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SECTION 1 : CORPORATE STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the Members of the Board, I am pleased to present the Annual Report of Sarawak Economic Development Corporation for the financial year ending 2011.

The Corporation posted a strong Profit Before Tax (PBT) of RM27.15 million, and this is significantly higher than the budgetted PBT RM4.205 million for 2011. The Group also recorded a PBT of RM34.71 million thus maintaining a healthy positive trend albeit in an increasingly challenging economic condition and global market uncertainties.

2011 also saw the completion of a number of projects. These include RM3.3 million Medan Niaga Sibu, the development RM12.08 million of 44 units of mixed commercial properties at Bintawa, Kuching which was undertaken on a joint venture basis with a private partner. Another joint venture project was the development of Palm Villa, comprising of 207 units of mixed properties which is currently in its second phase of development.

To enhance our role in the tourism industry, we have successfully undertaken a number of projects in 2011 at a total cost of RM 36.35 million. This include :-

- Damai Central project in Santubong;
- Upgrading of Sarawak Cultural Village;
- Extension and beautification of Sarawak Waterfront;
- Refurbishment of Riverside Shopping Complex;
- Refurbishment of Riverside Superbowl;
- Upgrading and repair works at Santubong Mountain Jungle Trek; and
- Refurbishment of Block 7, Damai Beach Resort.

These projects are expected to generate more revenue while at the same time giving a fresh new look.

In agriculture and food sector, our joint-venture partner have successfully planted a total of 26,400 matag species coconut palms under Phase 1 . The whole project covers an area of 2,115 hectares in Asajaya, Samarahan Division.

In aquaculture, our Santubong farm with its 83 ponds and a total water surface area of 53.57 hectares achieved production of 1,365 metric tonnes of white prawn (*penaeus vannamei*). Plans are underway to expand the farm with 28 additional ponds to meet increasing demand for the product especially in overseas market.

Our cattle farms, Rosewood Station, Strathmere Beadie and Karabungan also recorded an overall sale of 7,069 heads this year.

As a trust agency for the development of Bumiputera entrepreneurs in the State, SEDC continued to implement various schemes and programmes aimed at enhancing the

CHAIRMAN'S Statement



YB DATUK HAJI TALIB ZULPILIP
CHAIRMAN
Sarawak Economic Development Corporation

capacity and capability of local entrepreneurs in Sarawak. A total of RM7.7 million was spent by the Corporation on various programmes in 2011 benefiting a total of 2,902 entrepreneurs. These programmes include *Program Peningkatan Usahawan Bumiputera* (PUTERA), *Program Pembangunan Rakyat Khas* (PPRK) and *Skim Pinjaman Industri Kecil dan Sederhana* (SPIKS), *Skim Pinjaman Usahawan Desa Pelbagai*, Community and Commercial Broiler Programmes, Capacity Building Programmes, *Pusat Inkubator dan Bimbingan Usahawan* (PIBU) and *1 AZAM-Niaga*.

Much of the success of SEDC is attributed to strong teamwork and commitment of staff towards upholding a high standard of corporate governance, professionalism, integrity and excellence in undertaking their tasks. Our principles of Corporate Governance practiced across the group reflect our strong belief in doing the right things right at all times. Our efforts also did not go unnoticed as SEDC was awarded 4-Star rating (Highest level under the Accountability Index) for its Financial Management Practices by the National Audit Department for the second consecutive year in 2011.

The culture of innovation and quality improvement continued to be diligently practiced with our ISO 9001:2008 Quality Management System, adoption of best practices and upgrading of our delivery systems through Information Technology to provide fast and reliable service to our customers. This is in line with our War Cry "Get It Done- Fast & Right". Other Quality

CHAIRMAN'S STATEMENT continuation



Improvement initiatives such as 5S Quality Environment, Key Focus Activities (KFA), Staff Suggestion Programmes (SSP) and Innovation & Quality Assurance Review are also diligently implemented and practiced by all staff.

