
YBhg Dato' Haji Za'ba bin Hj. Che Rus (Wakil daripada Perbendaharaan Persekutuan, Malaysia)	(resigned on 25 June 2008)
YBhg Datuk Haji Mohd. Morshidi bin Abdul Ghani	
YB Dr. Stephen Rundi Utom	
YBhg Datuk Fong Joo Chung	
YBhg Datuk Haji Ismail bin Haji Hashim	
YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim	
YBhg Datu Haji Abdul Rashid bin Haji Aziz	
Encik Mohd. Amin Ma'mon bin Mohamad	(appointed on 25 June 2008)
YBhg Dato' Adzmy bin Abdullah	(resigned on 25 June 2008)

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Members' Report (contd.)**

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**Significant events****The Corporation**

On 30 April 2008, the Corporation completed the disposal of its 1,792,227 ordinary shares of RM1.00 each representing 100% equity interest in Sarakraf Sdn Bhd to Mr. Wee Hong Seng at a total cash consideration of RM0.2 million. As a result, Sarakraf Sdn Bhd ceased to be a subsidiary of the Corporation on 30 April 2008.

On 2 July 2008, the Corporation completed the disposal of its 190,000 ordinary shares of RM1.00 each representing 19% equity interest in CMS Roads Sdn Bhd to UBG Berhad at a total cash consideration of RM23.37 million. As a result, CMS Roads Sdn Bhd ceased to be an associate of the Corporation on 2 July 2008.

**Statutory information on the financial statements**

- (a) Before the income statements and balance sheets of the Corporation and of the Group were made out, the Members took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Members are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Corporation and of the Group inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Corporation and of the Group misleading.
- (c) At the date of this report, the Members are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Corporation and of the Group misleading or inappropriate.
- (d) At the date of this report, the Members are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Corporation or of the Group which would render any amount stated in the financial statements misleading.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Members' Report (contd.)**

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**Statutory information on the financial statements (contd.)**

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Corporation and of the Group which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability in respect of the Corporation and of the Group which has arisen since the end of the financial year apart from the contingent liabilities as disclosed in Note 27 to the financial statements.
- (f) 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 Members, will or may substantially affect the ability of the Corporation or of the Group to meet their obligations as and when they fall due.
- (g) In the opinion of the Members,
- (i) the results of the operations of the Corporation and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Corporation and of the Group for the financial year in which this report is made.

Signed on behalf of the Board in accordance  
with a resolution of the Members



**YB Datuk Haji Talib Zulpilip**  
Chairman



**YB Dr. Stephen Rundi Utom**  
Member

Kuching  
Date:

19 AUG 2009



**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Income Statements for the year ended 31 December 2008**

	Note	Group		Corporation	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Revenue</b>	3	408,997	370,003	37,854	64,813
<b>Cost of sales</b>	3	(301,853)	(296,209)	(426)	(768)
<b>Gross profit</b>		107,144	73,794	37,428	64,045
Other operating income		49,254	33,959	23,432	4,245
Distribution costs		(1,832)	(2,676)	-	-
Administrative expenses		(76,186)	(60,226)	(14,018)	(12,249)
Other operating expenses		(25,793)	(30,769)	(6,932)	(11,108)
<b>Profit from operations</b>		52,587	14,082	39,910	44,933
Finance costs		(265)	(875)	(198)	(778)
Share of associates' results		39,865	(9,814)	-	-
<b>Profit before taxation</b>	4	92,187	3,393	39,712	44,155
Taxation	5	(10,603)	(5,418)	(2,896)	(10,264)
<b>Profit/(loss) after taxation</b>		81,584	(2,025)	36,816	33,891
Minority interests		(3,127)	(5,213)	-	-
<b>Profit/(loss) attributable to members</b>		78,457	(7,238)	36,816	33,891

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The accompanying notes form an integral part of these financial statements.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Balance Sheets as at 31 December 2008**

	Note	Group		Corporation	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Current assets</b>					
Inventories	6	53,377	50,094	16,691	15,380
Property development costs	7(a)	4,241	6,736	4,241	6,736
Receivables	8	115,428	109,712	18,734	24,317
Grant receivable		10,676	19,922	10,676	19,922
Deposits with financial institutions	9	213,088	119,329	159,431	77,893
Cash and bank balances		95,343	103,558	11,225	61,055
		-----	-----	-----	-----
		492,153	409,351	220,998	205,303
		-----	-----	-----	-----
<b>Less: Current liabilities</b>					
Payables	10	172,395	115,094	16,494	24,405
Lease payables	11	405	256	119	242
Government term loan	12	3,354	3,923	3,354	3,923
Other borrowings	13	8,525	9,498	8,525	9,498
Tax payable		77	683	-	-
		-----	-----	-----	-----
		184,756	129,454	28,492	38,068
		-----	-----	-----	-----
<b>Net current assets</b>		307,397	279,897	192,506	167,235
Subsidiaries	14	-	-	563,458	569,584
Associates	15	177,222	142,913	44,989	44,184
Investments in other corporations	16	157,967	157,087	148,565	147,377
Property, plant and equipment	17	155,362	163,207	20,299	21,750
Hotel and investment properties	18	438,589	436,125	-	-
Plantation development expenditure	19	360	36	-	-
Land held for property development	7(b)	3,538	3,538	3,538	3,538
Deferred tax assets	24	26	295	-	-
		-----	-----	-----	-----
		1,240,461	1,183,098	973,355	953,668
		=====	=====	=====	=====

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Balance Sheets as at 31 December 2008 (contd.)**

		Group		Corporation	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Financed by:</b>					
State government equity fund	20	106,139	106,139	106,139	106,139
State government contribution for equity participation	20	269,577	268,577	269,577	268,577
Development funds	21	190,553	196,651	162,016	166,408
Reserves	22	568,018	489,525	408,331	371,515
		-----	-----	-----	-----
		1,134,287	1,060,892	946,063	912,639
Minority interests		23,195	22,130	-	-
		-----	-----	-----	-----
		1,157,482	1,083,022	946,063	912,639
<b>Deferred and long-term liabilities</b>					
Lease payables	11	663	390	244	362
Government term loans	12	25,899	25,603	25,899	25,603
Other borrowings	13	29,988	44,990	-	14,027
Government grants	23	18,462	19,777	-	-
Deferred tax liabilities	24	6,768	8,202	-	-
Employee benefits	25	1,199	1,114	1,149	1,037
		-----	-----	-----	-----
		1,240,461	1,183,098	973,355	953,668
		=====	=====	=====	=====

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The accompanying notes form an integral part of these financial statements.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Consolidated Statement of Changes in Equity**  
for the year ended 31 December 2008

Group	Capital reserve		Non-distributable		Reserve on consolidation		Revenue reserve		Total
	RM'000	Share premium RM'000	Revaluation reserve RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2007</b>	3,853	9,015	19,360	33,763	386,319	452,310			
Issuance of preference shares	-	138	-	-	-	138			
Acquisition of subsidiary	-	-	-	19,040	-	19,040			
Arising on consolidation	144	-	22,924	12	-	23,080			
Revaluation surplus	-	-	2,195	-	-	2,195			
Loss for the year	-	-	-	-	(7,238)	(7,238)			
<b>At 31 December 2007</b>	3,997	9,153	44,479	52,815	379,081	489,525			
Issuance of preference shares	-	24	-	-	-	24			
Profit for the year	-	-	-	-	78,457	78,457			
Arising on consolidation	-	-	-	12	-	12			
<b>At 31 December 2008</b>	3,997	9,177	44,479	52,827	457,538	568,018			

The accompanying notes form an integral part of these financial statements.

## Sarawak Economic Development Corporation

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

### Statement of Changes in Equity for the year ended 31 December 2008

	←		Non-distributable			→	
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000	Revenue reserve RM'000	Total RM'000	
Corporation							
At 1 January 2007	-	-	-	-	337,624	337,624	
Profit for the year	-	-	-	-	33,891	33,891	
At 31 December 2007	-	-	-	-	371,515	371,515	
Profit for the year	-	-	-	-	36,816	36,816	
At 31 December 2008	-	-	-	-	408,331	408,331	

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The accompanying notes form an integral part of these financial statements.



**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Consolidated Cash Flow Statement**

for the year ended 31 December 2008

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation and minority interest	92,187	3,393
Adjustments for:		
Amortisation of development expenditure	5	-
Allowance for diminution in investment	136	1,422
Allowance for doubtful debts, net of allowance no longer required	1,282	7,443
Amortisation of goodwill	12	12
Amortisation of government grants	(1,315)	(1,347)
Bad debts written off	252	595
Development expenditure written off	18	-
Deposit written off	-	5
Depreciation	8,347	8,083
Dividend income	(5,833)	(4,106)
Gain on disposal of a subsidiary	(1,750)	-
Gain on disposal of other investments	(1,280)	(5,301)
Gain on disposal of property, plant and equipment	(232)	(90)
Gain on disposal of an associate	(23,180)	-
Impairment of plantation development expenditure	-	43
Interest expense	2,412	875
Interest income	(8,692)	(4,256)
Inventories written off	193	252
Other income	(9,807)	(1,675)
Property, plant and equipment written off	349	446
Share of associates' results	(39,865)	9,814
Unrealised loss/(gain) on foreign exchange	5,612	(1,420)
Waiver of debts	(1,725)	(182)
Write back of impairment losses of project development expenditure	(33)	-
Operating profit before working capital changes	17,093	14,006
(Increase)/decrease in inventories	(7,775)	143
Decrease in property development costs	18,579	643
Decrease in receivables	4,635	25,831
Increase/(decrease) in payables	58,077	(20,555)
Deferred membership fees received	(979)	(1,266)
Cash generated from operations	89,630	18,802

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Consolidated Cash Flow Statement**

for the year ended 31 December 2008 (contd.)

