



SEDC  
sarawak

# ANNUAL REPORT 2018

## LAPORAN TAHUNAN

SARAWAK ECONOMIC DEVELOPMENT CORPORATION



# CONTENTS

## SECTION 1

## CORPORATE STATEMENT

CHAIRMAN'S STATEMENT 2

## SECTION 2

## CORPORATE INFORMATION

Corporate Background 7

Organizational Structure 8

Members of the Board 9

Management Team 11

Financial Performance 13

Group of Companies 14

## SECTION 3

## BOARD AND BOARD COMMITTEES

SEDC Board 18

Board Establishment Committee 20

Board Audit Committee 21

Board Risk Committee 24

## SECTION 4

## CORE BUSINESS

Core Business 27

Tourism & Hospitality 28

Agro-Food Based 29

Entrepreneur Development 30

SeDidik Child & Family Development Programme 38

## Project Highlights

Project Highlights

Projects Completed 42

Projects Under Implementation 47

## SECTION 5

## CORPORATE ACTIVITIES

Corporate Governance 52

Information and Communication Technology 54

Corporate Events 56

Culture Buliding 62

Corporate Social Responsibility 70

Media Highlights 76

## SECTION 6

## AWARDS AND RECOGNITIONS 80

## SECTION 7

## FINANCIAL STATEMENTS 84





**SECTION 1**  
**CHAIRMAN'S**  
**STATEMENT**

# CHAIRMAN'S STATEMENT



On behalf of the Members of the Board, I am pleased to report the performance of the Sarawak Economic Development Corporation (SEDC) for the year 2018. Overall, the Corporation has performed well despite the unstable and turbulent economic conditions affecting Malaysia and the world in general.

## Financial Performance

At Corporation level, SEDC recorded a total revenue of RM41.52 million, exceeding the revenue for 2017 of RM40.30 million by RM1.22 million or 3%. The Corporation's revenue source was mainly from dividends, capital gains as well as income from rentals and interests.

The Corporation's expenditure was kept in check as administrative, operating and finance expenses totalling RM38.71 million for 2018 were RM6.27 million or 14% below the approved budget allocation of RM44.98 million. This was due to the Corporation's prudent spending and close monitoring of expenditure.

However, as a result of compliance with accounting standards where investments in quoted shares are measured at their fair values by reference to the active market prices, SEDC recorded unrealised losses of RM74.44 million from the impairment of its investments in quoted shares. Unfavourable market conditions and sentiments had adversely affected the market prices of the quoted shares held by the Corporation in 2018. Nevertheless, the Corporation has no immediate intention to dispose these quoted shares and expects the market prices to recover in the near future.

Arising from the above, the Corporation recorded a Loss Before Tax (LBT) of RM59.37 million in 2018. However, at operational level, where the unrealised losses from investment impairment is excluded, the Corporation achieved an Operating Profit Before Tax (OPBT) of RM15.07 million which surpassed the budgeted Operating Profit Before Tax of RM10.76 million, or 40% above the budget.

At Group level, SEDC posted a total revenue of RM236.40 million and recorded a LBT of RM28.14 million. The Group's performance was also affected by the Corporation's unrealised losses on investment impairment. If excluded, the Group would have recorded a PBT of RM46.30 million. Among the key contributors to SEDC's performance were Mineral and Mining, Road & Works and Agro Food based sectors.

The financial position of the Corporation remains strong with Total Assets and Reserves amounting to RM1,269.12 million and RM718.28 million respectively as at 31 December 2018.

Group Total Assets and Group Reserves amounted to RM1,966.25 million and RM1,246.45 million respectively as at 31 December 2018.

### Project Highlights

2018 was another busy year for SEDC. Several projects were under implementation or completed. Among them:-

- The new Menara SEDC at the Isthmus Kuching was completed in January 2018 with relocation of operation and staff. The new headquarters reflects the growing strength of the Corporation and cemented its role as a major development agency in the state.
- The new Miri Business Premises has also been completed in August 2018, for the benefit of the entrepreneurs in Miri.
- Riverside Majestic Hotel Astana Wing which was officially declared open by Yang Amat Berhormat Ketua Menteri Sarawak in February 2018. This wing will greatly enhance SEDC's role in the state's hospitality industry and marks a new addition to the Kuching skyline.
- Damai Beach Resort also completed its upgrading of its chiller system with the installation of two new chillers to replace the old ones.
- Kuching Waterfront Jazz Festival continued with its annual event in September 2018. This event has become another iconic tourism event for the State attracting over 4,500 music lovers all over the world.

In terms of projects under implementation, some of the key projects under implementation in 2018 were:

- New halal abattoir complex in Siburan which is expected to be completed by 4th quarter 2019.
- Planting of gaharu trees under the Joint venture project to develop the gaharu plantation in Kampung Pueh, Sematan. The project is to cater for the high demand for gaharu products.
- In Australia, continued improvements to our Rosewood Cattle Station in Northern Territory include cattle branding and development of grazing land, and development of new watering holes for the cattle. Rosewood Station Pty Ltd had also successfully increased its cattle sale by 720 heads to 7181 heads for the year and an increase in Profit Before Tax (PBT) amounting to RM7.592 million as compared to 2017, an increase of 49%.

Our associate companies were also busy with their projects in 2018. Among them were:

- New Interchange at Petra Jaya, Kuching which was undertaken by PPES Works Sdn Bhd and completed in January 2018.
- On-going construction of the new Sarawak Museum Campus and Heritage Trail, Kuching, which is expected to be completed in 2019.
- Pan-Borneo Highway Package WPC06 from Sungai Awik to Bintangor junction with a distance 64.49km, which is expected to be completed by 2020.
- Selangau – Mapai Transmission line project which is expected to be completed by end of 2019.

## **Socio-economic Programmes and Schemes**

Under its Socio - economic sector, the Corporation continued to implement 5 main programmes, benefitting over 9,200 entrepreneurs. Cumulatively, the socio-economic programme and schemes have assisted a total of over 41,000 beneficiaries directly. Our strategy is to take a "hand-holding" approach for our entrepreneurs by providing consultation, identifying their needs and concerns, providing training, marketing as well as provision of business premises, office spaces, equipment and materials to do business.

Through its SeDidik Child and Family Development programme SEDC provides quality early childhood development and pre – school education and after-school care especially in the rural areas. As at end of December 2018, SeDidik operates a total of 82 centres and over 1,877 children from 1,686 families throughout the state have benefitted from this programme.

## **Corporate Citizenship – Reaching Out to the Community**

As part of its corporate citizenship culture, SEDC continued to undertake various programmes and initiatives to help the needy and underprivileged. These programmes and initiatives were carried out as part of SEDC's Corporate Social Responsibility (CSR) programmes with the aim of reaching out to more deserving members of our society.

SEDC's CSR programmes included donations in cash and kinds to the underprivileged and NGO's, annual contribution of business tithes (zakat perniagaan) amounting to RM300,000.00 to Tabung Baitumal, gifts to the children of PERYATIM Orphanage Home and children of Rumah Kanak-kanak Toh Puan Norkiah Kuching and Rumah Kanak-kanak Datuk Ajibah Abol Sri Aman, hosted the Hari Raya Gathering for the underprivileged students from five schools in Kuching, special 'Love-In-A-Box" programme for children of PERKATA and Kuching Autistic Association in collaboration with our subsidiary, PPES Works Sdn Bhd, and blood donations and gotong-royong projects. SEDC also took part in several charity events organised by other departments or NGOs, including charity runs, sale of work and donation of good used clothings.

## **Enhancing Service Delivery**

As a state agency that provides a wide range of products and services, we are committed to pursue strategic initiatives to enhance our service delivery. These initiatives include Risk Management Programme to assess, identify and mitigate corporate risk and Corporate Balanced Scorecard (BSC) for strategic planning and as a performance measurement tool. We are also certified under ISO 9001 QMS System and 5S Quality Environment system and continued to pursue innovation and quality improvement at all levels of operation. In the era of digital economy, SEDC is fully supportive of the government's drive towards automation and use of IT. Among the ICT programmes and systems developed and in-place were: Property and Asset Management Information System (PAMIS) and new Financial Systems for efficient financial management. We also undertook regular reviews of our administrative as well as financial and accounting procedures and regulations as well as re-engineering and automation of work processes.

## Awards and Recognitions

In line with our motto "Committed To Excellence" our products and services have been duly recognised by our stakeholders. Among the awards and recognitions received were:

- Kubah Ria Food Court - Anugerah Medan Selera Bersih, Selamat Dan Sihat Peringkat Kebangsaan.
- Riverside Majestic Hotel – ASEAN Green Standard Hotel Award 2018 – 2020.
- Damai Golf and Country Club – Nominated for "Most Improved Golf Course" by the Malaysian Golf Association.

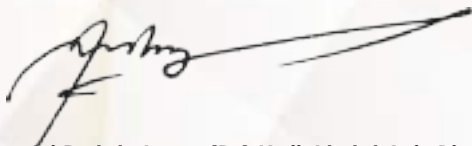
## Moving Forward

Looking ahead, a key requirement for us to move forward is to undertake a paradigm shift in our thinking and our commitment to the future. Our focus shall be on major investments where the private sector does not have the expertise or sufficient resources, especially in capital-intensive, high technology pioneering or strategic projects.

To achieve this agenda, SEDC is looking forward to be involved and participate in new major projects including the Kuching Urban Transportation project, the Methanol Processing Complex, glass manufacturing, and hydrogen bus project. Sarawak has huge potential for development given its available natural resources, attractive investment incentives and a business-friendly government machinery. SEDC seeks to play its role to complement the state's objective to transform itself into a developed state.

In conclusion, I would like to express my sincere thanks and appreciation to all our staff and management, the Board Members, our stakeholders, the state and federal governments, our customers, the community, our vendors, clients, our JV partners and associate companies, for their support and trust in SEDC and I look forward to your continuous support in the years ahead to successfully deliver our goals and objectives for the state.

**"COMMITTED TO EXCELLENCE"**



**YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain**  
Chairman



**SECTION 2**  
**CORPORATE**  
**INFORMATION**



# CORPORATE BACKGROUND



*Corporate Pillar of SEDC*

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.

The Corporation 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.

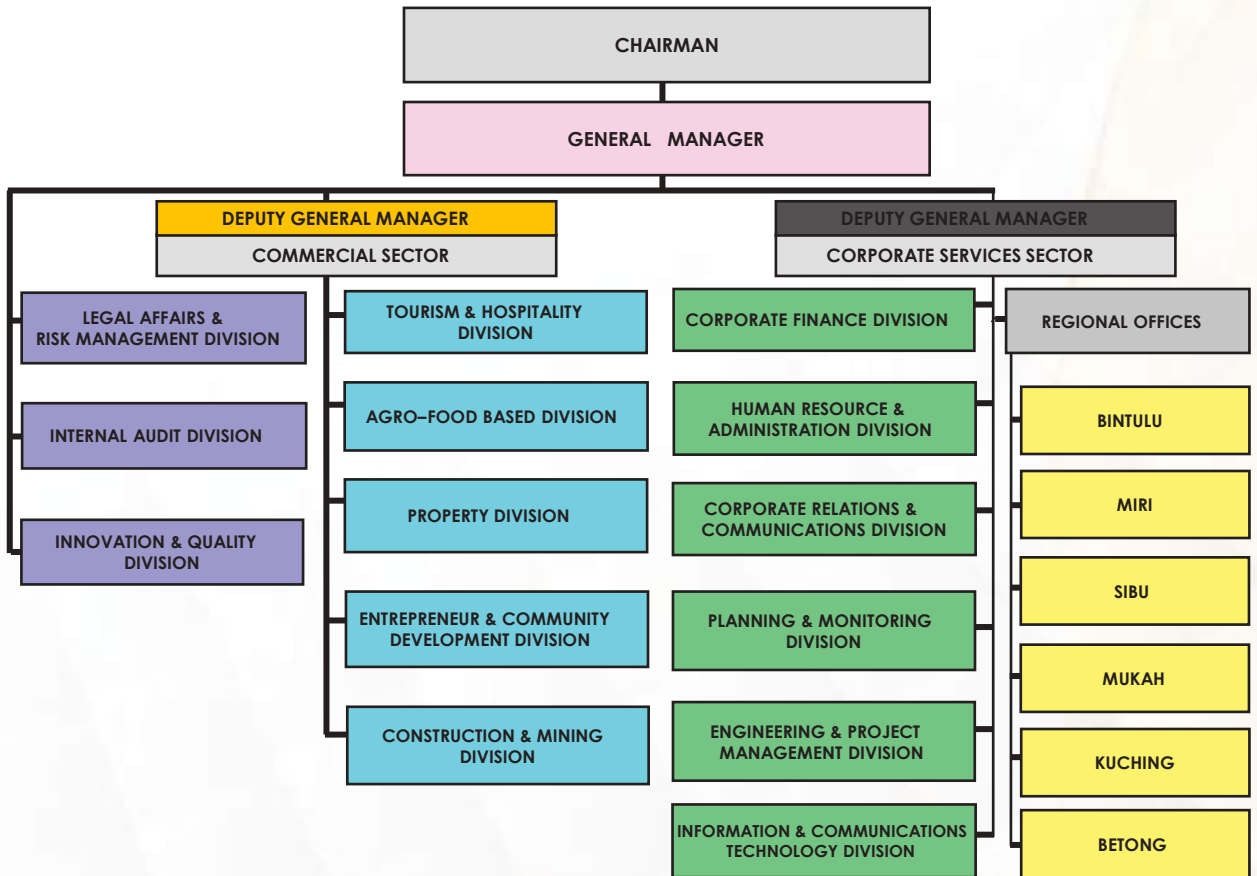
While, SEDC is a statutory body established under the laws of the State of Sarawak and it also comes under the purview of the Federal Government of Malaysia through the Federal Ministry of Economic Affairs (MEA).

The Corporation acts as a catalyst promoting the economic development in the State with emphasis on pioneering and strategic industries, undertaking new investments and at the same time managing existing commercial operations on its own or through joint ventures.

As a trust agency, SEDC also undertakes various programmes and schemes to enhance the development of local Bumiputera entrepreneurs in commerce and industry, apart from carrying out special projects for the government to enhance the general economic well-being and quality of life of the people in the State.

In pursuing this objective, SEDC complements the State's development agenda towards a developed State by implementing its projects effectively, efficiently, economically and ethically.

# ORGANISATION STRUCTURE



Updated with effect from 31 July 2018

## MEMBERS OF THE BOARD



Yang Berbahagia Tan Sri Datuk Amar (Dr.)  
Haji Abdul Aziz bin Dato Haji Husain  
*Chairman*

Yang Berhormat Tan Sri Datuk Amar  
Haji Mohamad Morshidi bin Abdul Ghani  
*State Secretary*



Yang Berbahagia Datu Laura Lee Ngien Hion  
*State Financial Secretary (Sarawak)  
Representative*

Yang Berbahagia Mohd Saiful Sungkih bin Abdullah  
*Federal Treasury Representative*



Yang Arif Datuk  
Talat Mahmood bin Abdul Rashid



Yang Berbahagia Datu  
Jaul Samion



Yang Berbahagia Dr.  
Muhammad Abdullah bin Haji Zaidel



Yang Berbahagia Dato  
Sharkawi Alis



Yang Berbahagia Datu Dr.  
Haji Wan Lizozman bin Wan Omar



Yang Berbahagia Dr.  
Philip Raja

# MANAGEMENT TEAM



YBhg. Datu Haji Soedirman Haji Aini  
*General Manager*

Puan Hajah Rakayah Hamdan  
*Deputy General Manager, Corporate Services Sector*  
*Director, Corporate Finance Division*



Encik Edwin Abit  
*Deputy General Manager, Commercial Sector*  
*Director, Tourism & Hospitality Division*  
*Director, Corp. Relations & Communications Division*

Puan Hajah Siti Hajar binti Abang Mon  
*Director, Property Division*  
*Director, Engineering & Project Management Division*



Puan Marilyn N. Biyor  
*Director, Human Resource &*  
*General Administration Division*

Encik James Ambrose Dago  
*Director, Planning & Monitoring Division*  
*Director, Innovation & Quality*



Cik Hajah Siti Nurazlina Dollah Ahmat Usop  
*Director, Information &*  
*Communications Technology Division*

Encik Sulzari Mohamed  
*Director, Entrepreneur &*  
*Community Development Division*



Encik Yap Yien Chiang  
*Director, Internal Audit Division*

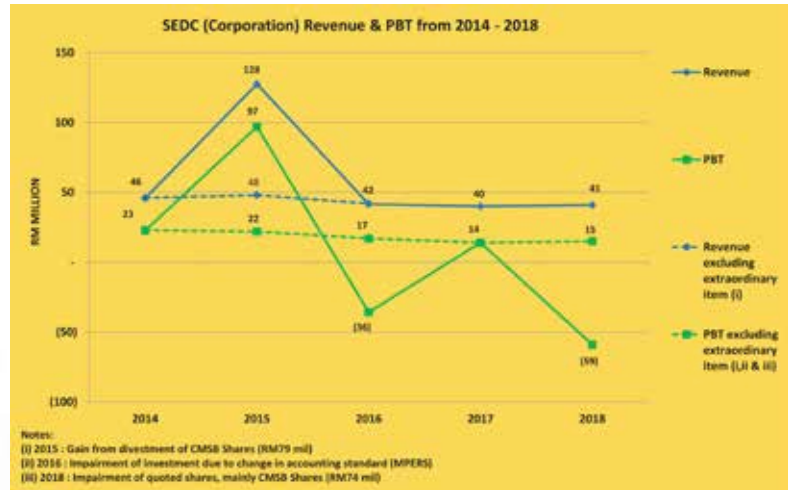
Puan Rashidah Maideen  
*Acting Director,*  
*Legal Affairs & Risk Management Unit*



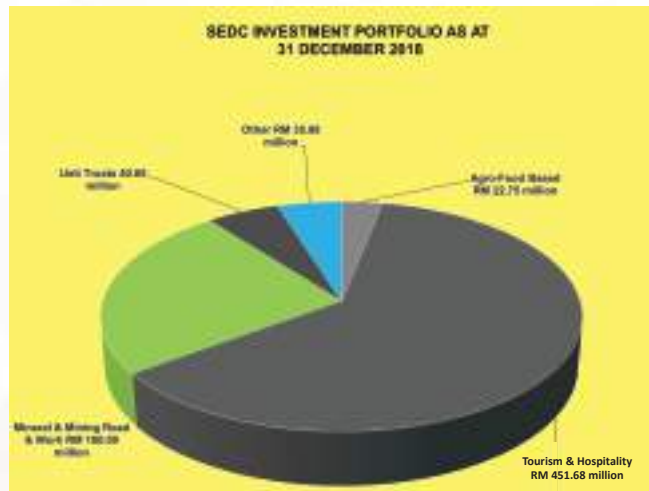
Encik Jason Sia Ting Lung  
*Acting Director, Agro – Food Based Division*

# FINANCIAL PERFORMANCE

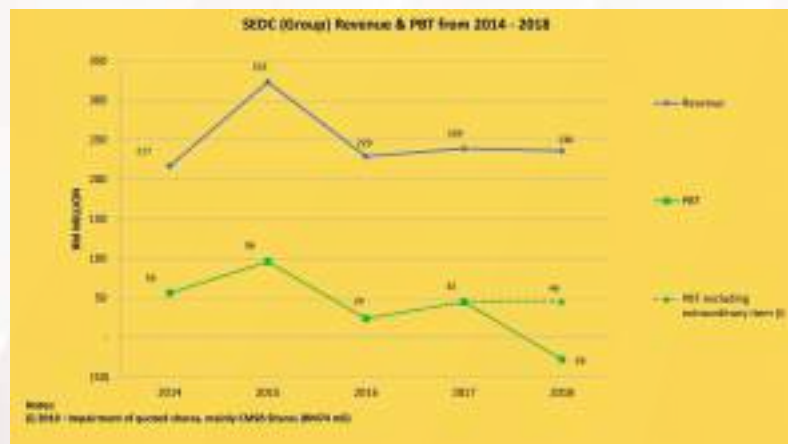
Revenue & Profit Before Tax from 2014 – 2018 (Corporation)