Through our Corporate Social Responsibility programme (CSR), we are committed to giving back to the society. Among our CSR programmes are donations in cash and kinds, annual contribution of Zakat Perniagaan to Tabung Baitulmal amounting to RM293,319.43, "Love-In-A-Box" programme involving presentation of gifts to needy children, Majlis Titian Kasih with the Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak, assistance to residents of Old Folk's Home, Blood Donation and "Gotong Royong" projects.

As a learning organisation, we continued to invest heavily in the training and development of our people to help them to realise their full potential. With the right training, skills and work environment, they are motivated to add value to the group with innovative ideas and professionalism in the delivery of services to customers.

In the years ahead, we expect to further improve the performance of the Group's business while at the same time enhancing our commitment to integrity and accountability in our actions.

While SEDC will continue to strengthen and enhance existing businesses, at the same time, we will create new businesses by building smart partnerships and strategic alliances with reputable and successful organisation. In line with our Blue Ocean strategy we will aggressively develop our idle assets and pave the way for new industries that contribute towards the development of Sarawak.

I would like to take this opportunity to thank our stakeholders and partners for their support and trust in SEDC. To all our staff who have been loyal, hardworking and served the Corporation with dedication, a BIG THANK YOU to every one.

"COMMITTED TO EXCELLENCE"

**YB Datuk Haji Talib Zulpilip
CHAIRMAN**



Accountability Index Award 2010 & 2011

A low-angle photograph of the Menara SEDC building, a modern structure with a white upper section and a large glass facade. The building is set against a bright blue sky with scattered white clouds. Three flags are visible on poles atop the building. The text 'MENARA SEDC' is prominently displayed in large, yellow, three-dimensional letters along the top edge of the white section. The 'S' in SEDC is stylized within a yellow square.

MENARA SEDC

SECTION 2 : CORPORATE INFORMATION

CORPORATE BACKGROUND

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

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

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

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

VISION

To be the premier State agency in Malaysia

MISSION

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

SHARED VALUES

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

MOTTO

“COMMITTED TO EXCELLENCE”

WAR CRY

“GET IT DONE - FAST AND RIGHT”