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
<b>Cash flows from operating activities (contd.)</b>		
Interest paid	(2,325)	(553)
Interest received	8,665	4,261
Taxes paid, net of refund	(3,461)	(4,517)
	-----	-----
Net cash generated from operating activities	92,509	17,993
	-----	-----
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	-	(28,489)
Acquisition of investment in shares and unit trust	(3,067)	(2,674)
Acquisition of property, plant and equipment	(8,457)	(38,445)
Advances to other investments	(1,878)	(431)
Advances/loan to associates	(999)	(4)
Dividends received	485	38,840
Investment in hotel and investment properties	(2,464)	(866)
Plantation development expenditure	(314)	(63)
Proceeds from disposal of other investments	5,264	14,552
Proceeds from disposal of property, plant and equipment	1,008	1,286
Proceeds from disposal of an associate	23,370	-
Proceeds from disposal of a subsidiary (Note 14)	(753)	-
	-----	-----
Net cash generated from/(used in) investing activities	12,195	(16,294)
	-----	-----
<b>Cash flows from financing activities</b>		
Dividend paid to minority shareholders	(229)	-
Drawdown of term loan	4,530	45,963
Decrease/(increase) in deposits pledged to financial institutions	14,464	(15,199)
Proceeds/(repayment) of development fund	(8,989)	(1,855)
Proceeds from shares issued to minority shareholders	24	138

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Consolidated Cash Flow Statement**

for the year ended 31 December 2008 (contd.)

	<b>Group</b>	
	<b>2008</b> RM'000	<b>2007</b> RM'000
Proceeds from corporate loan	208	-
Repayment of Government term loans	(273)	-
Repayment of hire purchase and lease instalments	(705)	(275)
Proceeds from state government contributions for equity participation	1,000	-
Repayment of corporate loan	(86)	-
Repayment of term loan	(15,000)	-
	-----	-----
Net cash generated from financing activities	(5,056)	28,772
	-----	-----
<b>Net increase in cash and cash equivalents</b>	99,648	30,471
<b>Effect of translation adjustments</b>	378	218
<b>Cash and cash equivalents at beginning of year</b>	200,698	170,009
	-----	-----
<b>Analysis of cash and cash equivalents at end of year</b>	300,724	200,698
	=====	=====
<b>Cash and cash equivalents:</b>		
Cash and bank balances	95,343	103,558
Deposits with financial institutions (Note 9)	205,381	97,140
	-----	-----
	300,724	200,698
	=====	=====
<b>Analysis of acquisition of property, plant and equipment:</b>		
By cash	8,457	38,445
By lease	1,127	171
	-----	-----
	9,584	38,616
	=====	=====

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Cash Flow Statement**

for the year ended 31 December 2008

	<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	39,712	44,155
Adjustments for:		
Allowance for diminution in investment	-	1,447
Allowance for doubtful debts, net of allowance no longer required	(49)	3,462
Depreciation	1,200	1,244
Dividend income	(5,428)	(53,495)
Gain on disposal of a subsidiary	(742)	-
Gain on disposal of an associate	(23,180)	-
Gain on disposal of other investments	(963)	(4,576)
Gain on disposal of property, plant and equipment	(175)	(377)
Interest expense	198	778
Interest income	(6,019)	(2,802)
Other income	(9,807)	(1,675)
Property, plant and equipment written off	11	-
Operating loss before working capital changes	(5,242)	(11,839)
(Increase)/decrease in inventories	426	587
Decrease in property development costs	18,601	642
Decrease in receivables	11,396	7,713
(Decrease)/increase in payables	(7,837)	481
Cash generated from/(used in) operations	17,344	(2,416)
Interest paid	(160)	(456)
Interest received	6,019	2,802
Taxes paid, net of refund	-	681
Net cash generated from operating activities	23,203	611

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Cash Flow Statement**

for the year ended 31 December 2008 (contd.)

	<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	-	(38,000)
Acquisition of investment in shares and unit trusts	(1,877)	(1,452)
Acquisition of property, plant and equipment	(182)	(1,249)
Advances/loans to associates	(995)	-
Advances to other investments	(1,878)	(429)
Advances repaid by/(to) subsidiaries	4,873	(1,635)
Dividend received	4,370	39,973
Proceeds from disposal of other investments	3,530	11,524
Proceeds from disposal of property, plant and equipment	839	949
Proceeds from disposal of a subsidiary	200	-
Proceeds from disposal of an associate	23,370	-
	-----	-----
Net cash generated from investing activities	32,250	9,681
	-----	-----
<b>Cash flows from financing activities</b>		
Decrease/(increase) in deposits pledged to financial institutions	14,575	(14,995)
(Repayment)/proceeds from term loan	(15,000)	15,000
Proceeds from state government contribution for equity participation	1,000	-
Proceeds from/(repayment to) development funds	(8,989)	(1,854)
Repayment of Government term loans	(273)	-
Repayment of lease payables	(483)	(244)
	-----	-----
Net cash generated from/(used in) financing activities	(9,170)	(2,093)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	46,283	8,199
<b>Cash and cash equivalents at beginning of year</b>	118,337	110,138
	-----	-----
<b>Cash and cash equivalents at end of year</b>	164,620	118,337
	=====	=====

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Cash Flow Statement**

for the year ended 31 December 2008 (contd.)

		<b>Corporation</b>	
		<b>2008</b>	<b>2007</b>
		RM'000	RM'000
<b>Analysis of cash and cash equivalents:</b>			
Cash and bank balances		11,225	61,055
Deposits with financial institutions	(Note 9)	153,395	57,282
		-----	-----
		164,620	118,337
		=====	=====
<b>Analysis of acquisition of property, plant and equipment:</b>			
By cash		182	1,249
By lease		242	171
		-----	-----
		424	1,420
		=====	=====

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The accompanying notes form an integral part of these financial statements.



**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008****1. Corporation information**

The Corporation is principally engaged in property development, research, planning and implementing industrial, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies and the provision of management, technical, financial and other advices and information to potential investors and businesses.

The Corporation is established under the Perbadanan Pembangunan Ekonomi Sarawak Ordinance, 1972 (Sarawak Cap. 35). The registered office of the Corporation is located at 6th - 11th Floor, Menara SEDC, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Members in accordance with a resolution of the Members on 19 August 2009.

**2. Significant accounting policies**

The significant accounting policies of the Corporation and of the Group, which are consistent with those adopted in previous years are summarised below:

**(a) Basis of accounting**

The financial statements of the Corporation and of the Group have been prepared under the historical cost convention except for the revaluation of certain property, plant and equipment and hotel properties.

Whilst the financial statements of the Corporation need not comply with the provisions of the Companies Act, 1965, the financial statements of all its subsidiaries comply. The financial statements of the Corporation and of the Group comply with applicable Private Entity Reporting Standards in Malaysia.

**(b) Basis of consolidation****(i) Subsidiaries**

The consolidated financial statements include the financial statements of the Corporation and all its subsidiaries. Subsidiaries are those companies in which the Group has a long-term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.



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**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008****2. Significant accounting policies (contd.)****(b) Basis of consolidation (contd.)****(i) Subsidiaries (contd.)**

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences. Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

**(ii) Associates**

An associate is a company in which the Group has a long-term equity interest of between 20% to 50% and where the Group has representation to the Board and is able to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee company.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of results of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition results and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

**(c) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q). Goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is not amortised but write-offs are made where, in the opinion of the Members, there has been a permanent diminution in value.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008**

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**2. Significant accounting policies (contd.)****(d) Investments in subsidiaries and associates**

The Corporation's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value with the exception of live stocks. Cost of other inventories include, where relevant, direct production expenses and overheads and is determined on a weighted average or first-in, first-out basis as appropriate.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

With the exception of the foreign incorporated subsidiary, livestock are stated at the lower of cost and net realisable value with weighted average cost being the basis for cost. Cost of livestock comprises the original purchase price and estimated natural increase and herd appreciation plus incidentals in bringing the livestock to their present location and condition. For the foreign subsidiary, livestock are measured at fair value less estimated point-of-sale costs, in compliance with International Accounting Standard 41, Agriculture.

In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

**(f) Land held for property development and property development costs****(i) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.



**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008**

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**2. Significant accounting policies (contd.)****(f) Land held for property development and property development costs (contd.)****(ii) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

**(g) Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008**

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**2. Significant accounting policies (contd.)****(g) Construction contracts (contd.)**

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**(h) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

**(i) Finance leases**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Corporation's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(k).

**(ii) Operating leases**

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.





**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008****2. Significant accounting policies (contd.)****(i) Provisions for liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(j) Investments**

Investments are stated at cost except where the Members are of the opinion that there is a permanent diminution in the value in which case, a provision is made for the diminution.