Investment Portfolio



Revenue & Profit Before Tax from 2014 - 2018 (Group)



# GROUP OF COMPANIES TOURISM & HOSPITALITY

## SUBSIDIARIES

### Sara Hospitality Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### Sara Urusharta Sdn Bhd

Unit R207, Level 2, Sarawak Plaza  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 – 412150  
Fax : 082 – 255964  
Website : www.sedctourism.com

### Damai Cove Resorts Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Resorts Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Resorts Holdings Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

## 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.sedctourism.com



## SUBSIDIARIES

### Kuching Hotels Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Damai Beach Golf Course Bhd

(Damai Golf & Country Club Bhd)  
3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Resorts Management Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Bukit Saban Resort Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Damai Beach Resort Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com



## SUBSIDIARIES

### Sara Tourism & Leisure Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sejadu Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Worldwide Vacations Bhd

(Asia Vacations Club Sdn Bhd)  
Unit W22-02, Level 22  
Gateway Kuching  
No. 9, Jalan Bukit Mata 93100 Kuching  
Tel : 082 – 238007  
Fax : 082 – 248007  
Website : www.clubasia.com.my

### Permata Carpark Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Great Horizon Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com

### Sara Rasa Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedctourism.com





# GROUP OF COMPANIES AGRO – FOOD BASED

## ASSOCIATES

### SOP Karabungan Sdn Bhd

No. 124 – 126  
Jalan Bendahara  
P.O.Box 547  
98007 Miri  
Tel : 085 – 436969  
Fax : 085 – 432929

### Good Harvest Plantation Sdn Bhd

No. 85 – 90, Pusat Pedada  
Jalan Pedada  
96000 Sibul  
Tel : 084 – 310190  
Fax : 084 – 330893

### Sara – HL Plantation Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### SPB PPES Karabungan Plantation Sdn Bhd

8th Floor, Wisma Naim  
21/2 Mile, Rock Road  
93200 Kuching  
Tel : 082 – 233560  
Fax : 082 – 256560



## SUBSIDIARIES

### Sarapine Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### PPES Ternak Holdings Sdn Bhd

- PPES Ternak Sdn Bhd
- Rosewood Station PTY LTD
- Sarabif Sdn Bhd
- DSS Food Supplies Sdn Bhd

Lot 1260, Jalan Mersawa  
Bintawa Industrial Estate  
93450 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my



## SUBSIDIARIES

### Sara Spectrum Holdings Sdn Bhd

- Hakanda Sdn Bhd  
(Kemudi Saling Sdn Bhd)
- Sarawak Coconut Enterprise Sdn Bhd
- Carbon Supplies Sarawak Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### Sara – HL Plantation Sdn Bhd

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

### Sara Concrete Poles Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### PPES Aqua (Santubong) Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### Eastern Empress Silk Sdn Bhd

- Hope Aspire Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my



# GROUP OF COMPANIES (OTHER SECTORS)

## ENTREPRENEUR DEVELOPMENT SUBSIDIARIES

### Comerich Sdn Bhd

City Bridge Commercial Centre  
Jalan Utama  
93450 Kuching  
Tel : 082 – 332160/ 082-332164  
Fax : 082 – 334162  
Website : www.comerich.com.my

### SeDidik Sdn Bhd

No. 53, Lot 67, Section 66  
Yoshi Square, Jalan Pelabuhan  
93450 Kuching  
Tel : 082 – 347489  
Fax : 082 – 346859  
Website : www.sedidik.com.my

## MINERAL & MINING ASSOCIATES

### CMS Infra Trading Sdn Bhd

No. 2128, Sublot 2  
Jalan Utama, Pending  
93450 Kuching  
Tel : 082 – 348950 / 348951  
Fax : 082 – 348952  
Website : trading.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, Kuching – Serian Road  
93250 Kuching  
Tel : 082 – 615605 / 610226  
Fax : 082 – 611986 / 615598  
Website : www.cmsb.com.my

## ASSOCIATES

### Syarikat Sebangun Sdn Bhd

Off 21KM, Tanjung Kidurong Road  
P.O.Box 168, 97007 Bintulu  
Tel : 086 – 253549 / 253569  
Fax : 082 – 253919  
Website : www.sebangun.com

### Fieldmart Care Sdn Bhd

Kilang B, Lot 775, Lorong  
Demak Maju 8  
Demak Laut Industrial Park  
93900 Kuching  
Tel : 082 – 432252  
Fax : 082 – 433352

## SUBSIDIARIES

### Permaisara Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

### Sarawak Car Care Centre Sdn Bhd

3rd – 11th Floor, Menara SEDC  
Lot 2878, The Isthmus Off Jalan Bako,  
93050 Kuching  
Tel : 082 – 551555  
Fax : 082 – 551450  
Website : www.sedc.com.my

## INVESTMENT

### Sarawak Consolidated Industries Bhd

Lot 1258, Jalan Utama  
Pending Industrial Estate  
93450 Kuching  
Tel : 082 – 334485  
Fax : 082 – 334484 / 345597  
Website : www.scib.com.my

### Cahaya Mata Sarawak Bhd

Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel : 082 – 238888  
Fax : 082 – 338611  
Website : www.cmsb.com.my

### Permodalan ASSAR Sdn Bhd

Lot 357, Section 5, KTLD  
Jalan Satok  
93400 Kuching  
Tel : 082 – 231085  
Fax : 082 – 232514  
Website : www.assar.com.my



## ROAD & 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

### 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

### 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





**SECTION 3**  
**BOARD & BOARD**  
**COMMITTEES**

## SEDC BOARD

Section 4(1) of the SEDC Ordinance (Sarawak Cap. 35) provides that the Corporation shall consist of the following Members:

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

### SEDC Board Members 2018

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Hussain</li> </ul>
<b>Official Members</b>	<ul style="list-style-type: none"> <li>• <b>State Financial Secretary</b> (YBhg. Datu Laura Lee Ngien Hion)</li> <li>• <b>Federal Treasury</b> (Encik Mohd Saiful Sungkih bin Abdullah)</li> </ul>
<b>Other members</b>	<ul style="list-style-type: none"> <li>• YB Tan Sri Datuk Amar Haji Mohamad Morshidi Bin Abdul Ghani</li> <li>• Yang Arif Datuk Talat Mahmood Bin Abdul Rashid</li> <li>• YBhg. Datu Jaul Samion</li> <li>• YBhg. Dr. Wan Lizozman Bin Wan Omar</li> <li>• YBhg. Dato Sharkawi Bin Alis</li> <li>• YBhg. Dr Muhammad Abdullah Bin Haji Zaidel</li> <li>• YBhg. Dr. Philip Raja</li> </ul>

### Meetings Held in 2018

In 2018, a total of four (4) SEDC Board meetings and one (1) Special Board Meeting were held as follows:

- 177th – 27th February 2018
- 178th – 24th May 2018
- 179th – 4th September 2018
- 180th – 27th November 2018
- Special Board Meeting – 14th August 2018

The record of attendance to the meetings is as follows

Members	No. Meetings Attended
YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Hussain	5 out of 5
<b>State Financial Secretary</b> YBhg. Datu Laura Lee Ngien Hion	5 out of 5
<b>Federal Treasury Representative</b> YBhg. Encik Saiful Sungkih Bin Abdullah	4 out of 5
YBhg. Tan Sri Datuk Amar Haji Mohamad Morshidi Bin Abdul Ghani	1 out of 5
Yang Arif Datuk Talat Mahmood Bin Abdul Rashid	4 out of 5
YBhg. Datu Jaul Samion	3 out of 5
YBhg. Dr. Muhammad Abdullah Bin Haji Zaidel	4 out of 5
YBhg. Dato Sharkawi Bin Alis	4 out of 5
YBhg. Datu Dr. Wan Lizozman Bin Wan Omar	4 out of 5
YBhg. Dr. Philip Raja	5 out of 5

The Corporation has established a number of committees to enhance and adopt good corporate practices in the Corporation. These Committees include:

## BOARD ESTABLISHMENT COMMITTEE (BEC)

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• Yang Arif Datuk Talat Mahmud bin Abdul Rashid</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>• YBhg Dr. Haji Wan LizOzman bin Wan Omar</li> <li>• Director of State Human Resource Unit, Chief Minister's Office</li> <li>• YBhg Datu Haji Soedirman bin Haji Aini, General Manager SEDC</li> </ul>
<b>Secretary</b>	<ul style="list-style-type: none"> <li>• Director of Human Resource and Administration Division</li> </ul>

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

### Duties and Responsibilities

This Committee is responsible for the following functions and duties:

1. Appointment
  - a. To approve appointment of all posts under salary Grade 48 or equivalent thereof.
  - b. To recommend to the Board on the appointment to all posts under salary Grade 52 and above.
2. Promotion
  - a. To approve the promotion of employees to the Managerial and Professional Group up to Grade 48.
  - b. To recommend to the Board on the promotion of employees to the Managerial and Professional Group Grade 52 and above.
3. Establishment of New Post and Abolishment of Redundant Posts in the Managerial and Professional groups
 

To recommend to the Board on the establishment of new posts either already provided in the scheme of service or newly created ones by the relevant authorities and in the abolishment of existing redundant posts in line with the Corporation's manpower requirement.
4. Upgrading and Re-designation of Existing Posts
 

To approve the upgrading and re-designation of posts for all schemes of service.

**Meetings Held in 2018** – No Meetings were held in 2018 as there were no relevant issues that need the Committee decision.

# BOARD AUDIT COMMITTEE (BAC)

## Composition of the Board Audit Committee

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• YBhg. Datu Laura Lee Ngien Hion</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>• YBhg. Datu Dr Haji Wan Lizozman Bin Wan Omar</li> <li>• Dr. Philip Raja</li> <li>• Encik Mohd Saiful Sungkih Bin Abdullah</li> </ul>
<b>Secretariat</b>	<ul style="list-style-type: none"> <li>• Director, Internal Audit Division</li> </ul>

The members of the SEDC Board Audit Committee are appointed by the SEDC Board. The Board Audit Committee shall comprise members (other than the Chairman) from among the SEDC Board Members or any other person as determined by the SEDC Board under Section 16 of the SEDC Ordinance.

The Board Audit Committee consists of not fewer than three (3) Board Members, and they shall not be persons having relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out duties of the BAC.

## Duties and Responsibilities

The committee is responsible for the following duties:

- To oversee the internal audit function and approve the Annual Audit Plan;
- To receive and accept/note the Internal Audit Reports and to consider whether the findings and major management responses thereto are acceptable or otherwise;
- To ensure affirmative action has been taken by the auditee in respect of the Board Audit Committee's decisions thereon;
- To review the Corporation's draft audited financial statements and the auditors' report thereon prior to tabling thereof for adoption and/or approval by the Board Members;
- To review internal control system including financial and accounting system and to support and recommend measures to improve internal controls;
- To review the Corporation's accounting policies and reporting requirements and extent of compliance with legal requirements and accounting standards; and
- To initiate special audit and investigation and consider findings arising from such audit and investigation.

## Meetings Held in 2018

Five BAC meetings were held during the financial year ended 31 December 2018. The record of the attendance to these meetings is as follows:-

Members	No. of Meetings Attended
YBhg. Datu Laura Lee Ngien Hion	4 out of 5
YBhg. Datu Dr. Wan Lizozman Bin Wan Omar	2 out of 5
YBhg. Encik Mohd Saiful Sungkih Bin Abdullah	5 out of 5
YBhg. Dr. Philip Raja	4 out of 5

## Activities

The following is a summary of activities of the BAC for the financial year ended 31 December 2018:-

- Reviewed and approved the annual audit plan of the Internal Audit Division for 2018, including its scope of audit activities covering the operations of SEDC's Headquarters, Regional Offices and Subsidiary Companies.
- Reviewed and deliberated the audit reports of the Internal Audit Division findings with regards to the system of internal control highlighted during the course of the audits and the responses from the management.
- Reviewed and made recommendations of significant issues on the audited financial statements of the Corporation and the Group before tabling to the SEDC Board for deliberation and adoption.

### Board Audit Committee ("Bac") Meeting - Attendance For The Year 2018

MEETING NO.	DAY & DATE	YBHG. DATU LAURA LEE NGIEN HION	YBHG. DATU DR HAJI WAN LIZOZMAN BIN WAN OMAR	DR PHILIP RAJA	ENCIK MOHD SAIFUL SUNGKIH BIN ABDULLAH
78th	March 22, Thursday, 2018	✓	-	✓	✓
79th	June 27, Wednesday, 2018	✓	-	✓	✓
80th	July 20, Friday, 2018	-	✓	-	✓
81st	October 04, Thursday, 2018	✓	✓	✓	✓
82nd	December 03, Monday, 2018	✓	-	✓	✓
TOTAL ATTENDANCE		4/5	2/5	4/5	5/5

Legend:	
✓	Attended
NA	-





*78th Board Audit Committee Meeting  
at Sarawak Cultural Village  
22 March 2018*



*81st Board Audit Committee Meeting  
at Riverside Majestic Hotel Astana Wing  
4 October 2018*

# BOARD RISK COMMITTEE (BRIC)

## Composition of the Board Risk Committee

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• YBhg. Datuk Haji Ismawi bin Haji Ismuni</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>• Yang Arif Datuk Talat Mahmood Bin Abdul Rashid</li> <li>• YBhg. Dato Sharkawi Bin Alis</li> <li>• YBhg. Encik Mohd Saiful Sungkih bin Abdullah</li> </ul>
<b>Secretary</b>	<ul style="list-style-type: none"> <li>• Director, Legal Affairs and Risk Management Division</li> </ul>

## Terms of reference of the Board Risk Committee

1. Review the context within which risk is managed in relation to the SEDC's strategic direction and objectives
2. Oversee and provide oversight and direction for the implementation of risk management in SEDC and consistent application of risk principles
3. Periodically review SEDC's risk management framework and supporting structure, including:–
  - 3.1 Satisfying itself that appropriate systems are in place to identify assess and manage the significant risks affecting the Corporation.
  - 3.2 Ensuring that officers are clear as to their roles and responsibilities with regards to the risk management.
4. Ensure effective implementation of risk management activities of the Corporation.
5. Receive and review reports on significant risks affecting the Corporation and recommendations on how such risks are being managed.
6. Determine risk programmes and priorities.
7. Review corporate risk profile.
8. To recommend to the Board any matter or issue of significant import relating to risk management for the Board's decision or approval.

## Meetings Held in 2018

In 2018, a total of Two (2) BRiC meetings were held as follows:

- 15th BRiC – 30th April 2018
- 16th BRiC – 23rd November 2018

The record of attendance to the meetings is as follows:-

<b>Members</b>	<b>No. of Meetings Attended</b>
YBhg. Datu Jaul Samion	2 out of 2
YBhg. Dato Sharkawi Bin Alis	1 out of 2
YBhg. Dr. Muhammad Abdullah Bin Haji Zaidel	2 out of 2
YBhg. Encik Mohd Saiful Sungkih Bin Abdullah	2 out of 2



**SECTION 4**  
**CORE BUSINESS**



# TOURISM & HOSPITALITY

## 2018 PERFORMANCE

SEDC's Tourism & Hospitality Division remained resilient in 2018 amidst global financial and economic turmoil. For the year-end 2018, the sector performed above-budget with a Group Profit Before Tax (PBT) of RM4.501 million. The performance which was more than 100% above its budgeted LBT of RM0.356 million was contributed mainly from better than budget revenues generated by several properties and unmaterialized expenses through its cost-saving measures. Out of the 15 operating companies under the Division, 10 performed above budget and 11 were profit making in 2018.

Four projects under the sector were completed in 2018 namely:

- Development of Riverside Majestic Hotel Astana Wing;
- Upgrading and refurbishment works to the air-conditioning system at Steamship Building Kuching Waterfront;
- Replacement of water-cooled chiller system at Damai Beach Resort; and
- Riverbank Erosion Repair Works at Damai Beach Resort

Tourism & Hospitality continued to undertake a number of new projects and improvement works as part of its initiative to remain relevant as a major state tourism player and to grow SEDC's tourism portfolio with 4 projects under-implementation and 6 projects under-planning.

Projects under-implementation in 2019 are:

- Refurbishment and improvement works at Sarawak Cultural Village for the Rainforest World Music Festival 2019;
- Replacement of water-cooled system at Grand Margherita Hotel; and
- Upgrading works to the Orang Ulu Longhouse Roofing at Sarawak Cultural Village.

Projects under-planning include:

- Refurbishment and upgrading works for guestrooms, functions rooms, public area washrooms and other related works at Riverside Majestic Hotel Puteri Wing.
- Cleaning and re-painting of exterior wall of Riverside Majestic Hotel Puteri Wing;
- Replacement of selected equipment of air-conditioning package unit at Riverside Cineplex;
- Replacement of the membrane at Topsot (Taman Kereta);
- Outdoor kiosk at Riverside Shopping Complex.

Projects that are still in the drawing board include:

- i. Proposed Tanjung Datu Beach Resort
- ii. Proposed Santubong Cable Car project;
- iii. Proposed Centralised Laundry Service;
- iv. Development of Damai Masterplan

A major development for the Tourism group is the rebranding of our hotels and resorts under the "Hemisphere" brand. All SEDC's hotels and resorts are now managed under this brand through its dedicated subsidiary, Sara Hospitality Sdn Bhd. Through this, SEDC hopes to develop its own brand name to manage and operate hotels and resorts worldwide.

Moving forward, the Division will continue to expand its portfolio through aggressive selling and marketing of product and services, as well as developing new revenue sources in the years ahead.

# AGRO-FOOD BASED

## 2018 PERFORMANCE

SEDC's Agro-Food Division and group of the companies performed satisfactory in 2018, achieving a Group Profit Before Tax (PBT) of RM16.425 million at the group level. At SEDC level, the actual Profit Before Tax (PBT) was RM14.331 million. The sector's key activity focuses on three core areas as follows:-

### Livestock

- Rosewood Station Pty Ltd maintained its fine performance in 2018. The calving rate (natural increase) is also maintained at 9,456 heads. Profit Before Tax ("PBT") of the company for the year 2018 was recorded at RM7.582 million an increase of 49% or RM2.494 million as compared to 2017 of RM5.088 million.
- PPES Ternak Sdn Bhd registered total sales of 1,862 heads of cattle in 2018 which comprised of 881 heads of cattle for Qurban and 341 heads of cattle for the daily sales and 640 heads of cattle supply to Department of Veterinary Sarawak.

### Aquaculture

- PPES Aqua (Santubong) Sdn Bhd managed to operate at minimum capacity resulting in the production of 258.3 tonnes of white prawn (Vannamei) for year 2018, a decrease in production by 7% compared to 2017, due to problem of disease attacking the farm.

### Plantation

- Good Harvest Plantation Sdn Bhd in Asajaya successfully harvested a total of 103,091 nuts in 2018, although this represented a slight decrease compared to 2017.

SOP Karabungan Sdn Bhd in Karabungan, Miri generated a PBT of RM3.124 million with an average production of 36,262 metric tonnes of Fresh Fruit Bunch ("FFB") at an average price of RM388/mt.

SPB PPES Karabungan Plantation Sdn Bhd, a joint venture between SEDC and Sarawak Plantation Bhd continued to developed a total of 1,031 acres of land for the development of oil palm plantation in Karabungan Farm, Miri.

Hope Aspire Sdn Bhd, a joint venture between SEDC and Hope Biotech Sdn Bhd continued its development of gaharu plantation at Sematan, Lundu. In 2018 a total of 17,433 gaharu trees were successfully planted.

### New Project 2018

In the area of new business development, the group embarked in the construction of Siburan Halal Abattoir in Siburan, Kuching. This new and modern facility complies with existing regulatory requirements and utilise modern technology to enhance SEDC's involvement in the cattle industry.

## ENTREPRENEUR DEVELOPMENT

### Empowering Our Entrepreneurs

SEDC's approach in the development of local entrepreneurs continued to pay off with 7,992 entrepreneurs benefiting from the various programmes and activities implemented throughout the year. Our approach requires our people to go down to the ground to identify the needy groups instead of waiting for them to look for us.

The entrepreneur development programmes implement by SEDC include Program Peningkatan Usahawan Bumiputera (PUTERA), Program Graduan Ke Arah Keusahawanan 2.0 (GERAK 2.0), Program Usahawan Teknikal Dan Vokasional (USTEV), Skim Pinjaman Industri Kecil dan Sederhana (SPIKS), Skim Niaga Jaya, Skim Niaga Perdana, Skim Niaga Fest, Pusat Inkubator dan Bimbingan Usahawan (PIBU) and Business Premises.

Under its Financial Aid Scheme, SEDC provides financial assistance consisting of loans and equipment valued at RM 6.04 million through various programmes to 402 participants.

Affordable office space and business premises were made available to 3,784 entrepreneurs through the PIBU and business outlets at 45 locations spread across the state.

Training and capacity-building sessions focusing on cultivating self – reliance and the development of their competitive edge involved a total of 2,353 entrepreneurs through 81 courses.

Marketing and promotion assistance is extended to all entrepreneurs registered with SEDC through the group's participation in both local and national events. 1,453 entrepreneurs were given the opportunities to exhibit and sell their products under this marketing programme.

The breakdown of beneficiaries of ECD Programmes and Schemes in 2018, is as per table below:-

No.	Programme	No. Of Pax
1.	Financial	146
2.	PUTERA	228
3.	GERAK 2.0	18
4.	USTEV	10
5.	PIBU	
	(Full Time)	190
	(Part Time)	3,202
6.	Business Premises	392
7.	Capacity Building	2,353
8.	Promotion	1,453
	<b>TOTAL</b>	<b>7,992</b>



For the Financial Aid Scheme, the breakdown of loans and beneficiaries is as per table below:-

No.	Programme	Value	No. of Beneficiaries for 2018
1.	Loans	RM4,410,000.00	146 pax
2.	PUTERA	RM984,255.86	228 pax
3.	GERAK 2.0	RM435,894.00	18 pax
4.	USTEV	RM212,812.00	10 pax
TOTAL		RM6,042,961.86	402 pax



Entrepreneur Development  
Programme and Schemes

Wellness Programme Training On  
Head & Spa Therapy (Level 9-10), Lawas



Wellness Programme Training On  
Head & Spa Therapy (Level 7 & 8)



### Kursus Real Initiative For SEDC Entrepreneurs (R.I.S.E)

Homestay Program Tahap 2

Pejabat Daerah Lama, Daro & Homestay Matu Dan Daro





Entrepreneurs Development  
Marketing and Promotion Activities

Aktiviti Promosi Sempena  
SEDC *Get Together* 2018  
Menara SEDC, Kuching



Aktiviti Promosi  
Bazar Raya 2018, Satok



**Aktiviti Promosi  
Festival Kraft Regatta 2018, di Kuching Waterfront**



**Perasmian Pusat Inkubator dan Bimbingan Usahawan Daro,  
Mukah**



Sudah Beroperasi Disember 2017  
11 Bilik  
Softlaunching 22/2/2018



# SEDIDIK CHILD & FAMILY DEVELOPMENT PROGRAMME

## SEDIDIK HIGHLIGHTS 2018

As at 31 December 2018, SeDidik operates a total of **82 centres** serving **1,877 children** from **1,686 families**. Out of these, **64** are **rural centres** and **18** are **urban centres Services**. Some of the main programmes offered are:-

### Taska



Healthy food freshly prepared by experienced personnel – Taska SeDidik Perdana Kuching

### Tadika



Outside of class activity in SeDidik Mutiara Igan, Mukah

### Before & After School Care Services



Before & After School Care children in SeDidik Perdana at Sibul Waterboard Headquarters

SeDidik provides special programmes that enhance the children's learning abilities. These programmes includes;



### KINDERGYM

SeDidik Kindergym programme is specially formulated to help children aged 4 to 6 years old to develop wholesomely. This programme provides organized physical activities that are designed to help preschool children to develop the following characteristics;

- Listening skills
- Coordination
- Physical strength
- Balancing skills



### KINDERGARDENING

Kindergardening is a module where children are taught Science and Mathematics in a practical manner. Children are exposed to basic knowledge about plants (vegetables and herbs) and their life cycle and basic gardening equipment and techniques.





### **MUSIC CLASS**

SeDidik music class is facilitated by committed teachers who use creative music & group ensemble playing for a relaxed & worry-free learning environment. Classes are designed for students to learn how to play music & appreciate the joys of experiencing music.



### **KELAS BIMBINGAN IQRA' / AL-QURAN**

Kelas Bimbingan Iqra' / Al Quran is conducted in a small and friendly classes were the perfect environment for children to settle in comfortably and begin learning to read. Supportive tutors guides children during classes, perfecting their reading of Iqra' in accordance with the rules of Tajweed before switching to Al Quran.



### **DIGITAL LIBRARY**

SeDidik@PUSTAKA Digital Library Programme is a collaboration between SeDidik and Pustaka Negeri Sarawak. Children, teachers, parents and local community will be able to access free information in Pustaka Negeri Sarawak (teaching and learning materials). Digital Library Programme introduces new approach in teaching and learning (using laptop in class) and it provides opportunity to children to learn interactively in their class.



### **CENTRES UPGRADING**

Centres are being upgraded especially on physical aspect of centres in creating safe and conducive learning environment.



### **SEDIDIK TALENT SHOW**

SeDidik organized SeDidik Talent Show 2018 to showcase SeDidik children's talent and the winner of contested categories will represent SeDidik in State's Sarawak Kids Got Talent.

**SARAWAK KIDS GOT TALENT**

Sarawak Kids Got Talent features various talents of children in Public Speaking, Singing, Dancing, Drawing and Special Talent. SeDidik managed to win 4 categories namely Public Speaking English, Public Speaking Iban, Singing (Category 4 years old) and Special Talent.



**SEDIDIK LAN BERAMBEH PROGRAMME**

The Lan Berambéh Outreach Program is part of SeDidik activities with the local community where SeDidik operates. This program focuses on the engagement of parents and local communities in the development of children starting from the early years.

# PROJECTS highlight





Projects Completed

### New SEDC Tower At The Isthmus

Date of Completion	31 January
Components	<ul style="list-style-type: none"> <li>• 12 Floors of office space occupied by SEDC and various tenants</li> <li>• 2 Dedicated floor for staff recreational activities &amp; chill-out</li> <li>• Function Hall, Surau, Gallery, Cafeteria, Training Room &amp; Child Care Centre</li> <li>• In the midst of Green Building Index Certification</li> </ul>



### Premis Perniagaan Miri

Date of Completion	29 August 2018
Components	<ul style="list-style-type: none"> <li>• Level 1 30 units of shoplots</li> <li>• Level 2 33 units of shoplots</li> <li>• Level 3 21 units of food court</li> </ul>



## Datuk Temenggong Abang Kipali Interchange, Petra Jaya Kuching

Date of Completion 19 January 2018

Undertaken by: PPES Works (Sarawak) Sdn Bhd.  
(Associate Company)



## New Sibü Regional Office



*Workstation at Sibü Regional Office*

### Balingian – Selangau Transmission Line Project

Length (KM)	31km
Capacity	<ul style="list-style-type: none"> <li>• 275 KV Transmission Line</li> </ul>
Undertaken by	<ul style="list-style-type: none"> <li>• PPES Works (Sarawak) Sdn Bhd</li> </ul>



### Kuching Waterfront Jazz Festival 2018

28 – 29 September 2018  
Kuching Waterfront,



## New Riverside Majestic Hotel, Astana Wing

Date of Completion 26 February 2018



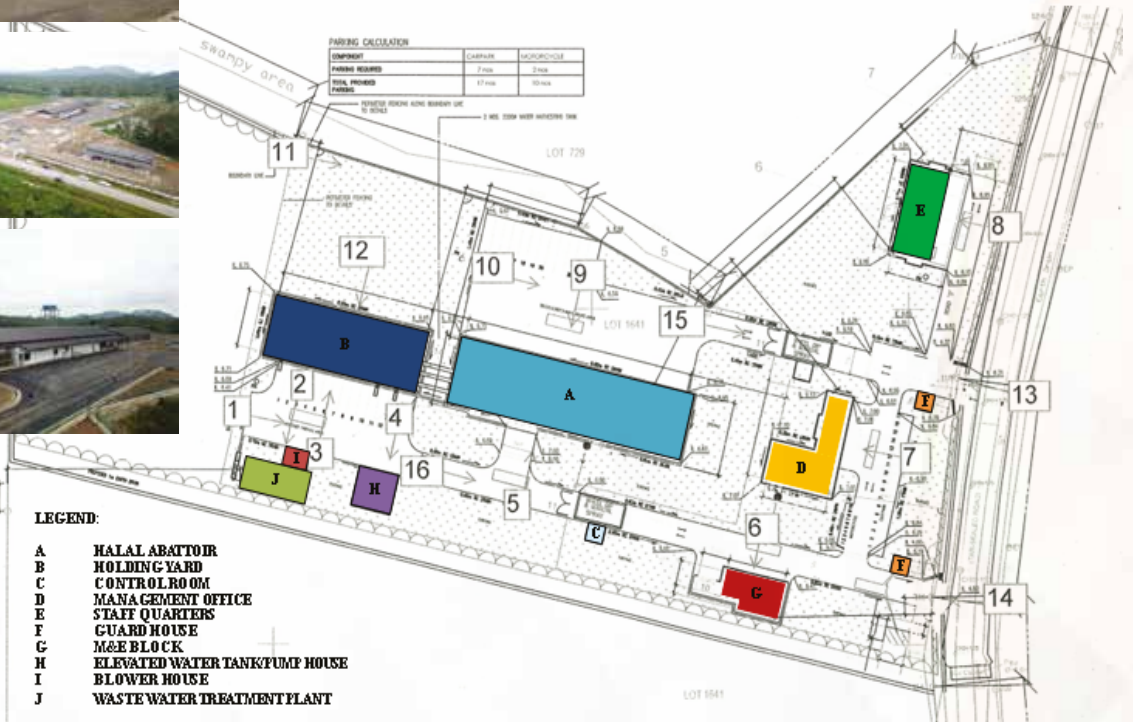




Projects  
Under Implementation

### New Halal Abattoir at Siburan, Kuching, Sarawak

Expected Completion : September 2019



**LEGEND:**

- A HALAL ABATTOIR
- B HOLDING YARD
- C CONTROL ROOM
- D MANAGEMENT OFFICE
- E STAFF QUARTERS
- F GUARD HOUSE
- G M&E BLOCK
- H ELEVATED WATER TANK/PUMP HOUSE
- I BLOWER HOUSE
- J WASTE WATER TREATMENT PLANT

### Pan-Borneo Highway Sungai Awik To Bintangor Junction (64.49KM)

Expected Completion :

- June 2020 – Sebangkoi Section
- August 2020 - Sarikei Section



*Slob stabilization*



*Preparation of sub base*



*2nd Line road preparation*

### New Sarawak Museum Campus and Heritage Trail Kuching

Expected Completion : February 2020



### Selangau - Mapai Transmission Line Project

Expected Completion : March 2019

Length (KM)	51km
Capacity	• 275 KV Transmission Line



T5/10 hanging roller and insulator



Scaffolding erection for road crossing at T5/5

### Gaharu Plantation Project, Sematan, Lundu



Location	Sematan, Lundu
Size of the Land	• 228 hectares
No of seedlings planted in 2018	• 17,433





# SECTION 5

## CORPORATE ACTIVITIES

# CORPORATE GOVERNANCE

## Background

SEDC is the first government agency in Malaysia to draw up and launch its Charter for Good Corporate Governance. The Corporation's Charter for Good Corporate was launched by the then State Secretary, YB Datuk Amar Haji Abdul Aziz Husain on 5 February 2001.

The Charter lays down the principles and best management practices and corporate behaviour in the following areas:-

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

## Compliance and 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 and Accounting Procedure Regulations 1980 (Revised 2009)
- State and Federal Circulars

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

Whereas in respect of subsidiaries, the Management is required to comply 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.

## Corporate Governance Activities 2018

For the year 2018, a number of activities, programmes and events were held to enhance and strengthen corporate governance within the Corporation and its Group. These include the following:-

- The annual **Presidential Address 2018** presented by the Chairman was held on 12 March 2018 to disseminate and share information on the following:
  - 2017 Performance Highlights
  - 2018 Business Plan
  - Corporate Direction
- **Jawatankuasa Integriti dan Tadbir Urus (JITU)** meetings were conducted on 26 March, 31 July and 5 December 2018.
- **ISO Quality Management System Internal Quality Audits** were held twice a year on 21 March 2018 and 15 to 19 October 2018.
- Representatives from **Jawatankuasa Integriti dan Tadbir Urus (SEDC)** and relevant staff/officers attended the following:

NO.	COURSE DETAILS	DATE
1.	Bengkel Tatacara Prosedur Perolehan bagi Badan-badan Berkanun Negeri	7-8 February 2018
2.	3 <sup>rd</sup> Annual Legal Counsel	19-20 March 2018
3.	Taklimat Tatacara Prosedur Perolehan bagi Badan-badan Berkanun Negeri	12 April 2018
4.	Advanced Risk Based Compliance	2-3 July 2019
5.	Preparation for Corporate Liability on Corruption	1 August 2018
6.	Anti-Money Laundering (AMLA) & Anti-Terrorist Financing	20-21 August 2018

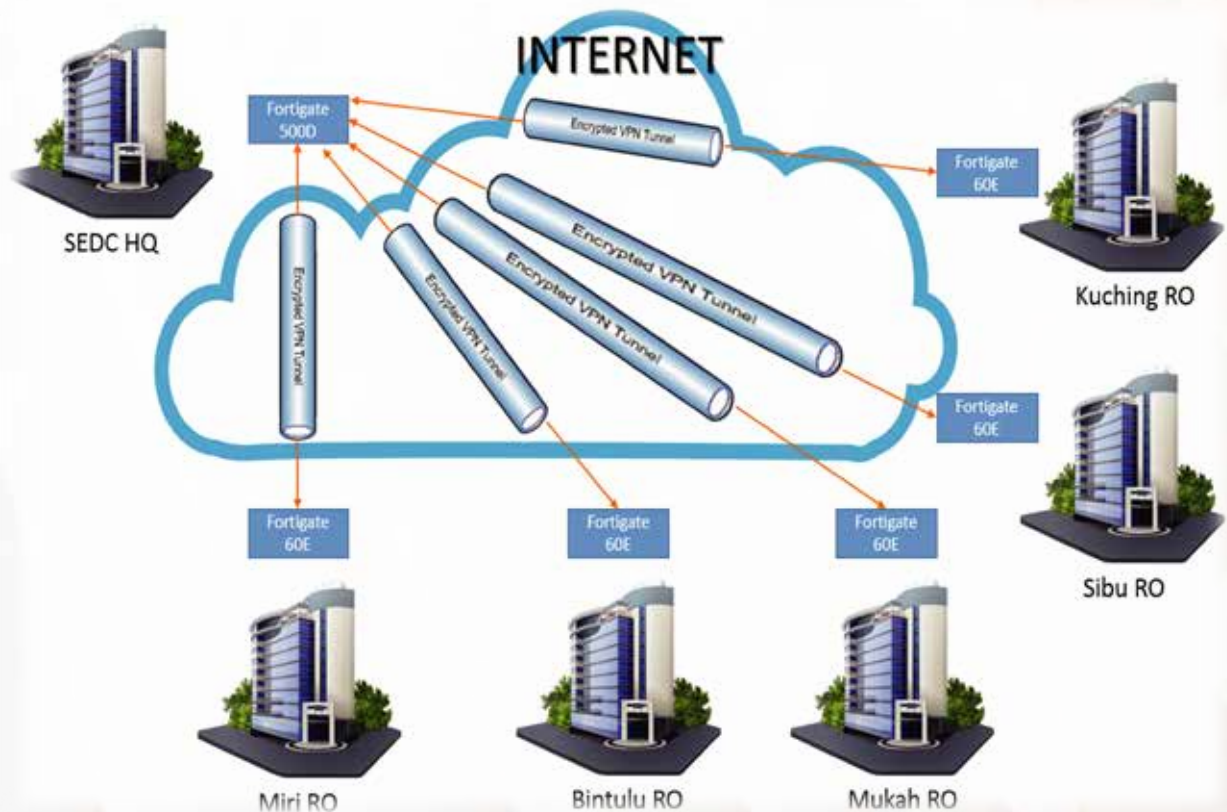
# INFORMATION AND COMMUNICATION TECHNOLOGY

## Enhancing Service Delivery

In 2018, a number of ICT initiatives have been completed to enhance our service delivery to our customers and stakeholders. These initiatives include full control of our own VPN network to regulate inflow and outflow of information and access to our WIFI connection.

### 1. Network & Security

- In SEDC, VPN is used to create end to end private network connection over the internet between its headquarters and regional offices. The VPN is managed in-house by SEDC ICT Division which give full control in managing its own VPN.
- Site-to-Site IPSEC VPN Tunnels extends SEDC's network making computer resources from one location securely available to the staffs at other locations. This has enable the staffs from SEDC's Regional Office in Kuching, Sibü, Mukah, Bintulu and Miri, secure access to internal system and files hosted at SEDC Headquarters.





## 2. Helpdesk

Annual IT Equipment Audit was done twice annually and covers three parts, namely Hardware, Software and Preventive Maintenance. Hardware Audit focuses on monitoring of IT hardware movement based on serial and asset number. Software Audit verifies the genuine copy of Microsoft Windows Operating System is installed, activated Microsoft Office Software and updated antivirus pattern and definition. As an extra mile, ICT conducts preventive maintenance to all desktop PCs which involves system registry housekeeping.

## 3. System development

In the digital era, we are leveraging on ICT programmes and operations, among them are Budget Consolidation System and Management Information (MIS).

## 4. Multimedia

As the Corporation rides through this new digital era, it is necessary to stay relevant and be in tandem with the current technological development. Currently, our new SEDC Menara and regional offices (ROs) are fully equipped with the latest Multimedia Communication facilities such as BT Video-Conferencing technology and SenHeiser Tele-conferencing System to cater for Corporate Meetings and audio and video communication via wireless connections. Apart from leveraging on audio and video communication system, we have also capitalized on UAV (unmanned Aerial Vehicle) System to conduct visual surveillance and monitoring of all on-going projects and new project sites.

We will continue to develop other ICT projects such as WIFI-enabled business premises, smart apps, Digital Hub and internal remote Desktop Helpdesk Support, among others.