**(k) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

Freehold land is stated at valuation less impairment losses. Valuation of the land is made by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to revenue reserve.

Long leasehold land, pasture development assets and construction work-in-progress are not depreciated. Short leasehold land is amortised over the period of the lease. All other property, plant and equipment are depreciated on a straight-line basis to write off the cost or valuation of the assets over their estimated useful life at the following principal annual rates:

Buildings and improvements	2% - 33 1/3%
Leasehold improvements	2% - 20%
Plant, machinery and equipment	2% - 33 1/3%

Crockery, glassware, cutlery and linen for subsidiaries involved in hotel operations are capitalised at the minimum level requirement for normal operation. Additions and replacements are written off in the year in which they are acquired.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

**Sarawak Economic Development Corporation**

(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Notes to the Financial Statements - 31 December 2008****2. Significant accounting policies (contd.)****(k) Property, plant and equipment and depreciation (contd.)**

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to revenue reserve.

**(l) Hotel and investment properties**

Hotel and investment properties comprise of hotel land, buildings and their integral plant and machinery.

Hotel and investment properties are stated at Members' valuation based on independent professional valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the policy to appraise the hotel and investment properties once in every five years or such shorter period when appropriate, based on open market valuation.

Surplus arising from revaluation is credited to revaluation reserve. Deficit in excess of the revaluation reserve arising from previous revaluation is recognised in income statement.

No depreciation is provided on hotel and investment properties. It is the Group's policy to maintain these properties in such condition that the residual value is at a level where depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statement.

**(m) Plantation development expenditure**

All expenditure incurred on new planting from land clearing to the point of maturity is capitalised under plantation development expenditure. Subsequent replanting expenditure and upkeep of trees is recognised in the income statement in the year in which the expenditure is incurred.

**(n) Accounting for grants**

Grants, relating to property, plant and equipment and property development (development grants) are either deducted from the original cost of purchase of the relevant assets and project development expenditure in arriving at the carrying amount of the assets or presented in the financial statements as deferred income and amortised over the estimated useful lives of the assets purchased.

Operating grants are recognised in the income statements over the periods necessary to match them with the related costs to which they are intended to compensate.

**(o) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

**Sarawak Economic Development Corporation**

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**Notes to the Financial Statements - 31 December 2008**

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**2. Significant accounting policies (contd.)****(o) Income tax (contd.)**

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

**(p) Foreign currencies****(i) Foreign currency transactions**

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Foreign currency term loan at the balance sheet date is translated into Ringgit Malaysia at the rates of exchange approximating those ruling at that date. Exchange gains and losses arising from the translation of long term foreign currency term loan is deferred and amortised on a straight-line basis over the term of the loan. Other exchange gains and losses have been dealt with in the income statement.

**(ii) Financial statements of foreign operations**

The Group's foreign operations are considered an integral part of its local subsidiary's operations. Accordingly, the assets and liabilities of the foreign operations, including goodwill arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in the income statement.

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**Notes to the Financial Statements - 31 December 2008****2. Significant accounting policies (contd.)****(p) Foreign currencies (contd.)****(ii) Financial statements of foreign operations (contd.)**

The closing rates used in translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	<b>2008</b>	<b>2007</b>
	RM	RM
1 Australian Dollar	2.42	2.92
1 United States Dollar	3.47	3.31
	===	===

**(q) Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

**(r) Employee benefits****(i) 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 Group. Short term accumulating compensated absences such as paid annual leave and long services leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Employee entitlements that are expected to be settled within one year have been measured at their nominal value.

**Defined contribution plans**

As required by law, the Group's local subsidiaries make contributions to the Employees Provident Fund. In addition, the Corporation also contributes to the Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.



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**Notes to the Financial Statements - 31 December 2008**

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**2. Significant accounting policies (contd.)****(s) Other non-current investment**

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

**(t) Marketable securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

**(u) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(v) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(w) Interest-bearing borrowings**

Interest-bearing loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.



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**Notes to the Financial Statements - 31 December 2008**

**2. Significant accounting policies (contd.)**

**(x) Derivative financial instruments**

Derivative financial instruments are not recognised in the financial statements on inception.

Interest rate swap contracts

Net differentials in interest receipts and payments arising from interest rate swap contracts are recognised as interest income or expense over the period of the contract.

**(y) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

**(i) Sale of goods and services**

Revenue from sale of goods and provision of services is recognised when goods are sold or services are rendered.

**(ii) Dividend Income**

Dividend income is recognised when the shareholders' right to receive payment is established.

**(iii) Sale of properties**

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(f).

**(iv) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(g).

**(z) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.



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**Notes to the Financial Statements - 31 December 2008****3. General****Revenue**

Revenue of the Corporation represents income from property development, management fee charged to its subsidiaries, income derived from investments, invoiced value of goods sold less returns and billings for services rendered to customers, rental income received and receivable, and gain on disposal of investments and property, plant and equipment.

Revenue of the Group represents the aggregate of the invoiced value of goods sold less returns and billings for services rendered to customers, revenue from room sales, food and beverage sales and other incidental services rendered in conjunction with hotel operations, and rental income received and receivable. Inter-company sales, dividends, management fees, interest income and marketing fees are eliminated on consolidation.

**Cost of sales**

Cost of sales of the Corporation represents development costs and raw materials consumed.

Cost of sales of the Group represents cost of timber, development projects, food and beverage, golfing equipment and cost for providing travelling services.

**4. Profit before taxation**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b> RM'000	<b>2007</b> RM'000	<b>2008</b> RM'000	<b>2007</b> RM'000
(a) Profit before taxation is stated after charging/(crediting):				
Amortisation of development expenditure	5	-	-	-
Allowance for diminution in investment	136	1,422	-	1,447
Allowance for doubtful debts, net of allowance no longer required	1,282	7,443	(49)	3,462
Auditors' remuneration				
- current year	309	307	44	29
- (over)/under provision in prior years	(4)	4	-	-
Allowance for slow-moving inventories no longer required	(1)	-	-	-
Amortisation of goodwill	12	12	-	-
Amortisation of government grants	(1,315)	(1,347)	-	-
Bad debts written off	252	595	-	-
Deposit written off	-	5	-	-
Depreciation	8,347	8,083	1,200	1,244
Development expenditure written off	18	-	-	-
Gain on disposal of other investments	(1,280)	(5,301)	(963)	(4,576)
Gain on disposal of property, plant and equipment	(232)	(90)	(175)	(377)

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**Notes to the Financial Statements - 31 December 2008**

**4. Profit before taxation (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b> RM'000	<b>2007</b> RM'000	<b>2008</b> RM'000	<b>2007</b> RM'000
(a) Profit before taxation is stated after charging/(crediting) (contd.):				
Gain on disposal of an associate	(23,180)	-	(23,180)	-
Gain on disposal of a subsidiary	(1,750)	-	(742)	-
Gross dividends from:				
Associates				
- unquoted in Malaysia	-	-	-	(48,417)
Subsidiaries				
- unquoted in Malaysia	-	-	(100)	(1,400)
Other corporations				
- quoted in Malaysia	(5,833)	(4,106)	(5,328)	(3,678)
Finance cost	-	-	-	-
Impairment of plantation development expenditure	-	43	-	-
Income from rental of land and buildings	(2,720)	(2,678)	(1,580)	(1,409)
Interest income	(8,692)	(4,256)	(6,019)	(2,802)
Interest expense				
- commercial borrowings	229	512	143	380
- hire purchase	42	41	17	39
- government loan	-	322	-	322
- paid to subsidiaries	-	-	38	37
- overdue on trade balance	2,141	-	-	-
Inventories written off	193	252	-	-
Loss/(gain) on foreign exchange				
- unrealised	5,612	(1,420)	-	-
- realised	3,771	552	-	-
Members' remuneration:				
- fees as Members of the Corporation	24	24	24	24
- allowance as Members of the Corporation	20	19	20	19
- fees as directors of subsidiaries	12	40	-	-
- others as directors of subsidiaries	-	93	-	-



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**Notes to the Financial Statements - 31 December 2008****4. Profit before taxation (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b> RM'000	<b>2007</b> RM'000	<b>2008</b> RM'000	<b>2007</b> RM'000
(a) Profit before taxation is stated after charging/(crediting) (contd.):				
Other directors of subsidiaries:				
- fees	442	1,936	-	-
- others	1,167	1,071	-	-
Operating grants	(9,907)	(1,775)	(9,807)	(1,675)
Property, plant and equipment written off	349	446	11	-
Rental expenses				
- land and buildings	1,250	1,783	208	206
- rigs and equipment	154,290	155,765	-	-
	=====	=====	=====	=====
(b) Employee information				
Staff costs	56,370	52,295	14,017	12,247
	=====	=====	=====	=====

Included in staff costs of the Group and of the Corporation are Employees' Provident Fund and Pension Scheme contributions amounting to RM4,094,595 (2007: RM3,690,555) and RM1,239,158 (2007: RM1,072,764) respectively.