Corporate Events

### SEDC Board & Management Team Retreat at Chiang Mai Thailand 8 January 2018



### SEDC Presidential Address 2018

Riverside Majestic Hotel, 2018

12 March 2018



### MEMORANDUM OF UNDERSTANDING (MoU)

MoU Signing Between SEDC & Foshan Feichi Automobile Manufacture Co. Ltd For The Supply Delivery and Commissioning of Hydrogen Fuel-Cell Buses on 2018, witnessed by YAB Chief Minister of Sarawak 10 September 2018



### Official Opening of Astana Wing Riverside Majestic Hotel on 26 February 2018, by YAB Chief Minister of Sarawak



### World Harvest Festival 2018 Sarawak Cultural Village

27 - 29 April 2018



### Kuching Waterfront International Jazz Festival Kuching

28-29 September 2018



### SEDC Corporate Golf, Damai Golf and Country Club, Santubong

27-28 October 2018



### Lan Berambek Anak Sarawak at MITEC Kuala Lumpur

5-6 October 2018





Culture Building



### Knowledge Sharing : Intellectual Property Rights Seminar

14 September 2018

Dewan Kenyalang, Level 1, Menara SEDC



WE CARE CULTURE



*Get Well Soon gift for hospitalized staff*



*Festive Contribution to junior staff celebrating Gawai*



*Gifts For New Born*

**Festive Celebration -  
Majlis Gawai Raya SEDC**

13 July 2018

Dewan Kenyalang, Level 1, Menara SEDC



## SEDC Appreciation Ceremony 2018

12 March 2018

Sarawak Chamber, Riverside Majestic Hotel, Kuching

### Certificate of Appreciation for In-house Committees



NO.	COMMITTEES	NO. OF RECIPIENTS
1.	ICC Team	1
2.	QMS Auditors	23
3.	SSP Evaluation Committee	14
4.	5S Committees <ul style="list-style-type: none"> <li>• 5S Training Working Committee</li> <li>• 5S Promotion Working Committee</li> <li>• 5S Audit Working Committee</li> <li>• 5S Auditors</li> <li>• 5S Facilitators &amp; Group Leaders</li> </ul>	105
5.	Fire Warden Team	26
6.	First Aid Squad	25
7.	Floor Ambassador Team	12
8.	The Voice of SEDC	20
9.	5S Awards	22
TOTAL		248

NO.	AWARDS	NO. OF RECIPIENTS
1.	State Award	12

### SEDC Social and Recreation Club (PEDAS)



*Ulangtahn PEDAS ke 40 tahun  
5 Oktober 2018*



*Inter-SEDC Games - Gemaputera Perlis  
28 - 31 Mac 2018*



*Lawatan PEDAS ke Johor Corporation  
12-15 Disember 2018*



*In-House Carrom Tournament 2018*



*Quarterly SEDC Group Blood Donation  
Exercise 2018*



*Monthly SEDC Senamrobik 2018*

## Istiadat Perbarisan Sempena Sambutan Perayaan Hari Jadi Ke-82 TYT Yang Dipertua Negeri Sarawak

13 October 2018  
Dataran Bandar Sibü



## Human Capital Development 2018



ISO 9001:2015 Internal Auditor Training  
20-21 March 2018



Office Management Training  
20-21 August 2018



Knowledge Sharing Overview of Intellectual Property  
14 September 2018

In-House Training	19 courses (660 participants)
Knowledge Sharing	3 sessions (206 participants)
External Training	80 courses (218 participants)



Team Building  
14-16 December 2018



## New Employees Induction & Practical Trainees Internship Programme



Practical Trainees Internship Programme	
2018	66
Since 2000	1,116

## Majlis Bersama Jabatan (MBJ) Open Session

4 May 2018

Dewan Kenyalang, Level 1, Menara SEDC



### Majlis Bersama Jabatan (MBJ) Visit to Perbadanan Johor (JCORP)

12-14 December 2018



*Corporate Briefing at JCorp Headquarter*



*Kulim Pineapple Farm*



*Tanjung Langsat Port*



*Handing Over Memento from SEDC to JCorp*

SEDO

Yang na Res n  
Iba H Ab

# Corporate Social Responsibility

**CIMB** CIMB BANK BERHAD

122478 23851X

**TABUNG BAITULMAL NEGERI SARAWAK**

**TIGA RATUS RIBU SAHAJA** RM 300,000.00

**SARAWAK STATE DEVELOPMENT CORPORATION**

35 0270 00770052 39



### Majlis Berbuka Puasa bersama YAB Ketua Menteri dan Kanak-kanak PERYATIM

23 May 2018  
Grand Margherita Hotel



### Penyerahan Zakat Perniagaan SEDC kepada Tabung Baitulmal Negeri Sarawak

23 May 2018  
Grand Margherita Hotel



### Majlis Berbuka Puasa bersama TYT dan Kanak-kanak dari Rumah Kanak-kanak Kuching dan Sri Aman

28 May 2018

Grand Margherita Hotel



### Completion and Handing-over of New Perkata Caretaker House

24 August 2018

PERKATA Centre



### Majlis Ramah Tamah Aidilfitri with Pupils of Selected Primary Schools In Kuching and Padawan

10 July 2018

Grand Margherita Hotel



### Majlis Belaian Kasih with Residents of Rumah Seri Kenangan Kuching

8 November 2018

Sarawak Cultural Village



### Love-in-a-box with Children of PERKATA & Kuching Autistic Association

11 December 2018  
Riverside Majestic Hotel



### Love-in-a-box with Children of PIBAKAT

10 February 2018  
PIBAKAT Centre, Jalan Ong Tiang Swee



## SEDC Cleanliness Campaign 2018 in Conjunction with Kuching Waterfront Jazz Festival

26 – 30 September 2018

Kuching Waterfront



## Donations

### Donations to NGO's and Charity Groups

Total no. of NGO's and  
Charity Groups

Total Amount

47

RM 1 47,887.00



Tan Sri Datuk Amar Abdul Aziz Husain (2nd left), chief minister of Sarawak, presents the champion's trophy to State's junior golfer, 16-year-old Nur Hafiq, at the 2018 Damai Masters Amateur Open Golf Championship.

and Malaysia had come to the Asian Tour event worth RM1.2 million and it was the first time that we have seen any of the events that are held at DGCC. PGM-MNRB Sarawak and DGCC had played the tournament since last year's event is the first time with a total prize of RM225,000 with contributions from the USA, Japan, Finland, and South Korea. The focus for golf development is to encourage parents to let their young children play golf which can inculcate character building and discipline that are needed when

they enter adult age. According to him, the club should be given encouragement at its early stages such as the DGCC with the aim of building self-confidence in them to become better players. The club has several international junior golf championships namely the Open Masters Championship on March 22 to 23, 20th Sarawak Chief Minister's Cup International Junior Golf Championship 2018 which ends on November 29. Over 110 golfers from Thailand, Singapore, Indonesia, Brunei and Malaysia are competing for the first time at DGCC and spearhead-

in line with the implementation of the proposed green and environmentally-friendly public transportation in Sarawak as envisioned by Chief Minister of Sarawak, Datuk Patinggi Abang Johari Tun Abang Haji Openg.

Sarawak is aiming to become the first in this region to use non-carbon emission buses and possibly the first state in Malaysia in line with the global trend towards environmental protection and compliance.

"Our country and Sarawak in particular has abundant hydropower resources which can be used to sustain the usage of hydrogen fuel cell buses that are both economic and environmental friendly," Datu Haji Soedirman added.

"On top of that, this will also offer cheaper costs of operation for such services to cover major areas including Kuching when using hydrogen compared to traditional fossil fuel," he added.

CHAIRMAN of Sarawak Economic Development Corporation (SEDC), Tan Sri Datuk Amar Abdul Aziz Husain, signed an agreement with Jiang Yong, the Director and General Manager of Foshan Feichi Automobile Manufacturing Co Ltd, during an agreement signing ceremony. Also present are SEDC General Manager, Datu Haji Soedirman Haji Amin, SEDC deputy general manager of Foshan Auto Transportation Group Co Ltd of China.

is expected to be cheaper, considering the fact that hydrogen is extracted from water and is unlike other type of buses where costing is tied up to the global price of fossil fuel.

Datu Haji Soedirman had disclosed the agreement among other will pave way for the cooperation between SEDC Sarawak and Foshan Feichi Automobile Manufacturing Co Ltd of China in the proposed development of the inter-city

transportation services on the roads in Kuching city by March 2019.

This was already announced by Chief Minister Datuk Patinggi Abang Johari Tun Abang Haji Openg on September 9 this year after witnessing the signing of memorandum of understanding (MoU) between SEDC Sarawak and Foshan Feichi Automobile Manufacturing Co Ltd China for the supply and delivery of the hydrogen fuel cell buses.



Chief Minister of Sarawak, Tan Sri Datuk Amar Abdul Aziz Husain (2nd left) with (from right) Roslan, Saidol, Misnu and other guests at the launch of the SWAGC at a hotel in Kuching.

## SEDC and DGCC brace for another milestone in sports tourism

The Sarawak Economic Development Corporation (SEDC) and Damai Country Club (DGCC) are set to host the inaugural Sarawak World Amateur Golf Championship (SWAGC) on

several international events including the recent Asian Tour Sarawak Championship which attracted 150 professional golfers from throughout ASEAN, Asia, Europe, India, USA, South Africa and Australia. The US\$300,000 or RM1.2 million tournament was also the first such event to be held outside Peninsular Malaysia.

also quality courses. We look forward to the support and cooperation of our members and visitors in playing their part in the pristine course of DGCC."

Meanwhile, the event will be chaired by a five-member panel headed by the Man's Open

DEPUTY General Manager (Commercial Sector) of SEDC, Edwin Abit (second left) presenting a cheque to Sarawak Chief Minister, Tan Sri Datuk Amar Abdul Karim Rahman Hamzay (second right) at the launch of the Sarawak World Amateur Golf Championship on KWJF 2018 at Kuching. PHOTO: SITI NUR AINAH

## Media Highlights

### 14 musicians, bands to perform at KWJF

**KUCHING:** The upcoming 2nd Kuching Waterfront Jazz Festival (KWJF) will feature a total of 14 acclaimed jazz musicians and bands from all over the region.

Happening on 28 and 29 September, the festival will see performances by Sarawakian jazz band the Blues Gang, Dayang Nurfaizah, Kompi (Indonesia), Tulus (Indonesia), Aditya (Indonesia), Atilla Haron (Malaysia), Carmen Louza (Portugal), The Natalie Gillespie Band (Australia), Aisyah Aziz (Singapore), Ito and the Blues Gang (Malaysia) and more.

Apart from jazz concerts, there will also be music workshops by Dayang Nurfaizah, the Blues Gang and the Natalie Gillespie Band and Tuku Kame. All jazz that will be free and open to

Second Jazz Festival this year will create a lot of interest and continue to gain recognition from jazz lovers globally.

"This jazz festival will also further harness and inspire local talents in jazz entertainment," he added. He also said that the KWJF will also be one of the ways to enliven the city and make Kuching a vibrant city.

"Apart from entertainment features at the festival, traders and car rental companies will benefit from the event with the incoming tourists as well as locals," said Karim.

Other than giving prominence to the scenic Kuching Waterfront, KWJF - created by Sarawak Economic Development

Sarawak at this year's festival. The event will feature Turquoise Serenading, jazz infused with local and local talents. Organiser's pianist Joly will be the festival's main attraction. The event is a significant milestone in the festival's history. The first instalment of the festival was held in 2017. For the line-up, visit [www.kuchingwaterfrontjazz.com](http://www.kuchingwaterfrontjazz.com). Hotel packages and tickets can be purchased at the website [www.kuchingwaterfrontjazz.com](http://www.kuchingwaterfrontjazz.com). Margherita Majestic Hotel Sarawak Sdn Bhd.

## Sarawak SEDC dominate Mini Gemaputera mee

Sarawak Economic Development Corporation (SEDC) dominated the Mini Gemaputera Golf tournament in this year's Mini Gemaputera Golf tournament 2018 held at Damai Country Club (DGCC) on

tion after he carded 37 points while Jaafar Dawi from DGCC finished second and Afizan Ahmad third.

In the Individual Open category, Raden Bustari who played with handicap 15 emerged champion after he carded 37 points while Awng Sani from DGCC was second and Iskandar Matjani came in third.

(Hole 5) and Ahmad Aman (Hole 13).

Meanwhile, SEDC Sarawak chairman, Tan Sri Datuk Amar Abdul Aziz Husain gave away the prizes during the closing and prize presentation ceremony.

In a welcoming speech, he said the objective of the event was to foster cordial relationship among



**Thank You**

The Right Honourable  
**DATUK PATINGGI (DR) ABANG HAJI ABDUL RAHMAN**  
**ZOHARI BIN TUN DATUK ABANG HAJI OPENG**

D.P., D.A., P.N.B.S., J.B.S  
Chief Minister of Sarawak

For officiating  
**OFFICIAL OPENING of**  
**RIVERSIDE MAJESTIC HOTEL**  
**ASTANA WING**  
on 26<sup>th</sup> February 2018

Chairman, Board, Management & Staff of SEDC Sarawak and Group of Companies

**Damai Golf and Country Club junior golf programme to be launched soon**

**MATEUR OPEN F C AMANSHI**

MEMBERS of the Sarawak Economic Development Corporation (SEDC) are to be the first to launch the Damai Golf and Country Club junior golf programme which will be aimed at promoting the sport among the youth in Sarawak.

This was revealed by SEDC's general manager, Roslan Mohd Salleh, who said the junior golf programme is part of the club's development plan to bring in more members and to promote the sport among the youth in Sarawak.

"We will also be offering a junior golf programme for the Sarawak Sports Complex (SSC) and Sarawak Golf Association (SGA) members to join in the programme as well to support the programme which is the first of its kind in Sarawak," he said.

SEDC is also aiming to launch a junior golf programme and will be launching the Sarawak Golf Association (SGA) and Sarawak Golf Association (SGA) members to join in the programme as well to support the programme which is the first of its kind in Sarawak.

SEDC is also aiming to launch a junior golf programme and will be launching the Sarawak Golf Association (SGA) and Sarawak Golf Association (SGA) members to join in the programme as well to support the programme which is the first of its kind in Sarawak.

**Completed PERKATA Caretaker House handed over**

MAJLIS PERKATA Sarawak has handed over the completed caretaker house to the Sarawak Golf Association (SGA) members to use as a caretaker house for the club's junior golf programme.

The caretaker house is located at the club's clubhouse and will be used to house the club's junior golf programme members.

The caretaker house is located at the club's clubhouse and will be used to house the club's junior golf programme members.

**S'wak SEDC dominate Mini Gemaputera meet**

**MINI GEMAPUTERA GOLF INVITATIONAL**

MEMBERS of SEDC C team pose with their prizes after receiving it from Sarawak Economic Development Corporation (SEDC) chairman, Tan Sri Datuk Amar Abdul Aziz Husain (left) while SEDC Sarawak general manager, Roslan Mohd Salleh (right) looks on.

**KUCHING:** Sarawak Economic Development Corporation (SEDC) emerged champion in this year's edition of Mini Gemaputera Golf Tournament 2018 held at Damai Golf and Country Club (DGCC) on Sunday.

SEDC Sarawak was represented by three teams in the one-day event and SEDC Sarawak C finished first placing after the players scored a total of 107 Stableford points.

The team members were namely Affean Muhammad, Abdolhazek Kayyip, Fitri Ismail and Sapuan Is.

Finishing second were the team from Miraka SEDC comprising Amrol Ataz, Haji Azahar, Abd Bakar and Nasser who collected a total score of 105 points.

SEDC Sarawak A team represented by Zamrudin Ahmad, Awang Madnan, Roslan Mohd Salleh and Ezzati Ahi who is also the deputy general manager of SEDC Sarawak finished third. They jointly collected a total of 105 points on countback.

In the Gemaputera Individual category, Amrol Ataz who played with handicap 10 emerged champion after he scored 37 points while Isakar Davi from DGCC finished second and Affean Ahmad third.

In the Individual Opens category, Radey Bontari who played with handicap 15 emerged champion after he scored 37 points while Awang Sari from DGCC was second and Isakar Davi third.

In the VIP category, first runner general Datuk Stephen Mansoh Amrol Ataz who played with handicap 15 emerged champion after he scored 37 points while general manager of SEDC Sarawak, Datu Haji Soudiman Aini finished second and Datu D Pabon Juyk third.

In the limited Guest category, Sukiman Aini who played with handicap 15 emerged champion with 36 points while Ezzati Shuib was second and Abang Zainal Abidin third.

The winners of the nearest to the pin category were Rina Bujang (Hole 5), Farizul Hassan (Hole 8), Zulhairin Bendi (Hole 12) and Datu Stephen Mansoh (Hole 15).

The winners of the nearest to the line category were عثمان جواد (Hole 5) and Ahmad Anon (Hole 13).

Meanwhile, SEDC Sarawak chairman, Tan Sri Datuk Amar Abdul Aziz Husain gave away the prizes during the closing and prize presentation ceremony.

In a welcoming speech, he said the objective of the event was to foster cordial relationship among golfers who were representing the SEDC's from Miraka, Selangor, Johor and Sarawak.

According to him, the event which was participated by 100 golfers was also being held in conjunction with SEDC Sarawak's 40th anniversary celebration activities.

Meanwhile, DGCC's general manager, Roslan Mohd Salleh announced that 200 golfers from throughout Malaysia will compete in next weekend's KPM Golf Tournament 2018 organized by the Ministry of Education (MEd).

He said the tournament is being held as part of the MEd's games carnival which is held by Sarawak and will be participated by representatives from throughout the country.



CHIEF Minister, Datuk Patinggi (2nd) along other top dignitaries commencing the exchange of MoU document between SEDC, represented by its General Manager Swellman Anis (second right) and FAW's Deputy Chairman for Sales, Marketing and Customer Services, Datuk Patinggi (2nd) (far left) and FAW's Deputy Chairman for Sales, Marketing and Customer Services, Datuk Patinggi (2nd) (far right) during the signing ceremony at the SEDC Headquarters, Kuching, Sarawak, on 14th July 2018.

# Hydrogen fuel as state's energy and income source

BY CHRISTOPHER SEOW

**KUCHING:** The Sarawak government aims to make hydrogen fuel one of the state's energy and income sources for the future.

According to Chief Minister, Datuk Patinggi (2nd) Alang Alang, the use of hydrogen fuel, which is a zero-emission fuel, is not only appealing to the state but can be used as its main energy source.

He said that while the state government was focusing on upgrading Sarawak's energy grid, it was an advantageous use of hydrogen fuel which was 100 per cent renewable.

"The future of hydrogen fuel will be an inclusive right of Sarawak. It is not only appealing to the state but can be used as its main energy source," he said.

for the state," said Alang Alang. The state is in the planning of a Memorandum of Understanding (MoU) between Sarawak Economic Development Corporation (SEDC) and FAW's Fuel Cell Technology Development Co., Ltd. as a private partner.

Alang Alang also pointed out the need to educate the public on the use of hydrogen fuel.

"This project is important for the future of Sarawak and the public must be educated about the hydrogen fuel," he added.

Earlier, SEDC Chairman, Datuk Patinggi (2nd) Alang Alang, said that the state government is planning to use hydrogen fuel as a main energy source.

"The future of hydrogen fuel will be an inclusive right of Sarawak. It is not only appealing to the state but can be used as its main energy source," he said.

programmes as part of the state's long-term plan to ensure that Sarawak's public transportation system is run on clean energy in tandem with renewable energy sources.

Alang Alang also mentioned that hydrogen fuel could be used to drive electric buses to transport goods, people, and services.

"I am sure that the hydrogen fuel will be used to drive electric buses to transport goods, people, and services," he said.

At the MoU signing ceremony, FAW's Deputy Chairman for Sales, Marketing and Customer Services, Datuk Patinggi (2nd) Alang Alang, said that the state government is planning to use hydrogen fuel as a main energy source.

## SEDC Sarawak enters sales and purchase agreement of hydrogen fuel cell buses

**KUCHING:** Sarawak Economic Development Corporation (SEDC) has recently entered a sales and purchase agreement with FAW's Fuel Cell Technology Development Co., Ltd. (FCTD) for the purchase of hydrogen fuel cell buses.

This was announced by SEDC General Manager, Datuk Patinggi (2nd) Alang Alang, who led the agreement signing ceremony which was held at Yantai City in Guangdong, China recently.

"To ensure sustainable initiatives for SEDC Sarawak and to be pleased to announce the official signing of the sales and purchase for the delivery of the hydrogen fuel cell buses which will be delivered soon to Kuching city," he said.

The use of the hydrogen fuel buses is also in line with the implementation of the proposed green and environmentally friendly public transportation in Sarawak as announced by Chief Minister of Sarawak, Datuk Patinggi (2nd) Alang Alang.

Sarawak is aiming to become the first in this region to use zero-carbon emission buses and possibly the first state in Malaysia to use with the global trend towards environmental protection and mitigation.