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Number of employees	1,724	1,784	267	273
	=====	=====	=====	=====

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**Notes to the Financial Statements - 31 December 2008****5. Taxation**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Based on results for the year				
- Malaysian income tax	5,142	974	1,412	10,264
- Foreign tax	-	1,151	-	-
	-----	-----	-----	-----
	5,142	2,125	1,412	10,264
Under/(over) provision in prior years				
- Malaysian income tax	1,073	(799)	1,484	-
	-----	-----	-----	-----
	6,215	1,326	2,896	10,264
	-----	-----	-----	-----
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences				
- Malaysian income tax	221	293	-	-
- Foreign tax	(369)	(741)	-	-
Relating to changes in tax rates				
- Malaysian income tax	-	(16)	-	-
	-----	-----	-----	-----
	(148)	(464)	-	-
	-----	-----	-----	-----
Share of taxation of associates	4,536	4,556	-	-
	-----	-----	-----	-----
Tax expense for the year	10,603	5,418	2,896	10,264
	=====	=====	=====	=====

The disproportionate taxation charge for the Group is principally due to the absence of Group relief for losses suffered by certain subsidiaries.

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated chargeable income for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



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**Notes to the Financial Statements - 31 December 2008****5. Taxation (contd.)**

Domestic companies with paid-up share capital of RM2.5 million and below at the beginning of the basis period for the year of assessment are subject to Malaysian corporate tax at a rate of 20% on chargeable income up to RM500,000 (2007: RM500,000). The Malaysian statutory tax rate of 26% is applied to chargeable income in excess of RM500,000 (2007: RM500,000).

A reconciliation of income tax expense applicable to profit before taxation of the Corporation and of the Group at the statutory income tax rate to income tax expense at the effective income tax rate of the Corporation and of the Group is as follows:

	<b>2008</b> RM'000	<b>2007</b> RM'000
<b>Group</b>		
Profit before taxation	92,187 =====	3,393 =====
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	23,968	916
Effect of income subject to lower tax rate of 20%	(8,168)	(222)
Effect of changes in Malaysian tax rates	(579)	(794)
Effect of different tax rates in other countries	(44)	43
Effect of income not subject to tax	(7,970)	(4,711)
Effect on opening deferred tax reduction	(42)	-
Expenses not deductible for tax purposes	3,328	14,760
Utilisation of previously unrecognised capital allowance and tax loss	(3,344)	(4,146)
Utilisation of reinvestment allowances	-	(688)
Utilisation of capital allowance and adjusted loss	20	-
Deferred tax assets not recognised	2,183	1,565
Under/(over) provision of income tax expense in prior years	1,073	(799)
Under/(over) provision of income tax expense of associates in prior years	178	(682)
Under provision of deferred tax expense of associates in prior years	-	176
	-----	-----
Tax expense for the year	10,603 =====	5,418 =====
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	-	3,881
Unutilised tax losses carried forward	10,172 =====	13,148 =====

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**Notes to the Financial Statements - 31 December 2008****5. Taxation (contd.)**

	<b>2008</b> RM'000	<b>2007</b> RM'000
<b>Corporation</b>		
Profit before taxation	39,712 =====	44,155 =====
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	10,325	11,922
Effect of income not subject to tax	(7,589)	(2,392)
Expenses not deductible for tax purposes	(1,526)	550
Deferred tax assets not recognised	244	170
Utilisation of previously unabsorbed capital allowances	-	14
Under provision of income tax in prior years	1,484	-
Effect on opening deferred tax reduction	(42)	-
	-----	-----
Tax expense for the year	2,896 =====	10,264 =====

The income tax benefits in respect thereof will only be realised if the Corporation derives future assessable income of a nature and of sufficient amount to enable the benefits to be realised, and existing legislation does not change in a manner, which would adversely affect the Corporation's ability to realise the benefit.

	<b>2008</b> RM'000	<b>2007</b> RM'000
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	-	3,881
Unutilised tax losses carried forward	3,544 =====	3,544 =====

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**Notes to the Financial Statements - 31 December 2008****6. Inventories**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Properties held for sale	16,924	15,612	16,924	15,612
Trading stocks	821	481	-	-
Livestocks	28,666	31,271	-	-
Souvenir stocks	173	866	-	-
Materials and consumable	7,411	2,395	37	38
	-----	-----	-----	-----
	53,995	50,625	16,961	15,650
Allowance for inventories obsolescence	(348)	(261)	-	-
Allowance for impairment loss	(270)	(270)	(270)	(270)
	-----	-----	-----	-----
	53,377	50,094	16,691	15,380
	=====	=====	=====	=====

Except for livestock, all other inventories are stated at cost. The valuation of the Group's live stocks is as follows:

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
At cost	1,591	793
At net realisable value	27,075	30,478
	-----	-----
	28,666	31,271
	=====	=====

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**Notes to the Financial Statements - 31 December 2008**

**7. Property development costs and land held for property development**

		<b>Group and Corporation</b>	
		<b>2008</b>	<b>2007</b>
		RM'000	RM'000
<b>(a) Property development cost</b>			
Property development costs at 1 January:			
Leasehold land		6,634	2,590
Development costs		19,865	17,176
		<u>26,499</u>	<u>19,766</u>
Costs incurred during the year:			
Leasehold land		(211)	4,044
Development costs		6,160	2,689
		<u>5,949</u>	<u>6,733</u>
Transfers:			
To land held for development		-	(1)
To development grant		16,106	11,175
		<u>16,106</u>	<u>11,174</u>
Property development grant received		(44,313)	(30,937)
Property development costs at 31 December		<u>4,241</u>	<u>6,736</u>
		=====	=====
<b>(b) Land held for property development</b>			
Cost			
At 1 January		7,283	7,282
Transfer from property development cost		-	1
		<u>7,283</u>	<u>7,283</u>
Less: Provision for loss		(3,745)	(3,745)
At 31 December		<u>3,538</u>	<u>3,538</u>
		=====	=====



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**Notes to the Financial Statements - 31 December 2008****8. Receivables**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	111,964	101,914	20,121	23,763
Allowance for doubtful debts	(17,918)	(15,624)	(8,798)	(8,052)
	-----	-----	-----	-----
	94,046	86,290	11,323	15,711
	-----	-----	-----	-----
Other receivables and prepayments	40,854	41,188	25,650	25,011
Allowance for doubtful debts	(25,978)	(26,012)	(22,167)	(22,171)
	-----	-----	-----	-----
	14,876	15,176	3,483	2,840
	-----	-----	-----	-----
Tax recoverable	6,506	8,246	3,928	5,766
	-----	-----	-----	-----
Total	115,428	109,712	18,734	24,317
	=====	=====	=====	=====

**9. Deposits with financial institutions**

With foreign banks	934	1,042	-	-
With licensed banks	149,858	78,100	99,418	39,861
With licensed finance companies	54,589	17,998	53,977	17,421
	-----	-----	-----	-----
	205,381	97,140	153,395	57,282
With licensed banks, pledged	7,707	22,189	6,036	20,611
	-----	-----	-----	-----
	213,088	119,329	159,431	77,893
	=====	=====	=====	=====

Included in the Group's and Corporation's fixed deposits was an amount of RM7,724,884 (2007: RM22,188,793) and RM6,036,321 (2007: RM20,611,409), respectively, placed on lien to licensed banks for banking facility as disclosed in Note 13, bank guarantee facilities granted to certain subsidiaries of the Group and as collateral for loans given to Bumiputra Entrepreneurs under the socio-economic projects/schemes of the Corporation.



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**Notes to the Financial Statements - 31 December 2008**

**10. Payables**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Trade payables	10,837	13,428	-	-
Other payables and accruals	161,558	101,666	16,494	24,405
	-----	-----	-----	-----
	172,395	115,094	16,494	24,405
	=====	=====	=====	=====

Included in other payables and accruals of the Group is deferred membership fee amounting to RM25,593,176 (2007: RM26,572,514) which represents advance membership fees received from members under the short term membership arrangement and advance licence fees received from members. The advance membership fees are recognised as income at 30% during the year of receipt, with the balance of 70% to be recognised as income upon the expiration of the "Easy Access Scheme" option. The advance licence fees received are recognised as income over the membership period.

The Group's other payables and accruals also include advances from a former Corporate Shareholder of a subsidiary amounting to RM1,385,696 (2007: RM1,385,696). The amount due to the former corporate shareholder of a subsidiary, Sarawak Coconut Enterprise Sdn. Bhd., is unsecured, interest-free except for RM823,306 (2007: RM823,306) which bears interest of 2% per annum.

**11. Lease payables**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Repayable within twelve months	405	256	119	242
Repayable after twelve months	663	390	244	362
	-----	-----	-----	-----
	1,068	646	363	604
	=====	=====	=====	=====
Minimum lease payment:				
Not later than one year	465	286	135	269
Later than one year but not later than five years	717	393	266	356
Later than five years	-	44	-	44
	-----	-----	-----	-----
	1,182	723	401	669
Future finance charges	(114)	(77)	(38)	(65)
	-----	-----	-----	-----
Present value of finance lease liabilities	1,068	646	363	604
	=====	=====	=====	=====

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**Notes to the Financial Statements - 31 December 2008****12. Government term loans**

	<b>Group and Corporation</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
Unsecured		(Restated)
Interest bearing loans	10,195	10,195
Interest free loans	19,058	19,331
	-----	-----
	29,253	29,526
Repayable within one year	(3,354)	(3,923)
	-----	-----
Repayable after one year	25,899	25,603
	=====	=====

The interest rate is 4% per annum (2007: 4% to 8% per annum) for interest bearing loans.

**13. Other borrowings**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Revolving credit, unsecured	8,525	8,525	8,525	8,525
Term loans, secured	29,988	45,963	-	15,00
	-----	-----	-----	-----
	38,513	54,488	8,525	23,525
Repayable within one year	(8,525)	(9,498)	(8,525)	(9,498)
	-----	-----	-----	-----
Repayable after one year	29,988	44,990	-	14,027
	=====	=====	=====	=====

The revolving credit and term loans bore interest rate of 4.2% and 4.76% respectively at balance sheet date.

The secured term loan of a subsidiary is secured by a first mortgage over freehold and leasehold property of the subsidiary and a floating charge over the subsidiary's assets.

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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries**

	<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
Unquoted shares at cost	236,932	238,724
Allowance for diminution in value	(43,387)	(45,179)
	-----	-----
	193,545	193,545
	-----	-----
Amounts due from subsidiaries:		
Current accounts	319,766	322,280
Allowance for doubtful debts	(37,246)	(38,832)
	-----	-----
	282,520	283,448
	-----	-----
Loan accounts	88,401	93,599
Allowance for doubtful debts	(1,000)	(1,000)
	-----	-----
	87,401	92,599
	-----	-----
Amounts due to subsidiaries:		
Current accounts	(8)	(8)
	-----	-----
	563,458	569,584
	=====	=====

The amounts due from/(to) subsidiaries are unsecured, interest free and have fixed terms of repayment except for certain advances to subsidiaries which bear interest rates between 2% to 8% (2007: 2% to 8%) per annum.

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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)**

The shares of all the subsidiaries are unquoted. All the subsidiaries of the Group are incorporated in Malaysia except for Rosewood Station Pty Ltd., which is incorporated in Australia. Details of the Group's subsidiaries are as follows:

		Group's effective equity interest	
Name of company	Principal activities	2008 %	2007 %
Direct subsidiaries of the Corporation			
Azen Industries Sdn. Bhd. Company No. 105851-H	Inactive	60	60
Bukit Saban Resort Sdn. Bhd. Company No. 315034-U	Ownership of a holiday resort	100	100
Comerich Sdn. Bhd. Company No. 263183-P	General trading	100	100
Damai Beach Golf Course Bhd. Company No. 289575-H	Investment holding and provision of management services	100	100
Damai Beach Resort Sdn. Bhd. Company No. 409883-U	Inactive	100	100
Damai Cove Resorts Sdn. Bhd. Company No. 278414-M	Extraction and selling of timber and investment and property holding	100	100
Eastern Empress Silk Sdn. Bhd. Company No. 132777-W	Inactive	100	100
Goebilt Seafoods Processing Bhd. Company No. 9449-U	Inactive	71	71
Kenyalang Teguh Sdn. Bhd. Company No. 261703-K	Inactive	70	70
Kuching Hotels Sdn. Bhd. Company No. 19220-W	Own and operate Grand Margerita Hotel and the Sarawak Plaza in Kuching	89	89
Permaisara Sdn. Bhd. Company No. 104725-V	Extraction and selling of timber	100	100
Permata Carpark Sdn. Bhd. Company No. 315033-K	Ownership of a commercial car park complex	100	100
PPES Akua (Mukah) Sdn. Bhd. Company No. 104725-V	Inactive	100	100

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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2008 %	2007 %
Direct subsidiaries of the Corporation (contd.)			
PPES Akua (Santubong) Sdn. Bhd. Company No. 152122-T	Investment holding and breeding of prawns	100	100
PPES Ternak Holdings Sdn. Bhd. Company No. 104730-A	Investment holding and provision of administrative, professional and financial supports to its subsidiaries	100	100
Revlin Holdings Sdn. Bhd. Company No. 213339-X	Inactive	100	100
Safemal Drilling Sdn. Bhd. Company No. 152877-H	Exploration and drilling of oil in Malaysian waters	55	55
Sara Concrete Poles Sdn. Bhd. Company No. 306003-M	Inactive	100	100
Sara Convention Sdn. Bhd. Company No. 141893-M	Provider in media related services	100	100
Sara Fibre Sdn. Bhd. Company No. 312494-P	Inactive	100	100
Sara Great Horizon Sdn. Bhd. Company No. 141892-P	Leasing of recreational and camping facilities at Damai Rainforest Resort	100	100
Sara Hotels Bhd. Company No. 408127-H	Inactive	100	100
Sara-HL Plantation Sdn. Bhd. Company No. 248139-W	Development and cultivation of oil palm	100	100
Sara Rasa Sdn. Bhd. Company No. 022086-U	Leasing of restaurant	85	85
Sara Resorts Sdn. Bhd. Company No. 052135-X	Hotel business, extraction and sale of timber and operation of a cultural centre.	100	100
Sara Resorts Holdings Sdn. Bhd. Company No. 407089-T	Inactive	100	100



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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)**

		Group's effective equity interest	
Name of company	Principal activities	2008 %	2007 %
Direct subsidiaries of the Corporation (contd.)			
Sara Resorts Management Sdn. Bhd. Company No. 261450-A	Provision of management services for tourism and leisure activities	100	100
Sara Sago Industries Sdn. Bhd. Company No. 89962-X	Inactive	100	100
Sara Spectrum Holdings Sdn. Bhd. Company No. 219420-W	Provision of management services, investment holding and general trading	100	100
Sara Tourism & Leisure Sdn. Bhd. Company No. 408289-X	Inactive	100	100
Sara Urusharta Sdn. Bhd. Company No. 105180-V	Property management	100	100
Sara Worldwide Vacations Bhd. Company No. 019223-V	Operation and management of Club Asia International	100	100
Sarakraf Sdn. Bhd. Company No. 133055-W	Marketing and promotion of local handicrafts	-	100
Sarapine Sdn. Bhd. Company No. 237653-M	Inactive	100	100
Sarawak Car Care Centre Sdn. Bhd. Company No. 35646-U	Letting out car care centre and the collection of rental	100	100
Sedidik Sdn. Bhd. Company No. 50688-T	Provision of child development centres	100	100
Sejadu Sdn. Bhd. Company No. 170777-M	Property investment and hotel business	100	100
Taskwin Marketing Sdn. Bhd. Company No. 264315-D	General trading	100	100
Subsidiary of Damai Beach Golf Course Bhd.		S	D
Damai Golf and Country Club Bhd. Company No. 139361-U	Ownership and management of a golf course	100	100

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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2008 %	2007 %
Subsidiaries of PPES Ternak Holdings Sdn. Bhd.			
PPES Ternak Sdn. Bhd. Company No. 104563-V	Cattle farming and distribution of cattle, goat and deer	100	100
Sara-Bif Sdn. Bhd. Company No.081917-D	Inactive	100	100
Rosewood Station Pty Limited Company No. ACN 009 612 284	Cattle farming in Australia	100	100
Subsidiaries of Revlin Holdings Sdn. Bhd.			
Higlobe Sdn. Bhd. Company No. 254889-T	Inactive	80	80
Prime Height Sdn. Bhd. Company No. 258366-V	Inactive	51	51
Subsidiary of Sara Resorts Sdn. Bhd.			
Sara Hospitality Sdn. Bhd. (formerly known as H.I.-Sara Hospitality Sdn. Bhd.) Company No. 441568-K	Investment holding and provision of management services	100	70



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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)**

		Group's effective equity interest	
Name of company	Principal activities	2008	2007
		%	%
Subsidiaries of Sara Spectrum Holdings Sdn. Bhd.			
PPES Poultry Farm Sdn. Bhd. Company No. 115899-V	Inactive	60	60
Hakanda Sdn. Bhd. Company No. 174704-T	Fruit planting	100	100
Sarawak Coconut Enterprise Sdn. Bhd. Company No. 218814-H	Inactive	100	100
Subsidiary of Sara Worldwide Vacations Bhd.			
Asia Vacations Club Sdn. Bhd. Company No. 82747-M	Inactive	90	90

All the subsidiaries are not audited by the Auditor-General's office. The financial year-end of all the subsidiaries is 31 December.

The financial statements of the following sub-subsidiaries, Higlobe Sdn. Bhd. and Prime Height Sdn. Bhd., are not consolidated as the Members concur with the opinion of the directors of the immediate holding entities of these sub-subsidiaries that it is impracticable and it would be of no real value to the Group, in view of the insignificant amounts involved.

During the financial year, the Corporation acquired 100% equity interest comprising 2 ordinary shares of RM1 each in Sara Tourism & Leisure Sdn. Bhd. for a consideration of RM2 from its direct subsidiary, Sara Resorts Holdings Sdn Bhd.

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**Notes to the Financial Statements - 31 December 2008****14. Subsidiaries (contd.)****Analysis of Disposal of Subsidiary Company**

During the financial year, the Group disposed of Sarakraf Sdn. Bhd. The fair value of the assets disposed and the liabilities discharged are as follows:

	<b>2008</b> RM'000
Property, plant and equipment	165
Other investment	45
Inventories	551
Trade and other receivables	59
Cash and bank balances	953
Trade and other payables	(103)
Amount owing to holding company	(886)
Government grants	(2,334)
	-----
Net assets disposed	(1,550)
Gain realised on disposal	1,750
	-----
Proceeds from disposal	200
Less: Cash and bank balances	(953)
	-----
Net cash outflow of the Group	(753)
	=====

The auditors' reports of the subsidiaries' financial statements have been modified as detailed below:

**(a) PPES Akua (Santubong) Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a profit after taxation of RM389,957 during the year ended December 31, 2008, however as of that date, the Company's shareholders' funds was in deficit of RM121,025, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern."