"The country and Sarawak in particular has abundant hydrogen resources which can be used to sustain the usage of hydrogen fuel cell buses that are both economic and environmentally friendly," Datuk Patinggi (2nd) Alang Alang added.

"In the long run, this will also offer cheaper costs of operation for such services to cover major areas including better public transport services in the state.

Meanwhile, the first batch of the hydrogen fuel cell buses are expected to arrive in Sarawak in the next few weeks."



CHAIRMAN of Sarawak Economic Development Corporation (SEDC), Datuk Patinggi (2nd) Alang Alang (second left) exchanging mementos with Anis Wong, the Director and General Manager of FAW's Fuel Cell Technology Development Co., Ltd. (FCTD) of China (second right) during the agreement signing ceremony. Also present are SEDC General Manager, Datuk Patinggi (2nd) Alang Alang (far left) and Anis Wong, the Director and Deputy General Manager of FAW's Fuel Cell Technology Development Co., Ltd. of China.

is expected to be changed, considering the fact that hydrogen is a clean and safe energy source and is a better alternative to fossil fuels.

Datuk Patinggi (2nd) Alang Alang said that the agreement signing will pave way for the cooperation between SEDC Sarawak and FAW's Fuel Cell Technology Development Co., Ltd. of China in the proposed development of the zero-carbon hydrogen fuel cell buses.

According to him, the state government will be the first in this region to use hydrogen fuel cell buses as part of its green energy and sustainable development initiatives.

state after a period on the road in the first city by March 2019.

This was already announced by Chief Minister Datuk Patinggi (2nd) Alang Alang, who led the agreement signing ceremony which was held at Yantai City in Guangdong, China recently.

"To ensure sustainable initiatives for SEDC Sarawak and to be pleased to announce the official signing of the sales and purchase for the delivery of the hydrogen fuel cell buses," he said.

The use of the hydrogen fuel buses is also in line with the implementation of the proposed green and environmentally friendly public transportation in Sarawak as announced by Chief Minister of Sarawak, Datuk Patinggi (2nd) Alang Alang.

transportation system for the state.

The Chief Minister also mentioned that government is considering the use of hydrogen fuel cell buses as a main energy source for the state.

"The future of hydrogen fuel will be an inclusive right of Sarawak. It is not only appealing to the state but can be used as its main energy source," he said.



Edwin (second right) with other guests at the launch of the SWACC at a local hotel in Sibu.

## SEDC and DGCC brace for another milestone in sports tourism

By Ting Yang Hoe  
hoe@edcc.com.my

**KUCHING:** The Sarawak Economic Development Corporation (SEDC) and Damak Golf and Country Club (DGCC) are looking for the inaugural Sarawak World Amateur Golf Championship (SWAGC) can attract participants as well as visitors to come over here for the Sarawak World Amateur Golf Championship.

"We would like to see the Sarawak Government that SEDC will play its part in promoting Sarawak as a good sports tourism destination worldwide," said the chairman of the Damak Golf and Country Club, Datuk Patinggi (2nd) Alang Alang, who is highlighting that the Sarawak Government support and assistance from the Ministry of Tourism, Arts, Culture, and Heritage.

His speech was made by SEDC Deputy General Manager Edwin Anis at the launching of the SWAGC pre-launch golf tournament.

The SWAGC will be held at DGCC from July 24 to 28 as part of the state's tourism and sports development initiatives.

several international events including the recent Asian Tour Sarawak Championship which attracted the professional golfers from throughout ASEAN, AHA, Europe, India, USA, South Africa and Australia. The US\$300,000 or RM1.2 million tournament was also the first tournament to be held outside Peninsular Malaysia.

"The success of hosting the recent Asian Tour Sarawak Championship in Sarawak is a testament to the high standards and quality of Sarawak's golf facilities and the local golf clubs," he said.

Alang Alang also mentioned that the Sarawak Government is planning to use hydrogen fuel as a main energy source.

"The future of hydrogen fuel will be an inclusive right of Sarawak. It is not only appealing to the state but can be used as its main energy source," he said.

also quality amenities. Therefore, we look forward to the continuous support and cooperation from our members and visiting golfers in playing their part in maintaining the pristine course conditions at DGCC."

Meanwhile, Edwin Anis said that the Sarawak Government is planning to use hydrogen fuel as a main energy source.

"The future of hydrogen fuel will be an inclusive right of Sarawak. It is not only appealing to the state but can be used as its main energy source," he said.



DEPUTY General Manager (Commercial Sector) of SEDC, Edwin Anis (second left) presenting a memento to Datuk Mahdi Karim Rahman Manjab (second right) during a press conference on FWF 2018 at Grand Margherita Hotel, Kuching. PHOTO: SITI NOR ANISA

## 14 musicians, bands to perform at KWJF 2018

**KUCHING:** The upcoming 2nd Kuching Waterfront Jazz Festival (KWJF) will feature a total of 14 acclaimed jazz musicians and bands from all over the region.

Happening on 28 and 29 September, the festival will see performances by Sarawakian songstress Dayang Nurfaizah, Tompi (Indonesia), Tulus (Indonesia), Adira (Indonesia), Ailla Hartono (Malaysia), Common (Perth), The Natalie Gilmore Band (Australia), Aiyah Aziz (Singapore), Ili and the Blues Gang (Malaysia) and more.

Apart from jazz concerts, there will also be music workshops by Ili and the Blues Gang, Natalie Gilmore Band and Tompi Karim Jazz that will be free and open to the public.

Speaking during a press conference at Grand Margherita Hotel here yesterday, Minister for Tourism, Arts, Culture, Youth and Sports, Datuk Patinggi (2nd) Alang Alang, said that the

second jazz festival this year will create a lot of interest and excitement to gain recognition from jazz lovers globally.

"This jazz festival will also further harness and inspire local talents in jazz performance," he added. He also said that the KWJF will also be used as a platform to showcase the city and make Kuching a vibrant city.

Apart from entertainment features at the festival, master chefs and restaurant owners and local rental companies will benefit from the event with the upcoming tourists as well as locals," said Karim.

Other than giving prominence to the scenic Kuching Waterfront, KWJF - organised by Sarawak Economic Development Corporation (SEDC) - will also be a platform to inspire and nurture local music talents.

Meanwhile, the theme of KWJF 2018 is "Jazz at the Waterfront".

Sarawak at KWJF 2018.

This year's festival will also feature Yuki Kamei, who will be performing with the crowd with her jazz-infused with traditional Sape and local pop and country jazz playlist before a Chik, highlighting the festival's intention of highlighting the sounds of Sarawak.

The event is expecting a significant increase from the 4,000 festival goers that attended the first installment last year.

For the full programme and line-up, visit [www.kuchingwaterfront.com](http://www.kuchingwaterfront.com).

Ticket packages and festival tickets can be purchased online at the website or at the Grand Margherita Hotel, Riverside Mosaic Hotel or Place Boutique Hotel.

For latest updates, search Kuching Waterfront Jazz at Facebook and Instagram, contact 082-252118 or email [kuchingwaterfront@sedc.com.my](mailto:kuchingwaterfront@sedc.com.my) for further enquiries.





# SECTION 6

## Awards And Recognitions



# SEDC WEBSITE

*5-Star Rating  
For Corporate Website by MAMPU under the  
Malaysian Government Websites Category for  
the year 2018*



## DAMAI GOLF & COUNTRY CLUB

MALAYSIAN GOLF AWARDS  
MOST IMPROVED GOLF COURSE 2017-NOMINEE  
Awarded by:  
The Malaysian Golf Association  
(Awarded in 2018)

## ROSEWOOD STATION AUSTRALIA

Seven cattle stocks won by Rosewood Station -

- Pen of 3 steers 350kg+ category;
- Brahman Bull 12 months and under;
- Brahman Bull 12 to 24 months;
- Export, Pen of 3 steers up to 280kg for Southeast Asia;
- Export, Pen of 3 steers 280kg to 350kg for Southeast Asia;
- Export, Pen of 3 export heifers; and
- Pen of 3 steers 350kg+ category



## SEDC's own cattle farm wins accolades

By : News Desk      Posted on : Monday, August 6, 2018      Local News

[1/10](#) Be the first of your friends to like this.



Tan Sri Datuk Amar Abdul Aziz Husain (second left) and General Manager of SEDC, Soedirman Aini (third left) with John Lee (second right) and SEDC's board members during the courtesy visit at Menara SEDC in Jalan Bako, Kuching.

**KUCHING:** Rosewood Pty Ltd, the subsidiary company of Sarawak Economic Development Corporation (SEDC) which runs its cattle farm in Australia had recently won several awards in this year's Kununurra Agricultural Show that was held at Kimberley, Western Australia. In a press statement issued here yesterday, the Chairman of SEDC and Board of Directors at Rosewood Pty Ltd Tan Sri Datuk Amar Abdul Aziz Husain said, "We are indeed pleased with the awards which was given to our Rosewood Station cattle farm and seven out of our 10 entries in the competition had won first placing."

"The organisers had also awarded the overall grand champion title to Rosewood Station in the Pen of 3 steer 350kg+ category which is the first of its kind to be won by our cattle farm," he added. The seven classes of cattle stocks which had been won by Rosewood Station are Brahman Bull 12 months & under; Brahman Bull 12 to 24 months; Export, Pen of 3 steers to 280kg for South East Asia; Export, Pen of 3 steers 280kg to 350kg for Southeast Asia; Export, Pen of 3 steers 350kg+; Export, Pen of 3 export heifers; and Pen of 3 steers 350kg+ category. According to Aziz, the recognition given to the quality of livestock which were bred and managed by SEDC's subsidiary company augured well in its livestock and farming business development aspiration.

"There is good potential in the livestock and farming sector especially in the expansion of markets for SEDC to explore including in Malaysia which is currently one of the top importers of beef in the Asian region," he commented. Kununurra Agricultural Show is organised annually by the Kununurra Show Society which was established in Western Australia since 1973 and it showcases products and services produced and sold from businesses within the community.

Meanwhile, the Vice President of Rosewood Pty Ltd, John Lee had recently paid a courtesy visit to Aziz at his office located at Menara SEDC of Kuching Isthmus in Jalan Bako here. During the visit, the SEDC chairman was briefed on the livestock judging which was undertaken by Kevin Yost of Liberty Charolais, Toodyay who is also one of the cattle experts in Western Australia.

During the announcement of winners, Yost had complimented the management of Rosewood Station for the quality standards and the presentation of livestock which had also received good comments from the panel of judges. The award presentation was performed by the President of Kununurra Show Society, Catherine Ryan and was witnessed by Rosewood Station General Manager, Mark Cook and his station manager, Doug Struber.



**SECTION 7**  
**FINANCIAL**  
**STATEMENTS**

PERBADANAN PEMBANGUNAN EKONOMI SARAWAK

Members' Report and Audited Financial Statements  
31 December 2018

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

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Contents	Page
Statement by the Chairman and a Board Member	1
Statutory Declaration	2
Members' Report	3 – 5
Auditors' Report	6 - 10
Consolidated Statement of Financial Position	11 - 12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Changes in Equity	14 - 15
Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17 - 19
Statement of Cash Flows	20 - 21
Notes to the Financial Statements	22 - 78



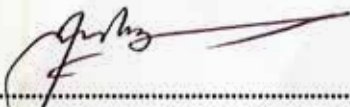
**Sarawak Economic Development Corporation  
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**


**PENYATA PENERUSI DAN SEORANG AHLI  
LEMBAGA PENGARAH**

Kami, YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain dan Mohd Saiful Sungkih Bin Abdullah yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN PEMBANGUNAN EKONOMI SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan PERBADANAN PEMBANGUNAN EKONOMI SARAWAK pada 31 Disember 2018 dan hasil kendaliannya serta perubahan kedudukannya bagi tahun berakhir 31 Disember 2018.

Bagi pihak Lembaga,

Bagi pihak Lembaga,

  
.....  
YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin  
Dato Haji Husain  
PENERUSI

  
.....  
Mohd Saiful Sungkih Bin Abdullah  
AHLI

Tarikh : **26 APR 2019**  
.....

Tarikh: **26 APR 2019**  
.....

KUCHING

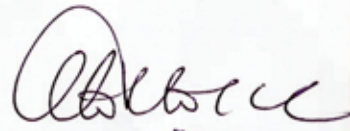
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**Sarawak Economic Development Corporation  
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

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

Saya, **Haji Abdul Hadi bin Dato' Seri Haji Abdul Kadir**, sebagai pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **PERBADANAN PEMBANGUNAN EKONOMI SARAWAK**, dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya )  
diakui oleh penama di atas )  
di Kuching dalam Negeri Sarawak )  
pada **26 APR 2019** )



**Haji Abdul Hadi bin Dato' Seri Haji Abdul Kadir**  
Pengurus Besar

Di hadapan saya,




PESURUHJAYA SUMPAAH

**PHANG DAH NAN**  
Commissioner For Oaths  
No. 55, 1st Floor,  
Jalan Chan Bee Kiew  
Off Jalan Padungan,  
3100 Kuching, Sarawak.

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 2018.

### Principal Activities

The Corporation is principally engaged in activities related to tourism and leisure, agro-food, property development, community development, mineral and mining, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Financial Results

	Group RM'000	Corporation RM'000
Loss for the year	(31,826)	(59,373)
Non-controlling interest	<u>(70)</u>	<u>-</u>
Loss attributable to members	<u>(31,896)</u>	<u>(59,373)</u>

### Reserves and Provisions

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

### Members

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

#### Chairman

YBhg. Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz  
bin Dato Haji Husain

#### State Financial Secretary Representative

YBhg. Datu Haji Junaidi bin Haji Reduan  
YBhg. Datu Laura Lee Ngien Hion

(Appointed on 1<sup>st</sup> January 2019)

(Retired on 31<sup>st</sup> December 2018)

#### Federal Treasury Representative

Encik Mohd Saiful Sungkih bin Abdullah

YB Tan Sri Datuk Amar Haji Mohamad Morshidi  
bin Abdul Ghani

Yang Arif Datuk Talat Mahmood bin Abdul Rashid

YBhg. Datu Jaul Samion

YBhg. Dato Sharkawi bin Alis

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

Members' Report (Contd.)

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Members (contd.)

YBhg. Datu Dr. Haji Wan Lizozman bin Wan Omar  
Dr. Muhammad Abdullah bin Haji Zaidel  
Dr. Philip Raja

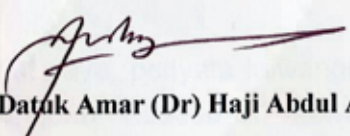
Statutory Information on the Financial Statements

- (a) Before the statement of comprehensive income and statement of financial position 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.

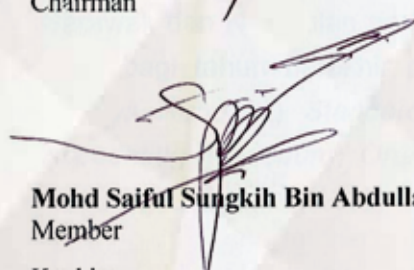
**Sarawak Economic Development Corporation****(Established under The Sarawak Economic Development Corporation Ordinance, 1972)****Members' Report (Contd.)****Statutory information on the financial statements (Contd.)**

- (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.
- (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



**YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain**  
Chairman



**Mohd Saiful Sungkih Bin Abdullah**  
Member

Kuching

Date: **26 APR 2019**



**LAPORAN KETUA AUDIT NEGARA  
MENGENAI PENYATA KEWANGAN  
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK  
BAGI TAHUN BERAKHIR 31 DISEMBER 2018**

**Laporan Mengenai Penyata Kewangan**

**Pendapat**

Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2018 dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 11 hingga 78.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan pada 31 Disember 2018 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan *Malaysian Private Entities Reporting Standard (MPERS)* dan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995* serta *Perbadanan Pembangunan Ekonomi Sarawak Ordinance, 1972*.

**Asas Kepada Pendapat**

Pengauditan dilaksanakan berdasarkan Akta Audit 1957 dan *The International Standards of Supreme Audit Institutions*. Tanggungjawab saya diuraikan selanjutnya di perenggan Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan dalam laporan ini. Saya percaya bahawa bukti audit yang diperoleh adalah mencukupi dan bersesuaian untuk dijadikan asas kepada pendapat saya.

**Kebebasan dan Tanggungjawab Etika Lain**

Saya adalah bebas daripada Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan serta telah memenuhi tanggungjawab etika lain berdasarkan *The International Standards of Supreme Audit Institutions*.

**Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya**

Lembaga Pengarah Perbadanan Pembangunan Ekonomi Sarawak bertanggungjawab terhadap maklumat lain dalam Laporan Tahunan. Pendapat saya terhadap penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan tidak meliputi maklumat lain selain daripada Penyata Kewangan dan Laporan Juruaudit mengenainya dan saya tidak menyatakan sebarang bentuk kesimpulan jaminan mengenainya.

**Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan**

Lembaga Pengarah bertanggungjawab terhadap penyediaan penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan *Malaysian Private Entities Reporting Standard (MPERS)* dan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995* serta Perbadanan Pembangunan Ekonomi Sarawak *Ordinance, 1972*. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakannya sebagai asas perakaunan.

### Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Laporan Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *The International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

Sebagai sebahagian daripada pengauditan mengikut *The International Standards of Supreme Audit Institutions*, saya menggunakan pertimbangan profesional dan mengekalkan keraguan profesional sepanjang pengauditan. Saya juga:

- a. Mengetahui pasti dan menilai risiko salah nyata ketara dalam penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersesuaian untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, gambaran yang salah, atau mengatasi kawalan dalaman.
- b. Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan.
- c. Menilai kesesuaian dasar perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.



- d. Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperoleh, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Perbadanan Pembangunan Ekonomi Sarawak atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Laporan Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperoleh sehingga tarikh Laporan Juruaudit.
- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

#### **Laporan Mengenai Keperluan Perundangan dan Peraturan Lain**

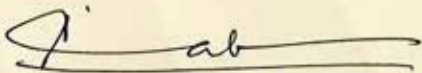
Berdasarkan keperluan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995* serta Perbadanan Pembangunan Ekonomi Sarawak *Ordinance, 1972*, saya juga melaporkan perkara berikut:

- a. Pada pendapat saya, rekod perakaunan dan rekod lain yang dikehendaki Ordinan untuk disimpan oleh Perbadanan Pembangunan Ekonomi Sarawak dan subsidiarinya telah disimpan dengan sempurna menurut peruntukan Ordinan.
- b. Saya telah mempertimbangkan akaun dan Laporan Juruaudit bagi semua subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota 9 kepada penyata kewangan yang telah dimasukkan dalam akaun disatukan.

- c. Saya berpuas hati bahawa akaun subsidiari yang disatukan dengan Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dalam bentuk dan kandungan yang sesuai dan teratur bagi tujuan penyediaan penyata kewangan Kumpulan dan saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.
- d. Laporan Juruaudit ke atas akaun subsidiari tidak mengandungi sebarang teguran atau pemerhatian yang boleh menjejaskan penyata kewangan.

#### Hal-hal Lain

Laporan ini dibuat untuk Lembaga Pengarah dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan laporan ini.



(DATO' CHE ISA BIN HAJI CHE KOB)  
b.p. KETUA AUDIT NEGARA  
MALAYSIA

PUTRAJAYA

TARIKH: 30/8/19



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

Consolidated Statement of Financial Position  
As at 31 December 2018

		Group		Corporation	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current Assets					
Property, plant and equipment	6	395,678	424,889	224,780	180,613
Land held for property development		2,298	2,298	2,298	2,298
Hotel and investment properties	7	593,037	525,192	-	-
Plantation development expenditure	8	267	267	-	-
Intangible assets		437	480	-	-
Investment in subsidiaries	9	-	-	463,997	464,311
Investment in associates	10	329,270	313,744	47,485	47,505
Investments in other corporations	11	234,724	322,315	219,574	307,340
Deferred tax assets		593	434	-	-
		<u>1,556,304</u>	<u>1,589,619</u>	<u>958,134</u>	<u>1,002,067</u>
Current Assets					
Inventories	12	47,464	47,491	6,228	6,230
Trade and other receivables	13	51,929	58,640	101,936	102,653
Fixed deposits with financial institutions	14	46,731	43,511	32,262	28,945
Cash and cash equivalents	15	263,825	263,442	170,556	160,583
		<u>409,949</u>	<u>413,084</u>	<u>310,982</u>	<u>298,411</u>
Total Assets		<u>1,966,253</u>	<u>2,002,703</u>	<u>1,269,116</u>	<u>1,300,478</u>
Equity					
Reserves	16	1,246,446	1,290,238	718,283	777,656
Non-controlling interest		15,461	15,534	-	-
		<u>1,261,907</u>	<u>1,305,772</u>	<u>718,283</u>	<u>777,656</u>

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 Financial Position (Contd)  
As at 31 December 2018

		Group		Corporation	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current Liabilities					
State government equity grant	17 (a)	75,208	75,228	75,208	75,228
State government contribution for equity participation	17 (b)	264,677	264,677	264,677	264,677
Development funds	18	116,172	108,836	101,120	93,784
Lease payables	19	10	40	-	-
Government term loans	20	8,044	8,280	8,044	8,280
Government grants	21	7,792	7,394	-	-
Operating grants		-	4,312	-	-
Deferred tax liabilities	22	11,737	11,084	-	-
Deferred income		152,967	150,631	81,572	71,713
Employee benefits	23	2,641	2,673	2,523	2,559
Other borrowings	24	20,000	15,000	-	-
		<u>659,248</u>	<u>648,155</u>	<u>533,144</u>	<u>516,241</u>
Current Liabilities					
Trade and other payables	25	41,319	43,513	17,453	6,354
Deferred income		3,198	3,860	-	-
Lease payables	19	30	29	-	-
Government term loans	20	236	227	236	227
Tax payable		315	1,147	-	-
		<u>45,098</u>	<u>48,776</u>	<u>17,689</u>	<u>6,581</u>
Total Equity and Liabilities		<u>1,966,253</u>	<u>2,002,703</u>	<u>1,269,116</u>	<u>1,300,478</u>

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 Comprehensive Income  
For The Year Ended 31 December 2018

		Group		Corporation	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	26	236,399	239,807	41,523	40,299
Cost of sales	26	(142,786)	(147,132)	-	(189)
Gross profit		93,613	92,675	41,523	40,110
Other operating income		48,802	46,779	12,262	14,409
Distribution costs		(1,532)	(1,696)	-	-
Administrative expenses		(79,958)	(75,884)	(21,751)	(20,699)
Other operating expenses		(105,250)	(29,890)	(91,073)	(19,399)
(Loss)/Profit from operations		(44,325)	31,984	(59,039)	14,421
Finance costs		(2,393)	(1,854)	(334)	(345)
Share of associates' results		18,578	14,854	-	-
(Loss)/Profit before taxation	27	(28,140)	44,984	(59,373)	14,076
Taxation	28	(3,686)	(2,251)	-	-
(Loss)/Profit after taxation		(31,826)	42,733	(59,373)	14,076
Non-controlling interest		(70)	(881)	-	-
(Loss)/Profit attributable to members		(31,896)	41,852	(59,373)	14,076

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 2018

Group	Non - distributable					Revenue reserve RM'000	Total RM'000
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000	Revenue reserve RM'000		
At 1 January 2018	3,768	9,348	70,594	52,368	1,154,160	1,290,238	
Reclassification of account	-	(9,348)	-	-	-	(9,348)	
Loss for the year	-	-	-	-	(31,896)	(31,896)	
Arising on consolidation	-	-	(4,974)	(45)	7,898	2,879	
Exchange differences	-	-	(5,427)	-	-	(5,427)	
At 31 December 2018	3,768	-	60,193	52,323	1,130,162	1,246,446	

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 (Contd.)  
For The Year Ended 31 December 2018

Group	Capital reserve		Non - distributable		Reserve on consolidation	Revenue reserve	Total
	RM'000	RM'000	Share premium	Revaluation reserve			
At 1 January 2017	3,768	-	9,308	109,207	52,346	1,039,219	1,213,848
Issuance of shares	-	-	40	-	-	-	40
Profit for the year	-	-	-	-	-	41,852	41,852
Arising on consolidation	-	-	-	(38,613)	22	73,089	34,498
At 31 December 2017	3,768	-	9,348	70,594	52,368	1,154,160	1,290,238

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 2018

	Revenue Reserve RM'000
Corporation	
At 1 January 2018	777,656
Loss for the year	<u>(59,373)</u>
At 31 December 2018	<u>718,283</u>
At 1 January 2017	763,580
Profit for the year	<u>14,076</u>
At 31 December 2017	<u>777,656</u>

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 Cash Flows  
For The Year Ended 31 December 2018

	Group	
	2018 RM'000	2017 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation and minority interest	(28,140)	44,984
Adjustments for:		
Amortisation of development expenditure	(4,096)	(4,096)
Amortisation of prepaid land lease payment	76	-
Allowance for diminution in investment	74,441	59,929
Allowance for doubtful debts, net of allowance no longer required	(2,367)	(12,224)
Amortisation of intangible asset	43	-
Amortisation of development fund	-	(3,472)
Amortisation of government grant	(3,119)	-
Amortisation of land held	-	(12,500)
Bad debts written off	4,202	2,157
Bad debts recovered	(450)	-
Depreciation	14,293	10,469
Dividend income	(26,634)	(701)
Loss/(Gain) on investment properties	44	(461)
Gain on other investment	(600)	-
Loss on disposal of property, plant and equipment	182	58
Impairment of property, plant and equipment	549	4,173
Impairment of receivables	(610)	-
Interest expense	335	1,138
Interest income	(10,324)	(10,164)
Provision for capital expenditure	960	-
Share of associates' result	(18,632)	(44,604)
Unrealised foreign exchange loss	6	-
Operating profit before working capital changes	159	34,686
(Increase)/Decrease in inventories	(3,034)	1,691
Increase in receivables	(3,204)	(5,379)
(Decrease)/Increase in payables	(6,590)	8,021
Decrease in deferred income	(321)	-
Cash (used in)/generated from operation - c/f	(12,990)	39,019

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 Cash Flows (Contd.)  
For The Year Ended 31 December 2018

	Group	
	2018	2017
	RM'000	RM'000
Cash flows from operating activities (contd.)		
Cash (used in)/generated from operation - b/f	(12,990)	39,019
Interest paid	(335)	(1,138)
Interest received	10,324	10,164
Taxes paid, net of refund	(6,427)	29,450
Net cash (used in)/generated from operating activities	<u>(9,428)</u>	<u>77,495</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(67,692)	(94,645)
Acquisition of investment	(1,438)	(480)
Advances/Loan repaid from other investments	-	15,000
Advances/Loan repaid to/(from) associates	284	(14,602)
Revaluation of other investment	(2,202)	-
Dividend received	26,388	-
Proceeds from disposal of other investments	16,747	12,482
Proceeds from disposal of property, plant and equipment	230	3,954
Proceed from disposal of an associates	600	-
Transfer from government grant	(512)	-
Placement of deposits with maturity of more than three months	(3,220)	(43,511)
Net cash used in investing activities	<u>(30,815)</u>	<u>(121,802)</u>
Cash flows from financing activities		
Drawdown of term loan	10,000	-
Repayment of hire purchase and lease instalments	(16)	(37)
Repayment of term loan	(2,246)	(218)
Government grant received	7,825	(1,193)
Proceed/(Disbursement) of development fund	26,665	(20,654)
Net cash generated from/(used in) financing activities	<u>42,228</u>	<u>(22,102)</u>

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 Cash Flows (Contd.)  
For The Year Ended 31 December 2018

	Group	
	2018	2017
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	1,985	(66,409)
Effect of translation adjustments	(1,602)	-
Cash and cash equivalents at beginning of year	<u>262,942</u>	<u>329,351</u>
Cash and cash equivalents at end of year	<u><u>263,325</u></u>	<u><u>262,942</u></u>
Analysis of cash and cash equivalents at end of year comprised:		
Cash and bank balances	84,610	65,261
Deposits with financial institutions	<u>225,946</u>	<u>241,692</u>
	310,556	306,953
Less: Fixed deposits with maturity more than three months	(46,731)	(43,511)
Less: Deposit pledged to bank	<u>(500)</u>	<u>(500)</u>
	<u><u>263,325</u></u>	<u><u>262,942</u></u>

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 Cash Flows  
For The Year Ended 31 December 2018

	Corporation	
	2018 RM'000	2017 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(59,373)	14,076
Adjustments for:		
Allowance for diminution in investment	74,441	7,061
Allowance for doubtful debts, net of allowance no longer required	(2,367)	(5,657)
Amortisation of development funds	(4,096)	(4,096)
Depreciation	2,975	1,779
Dividend income	(27,482)	(27,557)
Gain on disposal of associate	(600)	-
Loss on disposal of property, plant and equipment	(138)	(58)
Interest expense	334	341
Interest income	(8,524)	(8,727)
Operating loss before working capital changes	(24,830)	(22,838)
Decrease in inventories	1	193
Increase in receivables	(30)	(4,414)
Increase in payables	11,065	314
Cash used in operations	(13,794)	(26,745)
Interest paid	(334)	(341)
Interest received	8,524	8,727
Taxes paid	(211)	(294)
Net cash used in operating activities	(5,815)	(18,653)

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 Cash Flows (Contd.)  
For The Year Ended 31 December 2018

	Corporation	
	2018 RM'000	2017 RM'000
Cash flows from investing activities		
Acquisition of investment in shares and unit trust	(1,360)	(2,121)
Acquisition of property, plant and equipment	(52,534)	(34,473)
Acquisition of subsidiaries	-	(3,739)
Advances repaid from associates	284	515
Advances repaid from/(to) subsidiaries	3,041	(4,108)
Dividend received	27,481	27,558
Proceeds from disposal of property, plant and equipment	155	56
Proceeds from disposal of other investment	15,000	9,982
Proceed from disposal of an associate	600	-
(Withdrawal)/Placement of deposits with maturity more than three month	<u>(3,317)</u>	<u>91,958</u>
Net cash used in investing activities	<u>(10,650)</u>	<u>85,628</u>
Cash flows from financing activities		
Repayment of government terms loans	(227)	(218)
Proceed/(Disbursement) from development funds	<u>26,665</u>	<u>(12,073)</u>
Net cash generated from /(used in) financing activities	<u>26,438</u>	<u>(12,291)</u>
Net increase/(decrease) in cash and cash equivalents	9,973	54,684
Cash and cash equivalents at beginning of year	<u>160,583</u>	<u>105,899</u>
Cash and cash equivalents at end of year	<u><u>170,556</u></u>	<u><u>160,583</u></u>
Analysis of cash and cash equivalents at end of the year comprised:		
Cash and bank balances	30,195	6,755
Deposit with financial institutions	<u>172,623</u>	<u>182,773</u>
	202,818	189,528
Less: Fixed deposits with maturity more than three months	<u>(32,262)</u>	<u>(28,945)</u>
	<u><u>170,556</u></u>	<u><u>160,583</u></u>

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 2018

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1. Corporation Information

The Corporation is principally engaged in activities related to tourism and leisure, agro-food, property development, community development, mineral and mining, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies.

The Corporation is established under the Perbadanan Pembangunan Ekonomi Sarawak Ordinance, 1972 (Sarawak Cap. 35). The registered office of the Corporation is located at Menara SEDC, Level 3 – 11, Lot 2878, Isthmus, off Jalan Bako, 93050 Kuching, Sarawak.

The financial statements were authorised for issue by the Board Members in accordance with a resolution of the Members on 26 April 2019.

2. Compliance with Financial Reporting Standards

The financial statement have been prepared in compliance with Malaysian Private Entities Reporting Standard (MPERS) issued by Malaysian Accounting Standard Boards (MASB).

3. Basis of Preparation

The financial statements have been prepared in accordance with MPERS in Malaysia. The financial statements of the Corporation and of the Group have also been prepared on a historical cost basis, except for financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (“RM”).

4. Significant Accounting Policies

4.1 Business Combinations and Consolidation

(i) Business Combinations

The Group applies the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the Group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders’ approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(i) Business Combinations (contd.)

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one year from acquisition date.

(ii) Subsidiaries and Basis of Consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when the voting rights are not dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The financial statements of the parent Corporation and all its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 31 December 2018. The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Corporation and all its subsidiaries.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(ii) Subsidiaries and Basis of Consolidation (contd.)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee).

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary.

If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

(iii) Associates

The Group recognises an associate based on the criterion of significant influence. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies. This is normally (though not necessarily) accomplished when the Group, directly or indirectly through subsidiaries, holds 20 per cent or more of the voting rights of the investee.

When the Group's voting rights in an investee are less than 20 per cent, the Group assesses whether it has significant influence by examining all relevant facts and circumstances, including the existence of potential voting rights that are substantive, representation on the board of directors, participation in policy-making processes, material transactions between the Group and the investee, interchange of managerial personnel and provision of essential technical information.



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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(iii) Associates (contd.)

The Group may sometimes hold an insignificant equity interest in an investee to cement a trading relationship and is represented on the board of directors of the investee. If the Group's representation on the board of directors is solely for the purpose of protecting the value of the investment rather than participation in the policy decisions, the investee is not classified as an associate.

The Group measures all investment in associates using cost method.

(iv) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Corporation, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Corporation. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Corporation. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

4.2 Goodwill

Goodwill and Bargain Purchase

The Group does not recognise internally generated goodwill.

In a business combination accounted for under the acquisition method, purchased goodwill is recognised as an asset as of the acquisition date, measured at the difference between cost of investment and share of net assets acquired. Non-controlling interests' share of goodwill is not recognised.

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

Notes to the Financial Statements - 31 December 2018

4. Significant Accounting Policies (Contd.)

4.3 Property, Plant and Equipment and Depreciation

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Group obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised. All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

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 profit or loss 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.

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 profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to revenue reserve.

Sarawak Economic Development Corporation

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

Notes to the Financial Statements - 31 December 2018

4. Significant Accounting Policies (Contd.)

4.3 Property, Plant and Equipment and Depreciation (contd.)

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.4 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 4.14(g).

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.

(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 profit or loss by using the completion method where the significant risks and rewards of ownership have been transferred to the buyer.

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.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.5 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 profit or loss.

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 profit or loss.

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition.

For items of inventory that are individually significant or are segregated for individual projects, cost is measured using the specific identification method. For homogeneous items of inventory, cost is determined by the weighted average cost formula. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

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.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.7 Construction Contracts

The Group's contract accounting is usually applied separately to each construction contract with a customer. However, when a contract covers a number of assets, the construction of each asset is treated as a separate contract when: (a) separate proposals have been submitted for each asset; (b) each asset has been subject to separate negotiation, and the contractor and customer are able to accept or reject that part of the contract related to each asset; and (c) the costs and revenues for each asset can be identified. Conversely, a group of contracts, whether with a single customer or with several customers, is treated as single construction contracts when: (a) the group of contracts is negotiated as a single package; (b) the contracts are so closely related that they are, in effect, part of a single project with an overall profit margin; and (c) the contracts are performed concurrently or in a continuous sequence.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the proportion that costs incurred for work performed to date bear to the estimated total costs. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue on contract, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

When the aggregate of: (i) costs incurred; plus (ii) recognised progressive profit, less (iii) recognised foreseeable losses exceeds the progress billings to date of contract with customers, the excess is recognised and presented as a gross amount due from customers (a current asset). Conversely, when that aggregate is less than the progress billings, the shortfall is recognised and presented as a gross amount due to customers (a current liability).

4.8 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.

The investments are measured at fair value.

4.9 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 profit or loss in the year in which the expenditure is incurred. Plantation development expenditures are measured at cost.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.10 Accounting for Grants

A government grant is assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Grant received before the revenue recognition criteria are satisfied are recognised as deferred income. The Government Grants are measured at fair value.

The grant will be amortised based on useful life of grants.

4.11 Finance and Operating Leases

The Group recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee Accounting

The Group capitalises the underlying leased asset and the related lease liability in finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.11 Finance and Operating Leases (Contd.)

(ii) Operating Leases

The Group does not capitalise the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

4.12 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 reporting 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.

4.13 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of a Group's asset exceeds its recoverable amount. At the end of each reporting date, the Group assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Group determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.13 Impairment of Non-Financial Assets (contd.)

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.14 Financial Instruments

(a) Initial Recognition and Measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collection agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.



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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.14 Financial Instruments (contd.)

(b) Derecognition of Financial Instruments (contd.)

For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Group classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost. After initial recognition, investments in ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost. Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.14 (g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise. For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument .

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.14 Financial Instruments (contd.)

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group expects to receive for the asset if it were sold at the reporting date. The Group may estimate the recoverable amount using an adjusted net asset value approach.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.15 Revenue Recognition and Measurements

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 completion method as described in Note 26.

(iv) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 4.7.

4.16 Tax Assets and Tax Liabilities

A current tax for current and prior periods to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Group expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.16 Tax Assets and Tax Liabilities (contd.)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treats these as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Group does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.17 Employee Benefits

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

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

Notes to the Financial Statements - 31 December 2018

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4. Significant Accounting Policies (Contd.)

4.17 Employee Benefits (contd.)

(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.

(ii) 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 profit or loss as incurred.

4.18 Finance Costs

Finance costs of the Group include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

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

Notes to the Financial Statements - 31 December 2018

4. Significant Accounting Policies (Contd.)

4.19 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 reporting date are translated at the rates of exchange ruling at that date.

Foreign currency term loan at the reporting 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 profit or loss.

(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 profit or loss.

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

	2018 RM	2017 RM
1 Australian Dollar	2.91	3.17
1 United States Dollar	4.13	4.06

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

Notes to the Financial Statements - 31 December 2018

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## 5. Critical Judgements and Estimation Uncertainty

### 5.1 Judgements and Assumption Applied

In the selection of accounting policies of the Group, the areas that require significant judgements and assumptions are in:

#### (a) Classification of Finance and Operating Leases

The Group classifies a lease as a finance lease or an operating lease based on criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option or any optional renewal periods.

A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

### 5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group are in measuring: (a) value-in-use of non-financial assets in impairment testing; (b) loss allowances of financial assets; (c) depreciation of property, plant and equipment; (d) measurement of revenue and expenses in construction contracts and property development projects; and (e) measurement of income taxes.

#### (a) Determining the Value-in-Use

In determining the value-in-use of a stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s).

The actual outcome or event may not coincide with inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's financial position and results.

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

Notes to the Financial Statements - 31 December 2018

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5. Critical Judgements and Estimation Uncertainty (Contd.)

5.2 Estimation Uncertainty (contd.)

(b) Loss Allowances of Financial Assets

The Corporation and the Group recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable.

All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Corporation and the Group's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the Group's financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Measurement of Revenue and Expenses in Construction and Property Development Projects

The Corporation and the Group applies percentage of completion method to account for all of its construction contracts with customers and most of its property development projects. The method requires reliable estimation of future outcomes that invariably must rely on estimates of stage of completion, future revenue, future costs and collectability of progress billings. Internal budgets and forecasts are used in these estimates. The actual outcome will only be known when a contract or development project is completed and all units sold to customers and this actual outcome may not coincide with the estimates made.



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

Notes to the Financial Statements - 31 December 2018

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5. Critical Judgements and Estimation Uncertainty (Contd.)