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**14. Subsidiaries (contd.)****(b) Sara Sago Industries Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 in the notes to the financial statements. As at December 31, 2008, the Company's current liabilities exceeded its current assets by RM345,605 and its shareholders' funds is in deficit of RM4,063,129. In view of these factors, continuation of the Company as a going concern is dependent on the continuing financial support from the shareholder and on its attaining cash inflows to sustain its operation."

**(c) Sarawak Car Care Centre Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 in the note to the financial statements. As at 31 December 2008, the Company shareholders' equity is in deficit of RM3,121,534. In view of these factors, continuation of the Company as a going concern on which basis the financial statements have been prepared is dependent on the continuing financial support from the shareholder and on its attaining cash inflows to sustain its operation."

**(d) Asia Vacations Club Sdn. Bhd.**

"The Company has a capital deficiency of RM1,664,798 as of December 31, 2008, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holdings companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business."

**(e) Sara Resorts Holdings Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM31,134 as of December 31, 2008, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and related company and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on going concern basis may no longer be appropriate."



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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(f) *Sara Tourism & Leisure Sdn. Bhd.***

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM31,420 as of December 31, 2008, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and related company and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

**(g) *Bukit Saban Resort Sdn. Bhd.***

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM1,285,212 as of December 31, 2008, which arose as a result of operational losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by RM5,304,591. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(h) *Damai Beach Resort Sdn. Bhd.***

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM31,370 as of December 31, 2008, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and related company and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(i) Damai Cove Resorts Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM10,111,700 as of December 31, 2008, which arose as a result of operational losses sustained in the prior years and, as of that date, current liabilities exceed current assets by RM86,806,931. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been drawn up on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive support from its holding entity and, creditors and the business operations will be profitable in the foreseeable future and, consequently the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(j) Sara Worldwide Vacations Bhd.**

"The Group and the Company have capital deficiencies of RM5,533,808 and RM3,895,463 respectively as of December 31, 2008, which arose as a result of operational losses incurred in prior years. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business."

**(k) Sara Resorts Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Group and the Company have capital deficiencies of RM4,959,753 and RM5,077,294 respectively as of December 31, 2008, which arose as a result of operational losses incurred in prior years. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Group and the Company will continue to receive adequate financial support from its holding entity and creditors and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(l) Sara Rasa Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM192,603 as of December 31, 2008, which arose as a result of operational losses incurred in prior years and, as of that date, current liabilities exceeded current assets by RM216,614. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity, creditors and bankers and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(m) Sara Hotels Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM235,080 as of December 31, 2008, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity and related companies and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(n) Sara-HL Plantation Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 2 to the financial statements. As stated therein, the Company stopped its plantation development activity in 2003 as a result of a court order pertaining to a suit filed by six individuals in which the Superintendent of Lands and Surveys, Sarawak, the State Government of Sarawak and the Company were named as defendants. The reliefs sought by the plaintiffs include a declaration that they have native customary rights over the Company's long-term leasehold land with carrying value of RM7,415,449 as at 31 December 2008 (which was alienated to the Company via its holding company by the Superintendent of Lands and Surveys, Sarawak) and a prohibitory injunction restraining the Company from carrying out any works on the said land. The case was struck out by the Court on 3 April 2008, the date of trial, due to the absence of the counsel for the plaintiffs despite numerous attempts made to inform the counsel of the trial date. Due to the protraction of the case, the Company has incurred accumulated losses of RM1,975,583 as at 31 December 2008. In spite of the losses, the financial statements of the Company have been prepared on the going concern basis, the appropriateness of which is dependent on the ability of the Company to attain profitability in future and obtain sufficient funds to meet its obligations when due."



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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(o) *Permata Carpark Sdn. Bhd.***

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. As of December 31, 2008, the current liabilities exceeded current assets by RM833,039. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its holding entity, and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(p) *Damai Golf and Country Club Bhd.***

"Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements. The Company has a capital deficiency of RM42,186,912 as of December 31, 2008, which arose as a result of operational losses sustained over the years and, as of that date, current liabilities exceeded current assets by RM8,081,059. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive adequate financial support from its immediate holding company, ultimate holding entity and the related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate."

**(q) *Sara Convention Sdn. Bhd.***

"The Company has a capital deficiency of RM196,390 as of December 31, 2008, which arose as a result of operational losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by RM211,348. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. The basis presumes that the Company will continue to receive adequate financial support from its holding entity and related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business."

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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(r) Sara Concrete Poles Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 in the notes to the financial statements. The Company incurred a net loss after tax expense of RM5,744 during the financial year ended 31 December 2008 and as of that date, the Company's shareholders' funds is in deficit of RM127,453. In view of these factors, continuation of the Company as a going concern is dependent on the continuing financial support from the holding corporation and on its attaining cash inflows to sustain its operations."

**(s) Sarawak Coconut Enterprise Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company incurred a net loss of RM199,769 during the financial year ended 31 December 2008. At that date, the Company's current liabilities exceeded its current assets by RM1,991,989 and the shareholders' equity of the Company was in deficit of RM8,398,395. In view of these factors, continuation of the Company as a going concern, on which basis the financial statements have been prepared, is dependent on the continuing financial support from the ultimate holding corporation and creditors and on the Company attaining sufficient cash inflows to meet its liabilities as and when they fall due."

**(t) Sara-Bif Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. As at 31 December 2008, the Company's current liabilities exceeded its current assets by RM2,235,410 and its shareholders' funds is in deficit of RM2,235,410. In view of these factors, continuation of the Company as a going concern is dependent on the continuing financial support from the holding corporation and on its attaining cash inflows to sustain its operations."

**(u) Revlin Holdings Sdn Bhd.**

As at balance sheet date, the Company had net current liabilities of RM351,514, accumulated losses of RM6,895,968 and deficits in Shareholder's fund of RM6,865,968. The Company incurred a loss after taxation of RM2,758 for the financial year ended 31 December 2008.

**(v) Azen Industries Sdn Bhd.**

The Company recorded significant accumulated losses amounting to RM106,863 and deficiency in working capital amounting to RM56,861 as at 31 December 2008.

The financial statements of the Company have been prepared under the going concern concept because the shareholders of the Company have agreed to provide adequate funds for the Company to meet its liabilities as they fall due.



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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(w) Kenyalang Teguh Sdn Bhd.**

Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a profit after taxation of RM389,957 during the year ended 31 December 2008, however as of that date, the Company's shareholders' funds was in deficit of RM121,025, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**(x) Sara Fibre Sdn Bhd.**

The Company recorded significant accumulated losses amounting to RM386,799 and deficiency in working capital amounting to RM386,796 as at 31 December 2008.

The financial statements of the Company have been prepared under the going concern concept because the shareholders of the Company have agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

**(y) Eastern Empress Silk Sdn Bhd.**

Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company has a deficit in shareholders' funds of RM1,686,165.

**(z) Sara Spectrum Holdings Sdn Bhd.**

Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group incurred a loss for the year of RM162,533 during the year ended 31 December 2008, and as of that date, the Group's shareholders' funds was in deficit of RM17,836,152.



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**Notes to the Financial Statements - 31 December 2008**

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**14. Subsidiaries (contd.)****(aa) PPES Akua (Mukah) Sdn Bhd.**

Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss after taxation of RM1,391 during the year ended 31 December 2008, and as of that date, the Company's shareholders' funds was in deficit of RM413,147.

**(ab) Comerich Sdn Bhd.**

Except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical quantity and valuation of inventories, in our opinion:

- (a) the financial statements have been drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
  - (ii) the state of affairs of the Company as at 31 December 2008 and of the results and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

**(ac) Taskwin Marketing Sdn. Bhd.**

Except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical quantity and valuation of inventories, in our opinion:

- (a) the financial statements have been drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
  - (ii) the state of affairs of the Company as at 31 December 2008 and of the results and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



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**Notes to the Financial Statements - 31 December 2008****15. Associates**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	25,119	25,309	24,119	24,309
Allowance for diminution in value	(1,150)	(1,150)	(150)	(150)
	-----	-----	-----	-----
	23,969	24,159	23,969	24,159
Share of retained profits less losses	120,216	86,716	-	-
Share of capital reserves	497	497	-	-
Share of revaluation reserves	7,464	7,464	-	-
	-----	-----	-----	-----
	152,146	118,836	23,969	24,159
	-----	-----	-----	-----
Amounts due from associates:				
Current accounts	5,455	4,422	1,399	370
Allowance for doubtful debts	(359)	(359)	(359)	(359)
	-----	-----	-----	-----
	5,096	4,063	1,040	11
	-----	-----	-----	-----
Loan accounts	19,980	20,014	19,980	20,014
	-----	-----	-----	-----
	177,222	142,913	44,989	44,184
	=====	=====	=====	=====

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**Sarawak Economic Development Corporation**

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**Notes to the Financial Statements - 31 December 2008****15. Associates (contd.)**

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment.

Details of the Group's associates, all of which are incorporated in Malaysia, as at 31 December 2008 and their principal activities are shown below:

Name of company	Principal activities	Group's effective equity interest	
		2008 %	2007 %
Direct associates of the Corporation			
GOS Management Holdings Sdn. Bhd. Company No. 591107-U	Owner of hotels	36	36
Permodalan Assar Sdn. Bhd. Company No. 289723-H	Investment holding	20	20
CMS Resources Sdn. Bhd. (formerly known as Sara Kuari Sdn. Bhd.) Company No. 98773-T	Investment holding, sale of quarry stones and sand	49	49
Sara V-Pile Sdn. Bhd. Company No. 196668-T	Inactive	30	30
Sebor (Sarawak) Sdn. Bhd. Company No. 17625-H	Investment holding	33	33
Syarikat Sebangun Sdn. Bhd. Company No. 113107-M	Extraction and processing of silica sand	21	21
PPES Works (Sarawak) Sdn. Bhd. Company No. 209892-K	Civil engineering contractor	49	49
CMS Property Management Sdn. Bhd. Company No. 326616-U	Construction, management and marketing of realty and property projects	49	49
CMS Land Sdn. Bhd. Company No. 410797-H	Property holding, property development and construction	49	49
CMS Infra Trading Sdn. Bhd. Company No. 196635-M	General merchandising	49	49
SOP Karabungan Sdn. Bhd. Company No. 663077-D	Oil palm plantation	30	30

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**Notes to the Financial Statements - 31 December 2008****15. Associates (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2008 %	2007 %
Associates of Sara Spectrum Holdings Sdn. Bhd.			
Carbon Supplies (Sarawak) Sdn. Bhd. Company No. 295344-H	Manufacture and sale of activated carbon	40	40
Associate of PPES Ternak Holdings Sdn. Bhd.			
PPES Poultry Farm Sdn. Bhd. Company No. 115899-V	Inactive	40	40

The financial year end of all the associates is 31 December, except for Sara V-Pile Sdn. Bhd. which ends on 30 June.

**16. Investments in other corporations**

	Group		Corporation	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investments at cost:				
- Unit trusts quoted in Malaysia	52,785	54,918	44,595	46,473
Less: Allowance for diminution in value	(71)	(680)	(40)	(680)
	52,714	54,238	44,555	45,793
- Quoted shares in Malaysia	72,646	71,998	72,271	71,723
Less: Allowance for diminution in value	(1,512)	(1,407)	(1,407)	(1,407)
	71,134	70,591	70,864	70,316
- Unquoted shares in Malaysia	5,679	5,696	4,731	4,731
Less: Allowance for diminution in value	-	-	(25)	(25)
	5,679	5,696	4,706	4,706
Amount due from:				
- Current accounts	9,326	8,927	9,326	8,927
Less: Allowance for doubtful debts	(458)	(458)	(458)	(458)
	8,868	8,469	8,868	8,469
- Loan accounts	19,572	18,093	19,572	18,093
Total	157,967	157,087	148,565	147,377

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**Notes to the Financial Statements - 31 December 2008****16. Investments in other corporations (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Market value of:				
- Quoted unit trust	51,077	59,712	44,481	49,431
- Quoted shares	36,787	67,942	36,787	67,608
	-----	-----	-----	-----
	87,864	127,654	81,268	117,039
	=====	=====	=====	=====

The market value of the quoted unit trusts and shares of the Group and the Corporation is lower than cost by RM35,714,000 and RM34,151,000, respectively. However, the Members are of the opinion that allowance for impairment in value is not required as the impairment in value is considered not permanent and the investments are held on a long term basis.

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**Sarawak Economic Development Corporation**

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**Notes to the financial statements - 31 December 2008****17. Property, plant and equipment**

<b>Group</b>	<b>Freehold land/ Long leasehold land RM'000</b>	<b>Short leasehold land RM'000</b>	<b>Buildings and improvements RM'000</b>	<b>Plant machinery and equipment RM'000</b>	<b>Leasehold improvements RM'000</b>	<b>Capital and construction work-in- progress RM'000</b>	<b>Pasture development costs RM'000</b>	<b>Total RM'000</b>
Cost/valuation								
At 1 January 2008	63,178	3,447	94,533	168,123	57,952	14,710	2,412	404,355
Transfer	-	-	-	574	-	(574)	-	-
Additions	54	57	559	4,941	549	3,424	-	9,584
Reclassifications	-	-	-	675	-	(675)	-	-
Disposal of a subsidiary	-	-	-	(490)	-	-	-	(490)
Disposals	(409)	(389)	-	(9,275)	-	-	-	(10,073)
Written off	(11)	-	-	(8,307)	-	-	-	(8,318)
Exchange difference	(6,364)	(36)	(445)	(809)	(1,455)	-	-	(9,109)
At 31 December 2008	56,448	3,079	94,647	155,432	57,046	16,885	2,412	385,949
<b>Accumulated depreciation</b>								
Charges for 2007	597	77	2,001	4,447	920	-	41	8,083
At 1 January 2008	2,400	608	48,377	140,091	13,897	129	291	205,793
Charges for the year	508	126	2,189	4,578	905	-	41	8,347
Disposal of subsidiary	-	-	-	(325)	-	-	-	(325)
Disposals	(6)	(73)	-	(9,218)	-	-	-	(9,297)
Written off	-	-	-	(7,969)	-	-	-	(7,969)
Exchange difference	-	-	(129)	(385)	(803)	-	-	(1,317)
At 31 December 2008	2,902	661	50,437	126,772	13,999	129	332	195,232

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**Notes to the financial statements - 31 December 2008****17. Property, plant and equipment**

Group	Long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvements RM'000	Capital and construction work-in- progress RM'000	Pasture development costs RM'000	Total RM'000
<b>Accumulated impairment losses</b>								
Impairment losses for 2007	-	-	-	-	-	-	-	-
At 1 January 2008/ 31 December 2008	-	-	6,049	2,223	27,000	83	-	35,355
<b>Net book value</b>								
At 31 December 2008	53,546	2,418	38,161	26,437	16,047	16,673	2,080	155,362
At 31 December 2007	60,778	2,839	40,107	25,809	17,055	14,498	2,121	163,207
<b>Analysis of cost and valuation:</b>								
At cost	55,294	3,079	93,833	154,857	57,046	16,885	2,412	383,406
At valuation	1,154	-	814	575	-	-	-	2,543
At 31 December 2008	56,448	3,079	94,647	155,432	57,046	16,885	2,412	385,949
At cost	62,024	3,447	93,719	167,548	57,952	14,710	2,412	401,812
At valuation	1,154	-	814	575	-	-	-	2,543
At 31 December 2007	63,178	3,447	94,533	168,123	57,952	14,710	2,412	404,355

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**Notes to the Financial Statements - 31 December 2008****17. Property, plant and equipment (contd.)**

<b>Corporation</b>	<b>Land RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Building and improvements RM'000</b>	<b>Plant, machinery and equipment RM'000</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Total RM'000</b>
<b>Cost/Valuation</b>						
At 1 January 2008	19,282	2,024	15,655	533	7,712	45,206
Additions	57	269	-	-	98	424
Disposals	(709)	-	-	-	(14)	(723)
Written-off	(11)	-	-	-	-	(11)
At 31 December 2008	18,619	2,293	15,655	533	7,796	44,896
<b>Accumulated depreciation</b>						
Charges for 2007	354	296	213	-	381	1,244
At 1 January 2008	1,569	1,465	12,717	533	6,998	23,282
Charges for the year	375	266	198	-	361	1,200
Disposals	(46)	-	-	-	(13)	(59)
At 31 December 2008	1,898	1,731	12,915	533	7,346	24,423
<b>Accumulated impairment losses</b>						
Impairment losses for 2007	-	-	-	-	-	-
At 1 January 2008/ 31 December 2008	-	-	174	-	-	174
<b>Net book value</b>						
At 31 December 2008	16,721	562	2,566	-	450	20,299
At 31 December 2007	17,713	559	2,764	-	714	21,750

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**Notes to the Financial Statements - 31 December 2008**

**17. Property, plant and equipment (contd.)**

<b>Corporation</b>	<b>Land</b> RM'000	<b>Motor vehicles</b> RM'000	<b>Building and improvements</b> RM'000	<b>Plant, machinery and equipment</b> RM'000	<b>Furniture, fittings and equipment</b> RM'000	<b>Total</b> RM'000
<b>Analysis of cost and valuation:</b>						
At cost	17,465	2,293	14,841	207	7,796	42,602
At valuation	1,154	-	814	326	-	2,294
At 31 December 2008	18,619	2,293	15,655	533	7,796	44,896
At cost	18,128	2,024	14,841	207	7,712	42,912
At valuation	1,154	-	814	326	-	2,294
At 31 December 2007	19,282	2,024	15,655	533	7,712	45,206

Land comprises of:

<b>Cost/valuation</b>	<b>Freehold land</b> RM'000	<b>Long leasehold land</b> RM'000	<b>Short leasehold land</b> RM'000	<b>Total</b> RM'000
At 1 January 2008	117	17,026	2,139	19,282
Addition	-	-	57	57
Disposal	-	(409)	(300)	(709)
Written-off	-	(11)	-	(11)
At 31 December 2008	117	16,606	1,896	18,619
<b>Representing:</b>				
At cost	117	15,452	1,896	17,465
At valuation	-	1,154	-	1,154
	117	16,606	1,896	18,619

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**Notes to the Financial Statements - 31 December 2008****17. Property, plant and equipment (contd.)**

	<b>Freehold land</b>	<b>Long leasehold land</b>	<b>Short leasehold land</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>				
Charges for 2007	-	313	41	354
	=====	=====	=====	=====
At 1 January 2008	-	1,385	184	1,569
Charges for the year	-	285	90	375
Disposals	-	(6)	(40)	(46)
	-----	-----	-----	-----
At 31 December 2008	-	1,664	234	1,898
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 December 2008				
At cost	117	13,788	1,662	15,567
At valuation	-	1,154	-	1,154
	-----	-----	-----	-----
	117	14,942	1,662	16,721
	=====	=====	=====	=====
<b>Net Book Value</b>				
At 31 December 2007				
At cost	117	14,487	1,955	16,559
At valuation	-	1,154	-	1,154
	-----	-----	-----	-----
	117	15,641	1,955	17,713
	=====	=====	=====	=====

The Corporation revalued certain of its leasehold land, buildings, plant and equipment in 1979 and 1981 based on prevailing market values.