5.2 Estimation Uncertainty (contd.)

(e) Measurement of Income Taxes

The Corporation and the Group operate in various jurisdictions and are subject to the income taxes in each jurisdiction. Significant judgement is required in determining the Corporation and the Group's provision for the current and deferred taxes because the ultimate tax liability for the Corporation and the Group as a whole is uncertain. When the final outcome of taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Corporation and the Group will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment	Freehold land/long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvement RM'000	Capital and construction work in progress RM'000	Pasture development costs RM'000	Total RM'000
Cost/Valuation								
At 1 January 2018	97,627	21,190	170,941	198,361	65,231	174,607	2,412	730,369
Addition	-	-	13,147	17,503	568	39,571	-	70,789
Write off	-	-	-	(21)	-	-	-	(21)
Transfer	-	-	117,001	-	-	(117,055)	-	(54)
Disposals	-	-	(281)	(1,505)	-	(76,393)	-	(78,179)
Exchange difference	(5,693)	-	(367)	(495)	(954)	-	-	(7,509)
At 31 December 2018	91,934	21,190	300,441	213,843	64,845	20,730	2,412	715,395
Accumulated depreciation Charge for 2017	267	525	2,992	5,693	992	-	-	10,469

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)	Freehold land/long leasehold land	Short leasehold land	Buildings and improvements	Plant machinery and equipment	Leasehold improvement	Capital and construction work in progress	Pasture development costs	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation (Contd.)								
At 1 January 2018	5,310	5,342	72,006	163,711	50,151	212	499	297,231
Charge for the year	361	526	4,432	7,978	996	-	-	14,293
Reclassification	-	-	-	-	(610)	-	-	(610)
Disposals	-	-	(121)	(2,035)	-	-	-	(2,156)
Write off	-	-	-	(21)	-	-	-	(21)
Transfer	-	-	3,597	-	-	-	-	3,597
Exchange difference	-	-	(115)	(330)	(421)	-	-	(866)
At 31 December 2018	5,671	5,868	79,799	169,303	50,116	212	499	311,468
Accumulated impairment losses								
At 1 January 2018 /	-	-	-	-	-	-	-	-
31 December 2018	-	-	4,094	2,215	27	-	1,913	8,249

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

Notes to the Financial Statements - 31 December 2018

Group	Freehold land/long leasehold land RM'000		Short leasehold land RM'000		Buildings and improvements RM'000		Plant machinery and equipment RM'000		Leasehold improvement RM'000		Capital and construction work in progress RM'000		Pasture development costs RM'000		Total RM'000	
Net book value																
At 31 December 2018	86,263		15,322		216,548		42,325		14,702		20,518		-		395,678	
At 31 December 2017	92,317		15,848		94,841		32,435		15,053		174,395		-		424,889	
Analysis of cost and valuation																
At cost	90,741		21,190		299,627		212,302		64,845		20,730		2,412		711,847	
At valuation	1,193		-		814		1,541		-		-		-		3,548	
At 31 December 2018	91,934		21,190		300,441		213,843		64,845		20,730		2,412		715,395	
At cost	96,434		21,190		170,127		196,820		65,231		174,607		2,412		726,821	
At valuation	1,193		-		814		1,541		-		-		-		3,548	
At 31 December 2017	97,627		21,190		170,941		198,361		65,231		174,607		2,412		730,369	

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
Corporation							
Cost/Valuation							
At 1 January 2018	31,232	90,216	3,853	100,251	757	9,189	235,498
Addition	-	37,945	-	10,546	-	4,043	52,534
Disposals	-	(1,779)	(818)	-	-	(90)	(2,687)
Transfer	-	(117,002)	-	117,002	-	-	-
At 31 December 2018	31,232	9,380	3,035	227,799	757	13,142	285,345
Accumulated depreciation							
Charge for 2017	525	-	276	754	-	224	1,779
At 1 January 2018	5,388	-	2,675	37,020	533	9,095	54,711
Charge for the year	526	-	330	1,744	-	375	2,975
Disposals	-	-	(818)	-	-	(74)	(892)
Charged to development grant	-	-	-	3,597	-	-	3,597
At 31 December 2018	5,914	-	2,187	42,361	533	9,396	60,391

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
Corporation	-	-	-	174	-	-	174
Accumulated impairment losses							
At 1 January 2018/							
31 December 2018							
Net book value							
At 31 December 2018	25,318	9,380	848	185,264	224	3,746	224,780
At 31 December 2017	25,844	90,216	1,178	63,057	224	94	180,613

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
Analysis of cost and valuation:							
At cost	30,078	9,380	3,035	226,985	431	13,142	283,051
At valuation	1,154	-	-	814	326	-	2,294
<b>At 31 December 2018</b>	<b>31,232</b>	<b>9,380</b>	<b>3,035</b>	<b>227,799</b>	<b>757</b>	<b>13,142</b>	<b>285,345</b>
At cost	30,078	90,216	3,853	99,437	431	9,189	233,204
At valuation	1,154	-	-	814	326	-	2,294
<b>At 31 December 2017</b>	<b>31,232</b>	<b>90,216</b>	<b>3,853</b>	<b>100,251</b>	<b>757</b>	<b>9,189</b>	<b>235,498</b>

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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)

Land comprises of:	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Total RM'000
Cost/Valuation				
At 1 January 2018	118	3,712	27,402	31,232
At 31 December 2018	118	3,712	27,402	31,232
Representing:				
At cost	118	2,558	27,402	30,078
At valuation	-	1,154	-	1,154
	118	3,712	27,402	31,232
Accumulated depreciation Charges for 2017	-	-	525	525
At 1 January 2018	-	40	5,348	5,388
Charges for the year	-	-	526	526
At 31 December 2018	-	40	5,874	5,914



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

Notes to the Financial Statements - 31 December 2018

6. Property, Plant and Equipment (Contd.)

	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Total RM'000
<b>Net Book Value</b>				
<b>At 31 December 2018</b>				
At cost	118	2,518	21,528	24,164
At valuation	-	1,154	-	1,154
	<u>118</u>	<u>3,672</u>	<u>21,528</u>	<u>25,318</u>
<b>Net Book Value</b>				
<b>At 31 December 2017</b>				
At cost	118	2,518	22,054	24,690
At valuation	-	1,154	-	1,154
	<u>118</u>	<u>3,672</u>	<u>22,054</u>	<u>25,844</u>

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.

The Group's property, plant and equipment include motor vehicles, plant, machinery and equipment with a net book value of RM63,775 (2017: RM95,360) which were acquired under hire purchase and finance lease agreements.

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

Notes to the Financial Statements - 31 December 2018

7. Hotel and Investment Properties

	Group	
	2018	2017
	RM'000	RM'000
At valuation:		
2004	111,670	111,670
2007	166,820	166,820
2010	144,712	144,712
2012	(3,226)	(3,226)
2013	(52)	(52)
2014	7,057	7,057
2015	2,562	2,562
2016	(7,001)	(7,001)
2017	14,936	14,936
2018	73,955	-
	<u>511,433</u>	<u>437,478</u>
At cost	<u>98,387</u>	<u>102,176</u>
	<u>609,820</u>	<u>539,654</u>
At 1 January	546,655	521,304
Additions during the year	73,864	4,014
Adjustment during the year	-	8,862
Transfer to property, plant and equipment	(3,698)	5,244
Revaluation surplus	-	7,231
At 31 December	<u>616,821</u>	<u>546,655</u>
<u>Impairment loss:</u>		
At 1 January	(21,463)	(19,009)
Additions	(2,321)	(2,454)
At 31 December	<u>(23,784)</u>	<u>(21,463)</u>
Net book value	<u>593,037</u>	<u>525,192</u>

The valuations for 2004, 2007, 2010, 2012, 2013, 2014 and 2015 in respect of hotel and investment properties were adopted by the directors of the subsidiaries based on independent valuations carried out by professional valuers on an open market value. The surplus or deficit on revaluation was credited or debited 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 in previous year.

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

Notes to the Financial Statements - 31 December 2018

8. Plantation Development Expenditure

	Group	
	2018 RM'000	2017 RM'000
At cost:		
At 1 January/31 December	<u>7,725</u>	<u>7,725</u>
Accumulated amortisation:		
At 1 January/31 December	<u>(3,304)</u>	<u>(3,304)</u>
Impairment loss:		
At 1 January/31 December	<u>(4,154)</u>	<u>(4,154)</u>
Net book value	<u>267</u>	<u>267</u>

9. Investment in Subsidiaries

	Corporation	
	2018 RM'000	2017 RM'000
Unquoted shares at cost	362,515	362,548
Equity contribution	<u>172,898</u>	<u>172,899</u>
	535,413	535,447
Less: Allowance for diminution in value	<u>(71,416)</u>	<u>(71,136)</u>
	<u>463,997</u>	<u>464,311</u>

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

Notes to the Financial Statements - 31 December 2018

9. Investment in 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 Limited, which is incorporated in Australia. Details of the Group's subsidiaries are as follows:

Name of company	Principal activities/status	Group's effective equity interest	
		2018 %	2017 %
Direct subsidiaries of the Corporation			
Bukit Saban Resort Sdn. Bhd. Company No. 315034-U	Owner of a holiday resort	100	100
Comerich Sdn. Bhd. Company No. 263183-P	Supplier of chicken and beef	100	100
Damai Beach Golf Course Bhd. Company No. 289575-H	Investment holding	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 sale of timber, investment and property holding	100	100
Eastern Empress Silk Sdn. Bhd. Company No. 132777-W	Inactive	100	100
Kuching Hotels Sdn. Bhd. Company No. 19220-W	Owner and operator of hotel and shopping complex	89	89
Permaisara Sdn. Bhd. Company No. 104725-V	Inactive	100	100
Permata Carpark Sdn. Bhd. Company No. 315033-K	Owner of a commercial car park complex	100	100
PPES Aqua (Santubong) Sdn. Bhd. Company No. 152122-T	Aquaculture and investment holding	100	100
PPES Ternak Holdings Sdn. Bhd. Company No. 104730-A	Investment holding	100	100
Sara Concrete Poles Sdn. Bhd. Company No. 306003-M	Inactive	100	100

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

Notes to the Financial Statements - 31 December 2018

9. Investment in Subsidiaries (Contd.)	Name of company	Principal activities/status	Group's effective equity interest	
			2018 %	2017 %
	Direct subsidiaries of the Corporation (contd.)			
	Sara Great Horizon Sdn. Bhd. Company No. 141892-P	Owner of a resort	100	100
	Sara-HL Plantation Sdn. Bhd. Company No. 248139-W	Oil palm plantation	100	100
	Sara Rasa Sdn. Bhd. Company No. 022086-U	Owner of a restaurant	85	85
	Sara Resorts Sdn. Bhd. Company No. 052135-X	Owner and operator of hotel and cultural centre, and extraction and sale of timber	100	100
	Sara Resorts Holdings Sdn. Bhd. Company No. 407089-T	Inactive	100	100
	Sara Resorts Management Sdn. Bhd. Company No. 261450-A	Management and service provider for trainings and events	100	100
	Sara Spectrum Holdings Sdn. Bhd. Company No. 219420-W	Investment holding	100	100
	Sara Tourism & Leisure Sdn. Bhd. Company No. 408289-X	Extraction and sale of timber	100	100
	Sara Urusharta Sdn. Bhd. Company No. 105180-V	Property management	100	100
	Sara Worldwide Vacations Bhd. Company No. 019223-V	Management of membership schemes	100	100
	Sarapine Sdn. Bhd. Company No. 237653-M	Inactive	100	100
	Sarawak Car Care Centre Sdn. Bhd. Company No. 35646-U	Leasing of car care centre	100	100

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

Notes to the Financial Statements - 31 December 2018

9. Investment in Subsidiaries (Contd.)

Name of company	Principal activities/status	Group's effective equity interest	
		2018 %	2017 %
Direct subsidiaries of the Corporation (contd.)			
Sedidik Sdn. Bhd. Company No. 50688-T	Early child development	100	100
Sejadu Sdn. Bhd. Company No. 170777-M	Owner and operator of hotel and shopping complex	100	100
Sara Hospitality Sdn. Bhd. Company No. 441568-K	Hotel management	100	100
Subsidiary of Damai Beach Golf Course Bhd.			
Damai Golf and Country Club Bhd. Company No. 139361-U	Management of a golf club	100	100
Subsidiaries of PPES Ternak Holdings Sdn. Bhd.			
PPES Ternak Sdn. Bhd. Company No. 104563-V	Rearing and marketing of livestocks	100	100
Sara-Bif Sdn. Bhd.* Company No.081917-D	Inactive	100	100
Rosewood Station Pty Limited Company No. ACN 009 612 284	Owner and operator of cattle properties	100	100

\*On 7<sup>th</sup> December 2015, the Corporation has submitted its application to Suruhanjaya Syarikat Malaysia to strike off Sara-Bif Sdn. Bhd. under Section 550 of the Companies Act 2016.

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

Notes to the Financial Statements - 31 December 2018

9. Investment in Subsidiaries (Contd.)		Group's effective equity interest	
Name of company	Principal activities/status	2018 %	2017 %
Subsidiaries of Sara Spectrum Holdings Sdn. Bhd.			
Hakanda Sdn. Bhd. Company No. 174704-T	Plantation	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 of Malaysia. The financial year-end of all the subsidiaries is 31 December.

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

Notes to the Financial Statements - 31 December 2018

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9. Investment in Subsidiaries (Contd.)

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

(a) Bukit Saban Resort Sdn. Bhd.

“Without qualifying our opinion, we draw your attention to Note 2 to the financial statements wherein is disclosed the basis of preparation of the financial statements.

The Company's accumulated losses as at 31 December 2018 shows balance of RM4,292,610 and as of that date, the shareholder's equity is at deficit of RM4,292,608 thereby indicating the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue its operation as a going concern depend on continued financial support from its holding entity and on the success of the Company's future operation.

In view of these, the holding entity have expressed their intention to provide continued financial support to the Company so as to enable it to meet its financial obligations as when they fall due.”

(b) Damai Beach Golf Course Berhad

“We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred net loss of RM6,673 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by RM6,034,439. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(c) Damai Golf and Country Club Berhad

“We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred net loss of RM1,180,859 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by RM2,404,119. As stated in Note 2.4, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(d) Damai Beach Resort Sdn. Bhd.

“We draw attention to Note 4.1 in the financial statements, which indicates that the Company incurred net loss of RM5,280 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by RM56,039 and with shareholders' deficit of RM56,039. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”



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

Notes to the Financial Statements - 31 December 2018

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9. Investment in Subsidiaries (Contd.)

(e) Damai Cove Resorts Sdn. Bhd.

“We draw attention to Note 2.1 in the financial statements, which indicates that the Company's current liabilities exceeded its current assets by RM3,625,904. As stated in Note 2.1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(f) Eastern Empress Silk Sdn. Bhd.

During the current financial year, the Company recorded a deficit in its total equity and the current liabilities of the Company exceeded its current assets by RM1,639,616.

The financial statements of the Company are prepared on the basis of accounting principles applicable to going concern as the ultimate holding corporation indicated its willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

(g) Sara-HL Plantation Sdn. Bhd.

During the financial year, the Company incurred net loss of RM157,492. As at 31 December 2018, the Company recorded a deficit in its total equity of RM3,558,004. This indicates the existence of a material uncertainty which cast significant doubt about the ability of the Company to continue as a going concern.

The financial statements are prepared on the basis of accounting principles applicable to a going concern as the ultimate holding corporation has indicated their willingness to provide financial support to the Company to enable the Company to continue its business operation as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect this matters.

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

Notes to the Financial Statements - 31 December 2018

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9. Investment in Subsidiaries (Contd.)

(h) Sarawak Car Care Centre Sdn. Bhd.

“Without qualifying our opinion, we draw attention to Note 3 to the financial statements, which indicated that the Company incurred a net profit of RM146,779 during the financial year ended 31 December 2018 and as of that date, the Company’s current liabilities exceeded its current assets by RM4,039,229 and its shareholder's funds is in deficit of RM1,686,643. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 18, indicated that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect this matter”.

(i) Sara Spectrum Holdings Sdn. Bhd.

During the financial year, the Group’s and Company’s current liabilities exceeded their current assets by RM21,812,454 and RM6,928,847 respectively. This indicated the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s abilities to continue as going concern.

The financial statements of the Group and the Company prepared on the basis of accounting principles applicable to going concern as the directors have indicated their willingness to provide financial support to the Group and the Company to enable it to operate as a going concern it the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

(j) Sara Resorts Holdings Sdn. Bhd.

“We draw attention to Note 4.1 in the financial statements, which indicates that the Company incurred net loss of RM5,380 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by RM55,819 and with shareholders' fund is in deficit of RM55,819. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(k) Sara Rasa Sdn. Bhd.

“We draw attention to Note 2 in the financial statements, which indicates that the Company’s current liabilities exceeded its current assets by RM67,597 and, as of that date, the shareholder’s fund is at deficit of RM57,588. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exist that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

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

Notes to the Financial Statements - 31 December 2018

9. Investment in Subsidiaries (Contd.)

(l) Sara Great Horizon Sdn. Bhd.

“We draw attention to Note 4.1 in the financial statements, which indicates that the Company’s current liabilities exceeded its current assets by RM289,951. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

10. Investment in Associates

	Group		Corporation	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	48,952	48,952	47,635	47,655
Allowance for diminution in value	<u>(1,402)</u>	<u>(1,150)</u>	<u>(150)</u>	<u>(150)</u>
	47,550	47,802	47,485	47,505
Share of retained profits less losses	<u>281,720</u>	<u>265,942</u>	<u>-</u>	<u>-</u>
	<u>329,270</u>	<u>313,744</u>	<u>47,485</u>	<u>47,505</u>

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

Notes to the Financial Statements - 31 December 2018

10. Investment in Associates (Contd.)

Details of the Group's associates, all of which are incorporated in Malaysia, as at 31 December 2018 and their principal activities are shown below:

Name of company	Principal activities/status	Group's effective equity interest	
		2018 %	2017 %
Direct associates of the Corporation			
GOS Management Holdings Sdn. Bhd.* Company No. 591107-U	Investment holding	-	36
CMS Resources Sdn. Bhd. Company No. 98773-T	Investment and property holding	49	49
LF Asia Sebor (Sarawak) Holdings 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 and road maintenance	49	49
CMS Property Management Sdn. Bhd. Company No. 326616-U	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
Good Harvest Plantation Sdn. Bhd. Company No. 600593-D	Cultivation of coconut	30	30
Fieldmart Care Sdn. Bhd. (formerly known as Pop Media Sdn. Bhd.) Company No. 486260-P	Investment holding	40	40

\*On 20<sup>th</sup> October 2018, the Company had completed its Members Voluntary Winding Up and ceased to be an associate of the Corporation at Statement of Financial Position date.

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

Notes to the Financial Statements - 31 December 2018

10. Investment in Associates (Contd.)

Name of company	Principal activities	Group's effective equity interest	
		2018 %	2017 %
Associates of Sara Spectrum Holdings Sdn. Bhd.			
Carbon Supplies (Sarawak) Sdn. Bhd. Company No. 295344-H	Owner of activated carbon factory	40	40
Kemudi Saling Sdn. Bhd.	Oil palm plantation	30	30

The financial year end of all the associates is 31 December.

11. Investments in Other Corporations

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares in Malaysia	11,954	11,960	11,686	11,686
Quoted shares in Malaysia	167,275	241,327	167,239	241,287
Unit trust quoted in Malaysia	55,495	69,028	40,649	54,367
	<u>234,724</u>	<u>322,315</u>	<u>219,574</u>	<u>307,340</u>

The fair value of quoted equity investments are measured based on the quoted price in active markets.