As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, the revalued property, plant and equipment have continued to be stated on the basis of their 1979 and 1981 valuations.

The land titles for landed properties of the Corporation and certain subsidiaries of the Group have yet to be issued by the relevant authorities.

Included in the net book value of motor vehicles for the Corporation are assets acquired under hire purchase amounting to RM317,281 (2007: RM560,575). The Group's property, plant and equipment include motor vehicles, plant, machinery and equipment with a net book value of RM389,924 (2007: RM602,555) which were acquired under hire purchase and finance lease agreements.

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**Notes to the Financial Statements - 31 December 2008****18. Hotel and investment properties**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
At valuation:		
- 1996	72,500	72,500
- 2004	183,270	183,270
- 2007	-	166,600
- 2008	166,820	-
	-----	-----
	422,590	422,370
At cost	15,999	13,755
	-----	-----
	438,589	436,125
	=====	=====
At 1 January	436,125	316,469
Additions during the year	2,464	866
Revaluation surplus	-	2,195
Acquisition of a subsidiary	-	116,595
	-----	-----
At 31 December	438,589	436,125
	=====	=====

The valuations for 1996, 2004, 2007 and 2008 in respect of hotel and investment properties was adopted by the directors of the subsidiaries based on independent valuations carried out by professional valuers on an open market value basis. The surplus on revaluation was credited to revaluation reserve.

As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, certain hotel and investment properties have continued to be stated on the basis of their 1996 valuation.

**19. Plantation development expenditure**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
At cost:		
At 1 January	7,351	7,443
Additions during the year	314	63
Amortisation	(5)	-
Reclassification	-	(155)
Written off	(18)	-
	-----	-----
At 31 December	7,642	7,351
	-----	-----
Accumulated amortisation:		
At 1 January 2008/31 December	(3,285)	(3,285)
	-----	-----



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**Notes to the Financial Statements - 31 December 2008****19. Plantation development expenditure (contd.)**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
Impairment loss:		
At 1 January	(4,030)	(3,987)
Additions	-	(43)
Reclassifications	33	-
	-----	-----
At 31 December	(3,997)	(4,030)
	-----	-----
Net book value	360	36
	=====	=====

**20. State government equity fund and contribution for equity participation**

The State Government Equity Fund and State Government Contribution for Equity Participation represent funds injected into the Corporation by the State Government of Sarawak to finance investments in subsidiary companies which undertake commercial projects. These commercial projects are financed by equity and loans from the State Government of Sarawak.

The State Government Contribution for Equity Participation is repayable only upon request by the State Government when investments are disposed.

**21. Development funds**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Bumiputra Participation Fund	83,394	81,351	73,403	71,360
Cattle Industry Development Fund	13,125	13,112	3,761	3,748
Aquaculture Development Fund	16,530	16,530	9,954	9,954
Camp Permai Fund	2,000	2,000	-	-
Wafer fabrication project	19	9,846	19	9,846
Others	75,485	73,812	74,879	71,500
	-----	-----	-----	-----
	190,553	196,651	162,016	166,408
	=====	=====	=====	=====

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**Notes to the Financial Statements - 31 December 2008**

**22. Reserves**

		<b>Group</b>		<b>Corporation</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		RM'000	RM'000	RM'000	RM'000
Capital reserves	(a)	3,997	3,997	-	-
Share premium	(b)	9,177	9,153	-	-
Revaluation reserve	(c)	44,479	44,479	-	-
Reserve on consolidation	(d)	52,827	52,815	-	-
Revenue reserve		457,538	379,081	408,331	371,515
		-----	-----	-----	-----
		568,018	489,525	408,331	371,515
		=====	=====	=====	=====

		<b>Group</b>	
		<b>2008</b>	<b>2007</b>
		RM'000	RM'000
<b>(a) Capital reserves:</b>			
At 1 January		3,997	3,853
Addition		-	144
		-----	-----
At 31 December		3,997	3,997
		=====	=====
<b>(b) Share premium:</b>			
At 1 January		9,153	9,015
On issuance of preference shares during the year		24	138
		-----	-----
At 31 December		9,177	9,153
		=====	=====

Share premium represents the excess of proceeds received by a subsidiary of the Group over the par value of its preference shares issued.



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**Notes to the Financial Statements - 31 December 2008****22. Reserves (contd.)**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
<b>(c) Revaluation reserve:</b>		
At 1 January	44,479	19,360
Revaluation surplus	-	2,195
Arising on consolidation	-	22,924
	-----	-----
At 31 December	44,479	44,479
	=====	=====

The revaluation reserve relates to surplus on revaluation of hotel and investment properties of the Group.

**(d) Reserve on consolidation:**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
At 1 January	52,815	33,763
Acquisition of subsidiary (Note 14)	-	19,040
Arising on consolidation	12	12
	-----	-----
At 31 December	52,827	52,815
	=====	=====

**23. Government grants**

At 1 January	19,777	21,124
Amortisation of grants	(1,315)	(1,347)
	-----	-----
At 31 December	18,462	19,777
	=====	=====

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**Notes to the Financial Statements - 31 December 2008**

**24. Deferred tax**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
At 1 January	7,907	8,001
Recognised in income statement (Note 5)	(148)	(464)
Exchange differences	<u>(1,017)</u>	<u>370</u>
At 31 December	6,742	7,907
	=====	=====
Presented after appropriate offsettings as follows:		
Deferred tax assets	(26)	(295)
Deferred tax liabilities	<u>6,768</u>	<u>8,202</u>
At 31 December	6,742	7,907
	=====	=====
Arising from:		
Excess of capital allowances over depreciation	(7)	(229)
Other short term temporary difference	<u>6,749</u>	<u>8,136</u>
	6,742	7,907
	=====	=====

**25. Employee benefits**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Long service leave	50	77	-	-
Annual leave and others	<u>1,149</u>	<u>1,037</u>	<u>1,149</u>	<u>1,037</u>
	1,199	1,114	1,149	1,037
	=====	=====	=====	=====



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**Notes to the Financial Statements - 31 December 2008****26. Significant inter-company transactions**

During the financial year, the Corporation entered into the following transactions with its subsidiaries and associates:

	<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>
	RM'000	RM'000
Interest paid to subsidiaries for deposits placed with Central Cash Management	38	37
Marketing fees received from a subsidiary	(448)	-
Rental received from an associate	-	(20)
Rental received from subsidiaries	(108)	(74)
Management fee received from an associate	(18)	(18)
	=====	=====

The Members are of the opinion that the above transactions were entered into by the Corporation in the ordinary course of business transacted on normal commercial terms.

**27. Contingent liabilities*****PPES Ternak Holdings Sdn. Bhd.***

The implication of the decision of the High Court of Australia in *Mabo vs. The State of Queensland* (1992) 107 ALR1 relating to native title, on the future operations of Rosewood Station Pty Limited (Rosewood), the foreign subsidiary of PPES Ternak Holdings Sdn. Bhd. is discussed below. There has been a range of cases dealing with native title (most notably, *The Wik People vs. The State of Queensland* (1997) 141 ALR 129). In addition, there has been a range of legislative initiatives by the Commonwealth and the State and Territories of Australia.

Taken as a whole, other than where native title has been validly extinguished by a prior act (for example, the grant of a freehold title to relevant land), native title has the potential to affect the future operations of Rosewood. To that extent, as with other cattle properties, Rosewood will have to comply with all relevant legislation and will ordinarily do so on a case by case basis. Finally, the effect of native title (if any) on the future operations of Rosewood will vary on a case by case basis.

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**28. Commitments**

	<b>Group</b>		<b>Corporation</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM'000	RM'000	RM'000	RM'000
Capital commitments for the acquisition of property, plant and equipment:				
Approved and contracted for	160	1,789	-	-
Approved but not contracted for	21,573	696	-	-
	-----	-----	-----	-----
	21,733	2,485	-	-
	=====	=====	=====	=====

**29. Currency**

All amounts are stated in Ringgit Malaysia.



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