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

Notes to the Financial Statements - 31 December 2018

12. Inventories

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Properties held for sale	6,191	6,191	6,191	6,191
Trading stocks	201	43	-	-
Livestock	39,486	39,511	-	-
Souvenir stocks	284	273	-	-
Materials and consumable	1,560	1,731	37	39
	<u>47,722</u>	<u>47,749</u>	<u>6,228</u>	<u>6,230</u>
Provision for inventories obsolescence	(258)	(258)	-	-
	<u><u>47,464</u></u>	<u><u>47,491</u></u>	<u><u>6,228</u></u>	<u><u>6,230</u></u>

Except for livestock and properties held for sale, all other inventories are stated at cost. The valuation for livestock and property held for sale are as follows:

	Group	
	2018 RM'000	2017 RM'000
Livestock		
At net realisable value	<u>39,486</u>	<u>39,511</u>
	<u><u>39,486</u></u>	<u><u>39,511</u></u>
	Group and Corporation	
	2018	2017
	RM'000	RM'000
Properties held for sale		
At cost	<u>6,191</u>	<u>6,191</u>
	<u><u>6,191</u></u>	<u><u>6,191</u></u>

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

Notes to the Financial Statements - 31 December 2018

13. Trade and Other Receivables	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	40,925	42,900	16,631	15,257
Allowance for doubtful debts	<u>(11,934)</u>	<u>(12,037)</u>	<u>(8,316)</u>	<u>(8,439)</u>
	<u>28,991</u>	<u>30,863</u>	<u>8,315</u>	<u>6,818</u>
Other receivables and prepayments	19,078	25,817	17,451	18,795
Advances to subsidiaries	-	-	157,627	160,668
Advances to associates	-	-	408	692
Allowance for doubtful debts	<u>(161)</u>	<u>(119)</u>	<u>(82,589)</u>	<u>(84,833)</u>
	<u>18,917</u>	<u>25,698</u>	<u>92,897</u>	<u>95,322</u>
Tax recoverable	<u>4,021</u>	<u>2,079</u>	<u>724</u>	<u>513</u>
Total	<u><u>51,929</u></u>	<u><u>58,640</u></u>	<u><u>101,936</u></u>	<u><u>102,653</u></u>

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment except for a certain loan to an associate which bear interest rate of 5% per annum and has fixed repayment terms.

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

Notes to the Financial Statements - 31 December 2018

14. Fixed Deposits With Financial Institutions

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits with maturity more than three month	<u>46,731</u>	<u>43,511</u>	<u>32,262</u>	<u>28,945</u>

The fixed deposits with financial institution at the end of the reporting period bore an effective interest rate of 3.00% to 3.90% (2017: 3.00% to 3.90%) with a maturity period of 6-12 months.

15. Cash and Cash Equivalents

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	84,610	65,261	30,195	6,755
Fixed deposits with financial institutions	<u>179,215</u>	<u>198,181</u>	<u>140,361</u>	<u>153,828</u>
	263,825	263,442	170,556	160,583
Less: Deposits pledge to bank	<u>(500)</u>	<u>(500)</u>	-	-
	<u>263,325</u>	<u>262,942</u>	<u>170,556</u>	<u>160,583</u>

Included in the Group's fixed deposits was RM500,000 (2017: RM500,000) placed on lien to licensed banks for bank guarantee facilities granted to certain subsidiaries of the Group.

The fixed deposits with financial institution at the end of the reporting period bore an effective interest rate of 3.00% to 3.90% (2017: 3.00% to 3.90%) with a maturity period of 3 months.

16. Reserves

		Group		Corporation	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital reserves		3,768	3,768	-	-
Share premium	(a)	-	9,348	-	-
Revaluation reserve	(b)	60,193	70,594	-	-
Reserve on consolidation	(c)	52,323	52,368	-	-
Revenue reserve		<u>1,130,162</u>	<u>1,154,160</u>	<u>718,283</u>	<u>777,656</u>
		<u>1,246,446</u>	<u>1,290,238</u>	<u>718,283</u>	<u>777,656</u>



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

Notes to the Financial Statements - 31 December 2018

16. Reserves (Contd.)

(a) Share premium

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	9,348	9,348
Reclassification of account	<u>(9,348)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>9,348</u>

(b) Revaluation reserve

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	70,594	109,207
Arising on consolidation	<u>(10,401)</u>	<u>(38,613)</u>
At 31 December	<u>60,193</u>	<u>70,594</u>

(c) Reserved on consolidation

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	52,368	52,346
Arising on consolidation	<u>(45)</u>	<u>22</u>
At 31 December	<u>52,323</u>	<u>52,368</u>

The revaluation reserve relates to surplus or deficit on revaluation of property, plant and equipment, hotel and investment properties of the Group.

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

Notes to the Financial Statements - 31 December 2018

17. State Government Equity Grant and Contribution for Equity Participation

	Group and Corporation	
	2018	2017
(a) <u>State government equity grant</u>	RM'000	RM'000
Sejadu Sdn. Bhd.	11,000	11,000
Sara Resorts Sdn. Bhd.	10,850	10,850
Bukit Saban Sdn. Bhd.	9	9
Damai Cove Resorts Sdn. Bhd.	37,000	37,000
PPES Akua (Santubong) Sdn. Bhd.	1,000	1,000
Sarawak Car Care Centre Sdn. Bhd.	5,389	5,389
Sarawak Coconut Enterprises Sdn. Bhd.	7,080	7,080
Carbon Supplies (Sarawak) Sdn. Bhd.	2,880	2,880
GOS Management Holdings Sdn. Bhd.	-	20
	<u>75,208</u>	<u>75,228</u>
(b) <u>State government contribution for equity participation</u>	RM'000	RM'000
Sejadu Sdn. Bhd.	144,189	144,189
Sara Resorts Sdn. Bhd.	57,400	57,400
Kuching Hotels Sdn. Bhd.	24,088	24,088
Damai Cove Resorts Sdn. Bhd.	37,000	37,000
Borsamulu Resort Sdn. Bhd.	2,000	2,000
	<u>264,677</u>	<u>264,677</u>

The State Government Equity Grant 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.

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

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

Notes to the Financial Statements - 31 December 2018

18. Development Funds

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bumiputra Participation Fund	71,382	62,287	71,382	62,287
Aquaculture Development Fund	9,611	9,611	9,611	9,611
Camp Permai Fund	15,052	15,052	-	-
Others	20,127	21,886	20,127	21,886
	<u>116,172</u>	<u>108,836</u>	<u>101,120</u>	<u>93,784</u>
At 1 January	108,835	129,490	93,784	114,438
Received during the year	52,253	40,604	52,253	40,604
Disbursed/utilised during the year	(44,916)	(61,258)	(44,917)	(61,258)
At 31 December	<u>116,172</u>	<u>108,836</u>	<u>101,120</u>	<u>93,784</u>

19. Lease Payables

	Group	
	2018 RM'000	2017 RM'000
Repayable within twelve months	30	29
Repayable after twelve months	<u>10</u>	<u>40</u>
	<u>40</u>	<u>69</u>
<u>Minimum lease payment:</u>		
Not later than one year	30	29
Later than one year but not later than five years	<u>11</u>	<u>42</u>
	41	71
Future finance charges	<u>(1)</u>	<u>(2)</u>
Present value of finance lease liabilities	<u>40</u>	<u>69</u>

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

Notes to the Financial Statements - 31 December 2018

20. Government Term Loans

	Group and Corporation	
	2018	2017
	RM'000	RM'000
Interest bearing loans, unsecured	8,280	8,507
Repayable within one year	<u>(236)</u>	<u>(227)</u>
Repayable after one year	<u>8,044</u>	<u>8,280</u>

The interest rate is 4% per annum (2017: 4% per annum) for interest bearing loans.

21. Government Grants

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	7,394	9,834
Amortisation of grants	(1,103)	(2,331)
Government grant (transfer)/received during the year	<u>1,501</u>	<u>(109)</u>
At 31 December	<u>7,792</u>	<u>7,394</u>

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

Notes to the Financial Statements - 31 December 2018

22. Deferred Tax

	Group	
	2018 RM'000	2017 RM'000
At 1 January	11,084	11,730
Recognised in income statement (Note 28)	1,504	(333)
Exchange differences	(851)	(313)
At 31 December	<u>11,737</u>	<u>11,084</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Inventories (livestock) RM'000	Property, plant & equipment RM'000	Others RM'000	Total RM'000
Deferred tax liabilities of the Group:				
At 1 January 2018	10,424	526	134	11,084
Recognised in income statement	1,504	-	-	1,504
Exchange differences	(851)	-	-	(851)
At 31 December 2018	<u>11,077</u>	<u>526</u>	<u>134</u>	<u>11,737</u>

	Inventories (livestock) RM'000	Property, plant & equipment RM'000	Others RM'000	Total RM'000
Deferred tax liabilities of the Group:				
At 1 January 2017	11,070	526	134	11,730
Recognised in income statement	(333)	-	-	(333)
Exchange differences	(313)	-	-	(313)
At 31 December 2017	<u>10,424</u>	<u>526</u>	<u>134</u>	<u>11,084</u>

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

Notes to the Financial Statements - 31 December 2018

23. Employee Benefits

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Long service leave	118	114	-	-
Annual leave and others	2,523	2,559	2,523	2,559
	<u>2,641</u>	<u>2,673</u>	<u>2,523</u>	<u>2,559</u>

24. Other Borrowing

	Group	
	2018 RM'000	2017 RM'000
Term loans, secured	<u>20,000</u>	<u>15,000</u>
Repayable after one year	<u>20,000</u>	<u>15,000</u>

Term loan RHB

In 2012, the Company obtained a term loan RM26 million from RHB Bank. The loan is for a tenure of 20 years from the first release of the loan. The first release of RM5 million was on 19 April 2017 and the second release of RM10 million was on 20 July 2017. The third release was RM5 million on 10 December 2018. The interest rate for term loan from RHB is 4.99%.

25. Trade and Other Payables

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	6,041	9,262	-	-
Other payables and accruals	35,278	34,251	17,453	6,354
	<u>41,319</u>	<u>43,513</u>	<u>17,453</u>	<u>6,354</u>

Included in other payables and accruals of the Group is deferred membership fee amounting to RM894,079 (2017: RM938,000) which represents advance membership fees received from members under the short term membership arrangement and advance licence fees received from members.

The Group's other payables and accruals also include advances from a former Corporate Shareholder of a subsidiary amounting to RM1,385,696 (2017: RM1,385,696). The amount due to the former corporate shareholder of a subsidiary, Sarawak Coconut Enterprise Sdn. Bhd., is unsecured, interest-free and has no fixed terms of repayment.

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment except for a certain loan to an associate which bear interest rate of 5% per annum and has fixed repayment terms.

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

Notes to the Financial Statements - 31 December 2018

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26. Revenue and Cost of Sales

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, food and beverage, hotel rooms and hospitality services, property management and maintenance services, golf course operations and maintenance costs and livestock.

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

Notes to the Financial Statements - 31 December 2018

27. (Loss)/Profit Before Taxation	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a) (Loss)/Profit before taxation is stated after charging/(crediting):				
Amortisation of development expenditure	(4,096)	(4,096)	(4,096)	(4,096)
Allowance for diminution in investment	74,306	6,734	74,441	7,061
(Reversal of allowance for)/ Allowance for doubtful debts, net of allowance no longer required	(2,250)	(5,490)	(2,367)	5,657
Allowance for impairment receivables	(720)	741	-	-
Auditors' remuneration				
- current year	312	338	50	50
- under provision in prior years	10	4	-	-
Amortisation of government grants	(1,103)	(3,226)	-	-
Bad debts written off	3,793	2,157	41	-
Depreciation of property, plant and equipment	12,320	10,465	2,975	1,779
Depreciation of investment property	2,321	2,454	-	-
Dividend income	(716)	(701)	(27,482)	(27,557)
(Loss)/Gain on disposal of other investments	(57)	203	-	-
Loss/(Gain) on disposal of property, plant and equipment	179	(91)	(140)	(58)
Gross dividends from:				
Associates				
- unquoted in Malaysia	(19,749)	(21,588)	(19,749)	(21,588)
Subsidiaries				
- unquoted in Malaysia	(1,490)	-	(1,490)	-
Other corporations				
- quoted in Malaysia	(6,243)	(5,970)	(6,243)	(5,970)
Income from rental of land and buildings	(4,289)	(3,202)	(4,289)	(3,202)
Interest income	(10,332)	(10,164)	(8,524)	(8,728)



Sarawak Economic Development Corporation  
(Established under The Sarawak Economic Development

Notes to the Financial Statements - 31 December 2018 Corporation Ordinance, 1972)

27. (Loss)/Profit Before Taxation (Contd.)

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a) (Loss)/Profit before taxation is stated after charging/(crediting):				
Interest expense				
- commercial borrowings	1,824	1,164	-	-
- hire purchase	2	-	-	-
- government loan	332	341	332	341
Loss on foreign exchange				
- unrealised	6	36	-	-
- realised	22	36	-	-
Members' remuneration:				
- fees as Members of the Corporation	2,079	1,688	234	230
- allowance as Members of the Corporation	360	258	101	71
Rental income	(982)	(1,003)	-	-
Rental expenses				
- land and buildings	1,417	1,232	458	482
- equipments	22	-	-	-
Reversal of allowance of doubtful debts	-	(4)	-	-

(b) Employee information

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Staff costs	46,639	44,239	21,751	20,703
Number of employees as at 1 January	1,133	885	260	260
Subsidiary's employees omitted in 2017	-	248	-	-
Additional / (Retirement) for the year	215	-	(11)	-
Restated number of employees as at 31 December	1,348	1,133	249	260

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

Notes to the Financial Statements - 31 December 2018

28. Taxation

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax:				
Based on results for the year				
- Malaysian income tax	1,652	2,788	-	-
- Foreign tax	670	-	-	-
Under provision in prior years				
- Malaysian income tax	20	36	-	-
	<u>2,342</u>	<u>2,824</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences				
- Malaysian income tax	(31)	(441)	-	-
- Foreign tax	1,339	-	-	-
Under/(over) provision in prior year	36	(132)	-	-
	<u>1,344</u>	<u>(573)</u>	<u>-</u>	<u>-</u>
Tax expense for the current year	<u>3,686</u>	<u>2,251</u>	<u>-</u>	<u>-</u>

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 24% (2017: 24%) of the estimated assessable profit for the year. Current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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

Notes to the Financial Statements - 31 December 2018

28. Taxation (Contd.)

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:

	Group	
	2018	2017
	RM'000	RM'000
(Loss)/Profit before taxation	<u>(28,140)</u>	<u>44,984</u>
Taxation at Malaysian statutory tax rate of 24%	(6,754)	10,796
Effect of lower tax rate at 20%	22	-
Effect of different tax rates in other countries	254	(167)
Effect of income not subject to tax	(1,330)	(13,258)
Expenses not deductible for tax purposes	11,778	5,864
Revenue expenditure capitalised	1,690	1,371
Utilisation of previously unrecognised capital allowance and tax loss	(2,445)	(608)
Utilisation of deferred tax assets carried forward previously not recognised	-	(879)
Non allowable income	(4)	(775)
Deferred tax assets not recognised	419	-
Under provision of income tax expense in prior years	20	39
Over provision of deferred tax in prior years	<u>36</u>	<u>(132)</u>
Tax expense for the year	<u>3,686</u>	<u>2,251</u>
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Unabsorbed capital allowance	258,664	385,717
Utilisation reinvestment allowances	173,628	153,467
Unutilised tax losses carried forward	<u>22,898</u>	<u>46,379</u>

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

Notes to the Financial Statements - 31 December 2018

28. Taxation (Contd.)

	Corporation	
	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	<u>(59,373)</u>	<u>14,076</u>
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(14,250)	3,378
Effect of income not subject to tax	(9,386)	(10,087)
Expenses not deductible for tax purposes	<u>23,636</u>	<u>6,709</u>
Tax expense for the year	<u>-</u>	<u>-</u>
Tax savings during the financial year arising from:		
Unutilised capital allowances carried forward	9,458	7,730
Unutilised tax losses carried forward	<u>35,153</u>	<u>21,645</u>

29. Related Parties Disclosure

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

	Corporation	
	2018 RM'000	2017 RM'000
Rental received from subsidiaries	(144)	(143)
Interest received from an associate	(7)	(34)
Interest received from subsidiaries	(1,275)	(1,158)
License fee received from an associate	(178)	(180)
Development cost paid to associates	<u>5,348</u>	<u>19,019</u>

The key management professional compensation is RM1,076,848 (2017: RM909,444).

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

Notes to the Financial Statements - 31 December 2018

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30. 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.

As disclosed in the Company’s foreign subsidiary’s financial statements, the Native Title consent determination over Rosewood was handed down on 31 May 2011 by Federal Court, Australia, which determined certain native title rights and interests of certain native title holders. However, these native title rights and interests do not confer native holders, possession, occupation and enjoyment to the exclusion of the rights and interests of Rosewood under Perpetual Pastoral Lease 1013. The native title rights and interests are for personal or communal needs of the native title holders which are of domestic nature and not for any commercial or business purpose. In the event of conflict, the rights and interests of Rosewood prevail over, but not extinguish the native rights.

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

Notes to the Financial Statements - 31 December 2018

31. Commitments

	Group		Corporation	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital commitment for the acquisition of property, plant and equipment:				
Approved and contracted for	129,990	46,152	3,552	22,467
Approved but not contracted for	<u>1,620</u>	<u>35,102</u>	<u>-</u>	<u>-</u>
	<u>131,610</u>	<u>81,254</u>	<u>3,552</u>	<u>22,467</u>

32. Significant Events

The significant events are disclosed in Note 9 to the financial statements.

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

Detail Statement of Comprehensive Income  
For The Year Ended 31 December 2018

	2018 RM'000	2017 RM'000
Revenue		
Dividend income - subsidiaries	1,490	-
Dividend income - associates	19,749	21,588
Dividend income - other investments	6,243	5,970
Gain on disposal of property, plant and equipment	140	58
Gain on divestment of investment	600	-
Interest income	8,524	8,728
Licensing fees	176	180
Rental income	4,289	3,202
Sales of property development	-	230
Sundry income	312	343
	<u>41,523</u>	<u>40,299</u>
Less: Cost of sales		
Property development cost	<u>-</u>	<u>189</u>
Gross profit	41,523	40,110
Add: Other operating income		
Allowance for doubtful debts no longer required	2,367	5,688
Government grant	5,799	4,625
Other operating income	<u>4,096</u>	<u>4,096</u>
	<u>12,262</u>	<u>14,409</u>

For management purpose only

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

Detail Statement of Comprehensive Income  
For The Year Ended 31 December 2018

	2018 RM'000	2017 RM'000
Less: Administrative expenses		
Hotel room subsidy	34	34
Office moving expenses	72	-
Professional fees subsidy	20	-
Program Internship Siswazah	65	91
Staff accommodation	11	18
Staff incentive allowance	1,988	1,576
Staff paid leave	278	391
Staff bonus	1,393	983
Staff chronic illness and hospitalization	162	71
Staff corporate gathering	34	64
Staff divisional meeting	28	27
Staff EHS (medical checkup)	29	66
Staff external training	496	303
Staff housing loan interest subsidy	185	257
Staff in-house training	487	478
Staff leave passage	-	2
Staff maternity	8	10
Staff medical	318	200
Staff membership fees	-	8
Staff mileage	60	78
Staff overtime	115	141
Staff salary - junior	6,308	6,431
Staff salary - senior	8,760	8,427
Staff transport and travelling	652	958
Staff uniform	161	28
Staff welfare	16	12
Staff children education	50	11
Welfare - retirement	21	34
	21,751	20,699



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

Detail Statement of Comprehensive Income  
For The Year Ended 31 December 2018

	2018 RM'000	2017 RM'000
Less: Other operating expenses		
Bad debts written off	41	-
Board's expenses	493	433
Business zakat	300	250
Depreciation of property, plant and equipment	2,975	1,779
General expenses	1,545	1,282
Maintenance expenses	3,588	2,725
Office expenses	3,657	2,568
Professional fees	297	358
Project expenses	386	643
Financial assistance to subsidiaries	3,350	2,300
Provision for diminution in value of investment	74,441	7,061
	<u>91,073</u>	<u>19,399</u>
Operating (loss)/profit	(59,039)	14,421
Less: Finance costs		
Interest on government loan	332	342
Other finance costs	2	3
	<u>334</u>	<u>345</u>
(Loss)/Profit before taxation	<u>(59,373)</u>	<u>14,076</u>



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