Agro Food-Based



Tourism and Leisure



Entrepreneur Development

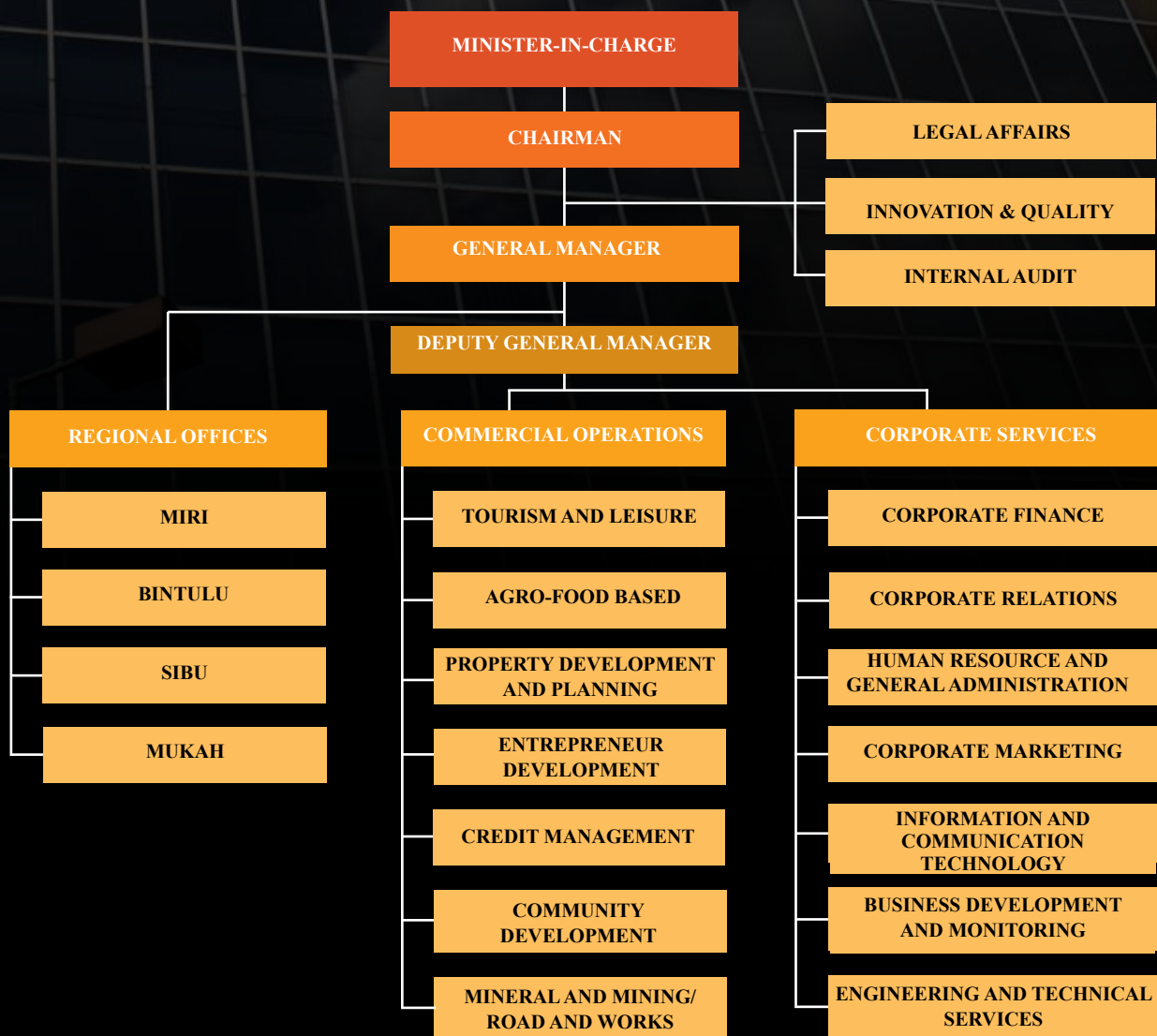


Property Development



Community Development

Organisation Structure



SEDC BOARD MEMBERS 2011



**YANG BERTHORMAT DATUK HAJI
TALIB ZULPILIP**
Chairman



**YANG BERTHORMAT TAN SRI
DATUK AMAR HAJI MOHAMAD
MORSHIDI BIN ABDUL GHANI**
Sarawak State Secretary



**YBHG. DATO SRI AHMAD
TARMIZI BIN HAJI SULAIMAN**
Sarawak State Financial Secretary



**YBHG. DATU HAJAH
JABIDAH
BINTI MONSERI**



**YANG BERTHORMAT DATUK
DR STEPHEN
RUNDI UTO**



**YBHG. DATUK AMAR
WILSON BAYA DANDOT**



**YBHG. DATUK FONG JOO
CHUNG**



**YBHG. DATUK HAJI
ISMAIL
BIN HAJI HASHIM**



**YBHG. DATU HAJI WAN
ALWI
BIN DATO SRI WAN
HASHIM**



**YBHG. DATUK HAJI
ABDUL RASHID BIN HAJI
AZIZ**



**YBHG. ENCIK JASNI BIN
JUBLI**

MANAGEMENT TEAM 2011



Standing (L - R)

Cik Siti Nurazlina Dollah Amat Usop, Encik Edwin Abit, Tuan Haji Jamaludin Mohd. Yusof, Encik James Ambrose Dago, Encik Yap Yien Chiang, Encik John W. Sirau, Encik Sulzari Mohamed, Encik Sapuan Mawi, Encik Paul M. Ningkan, Puan Marilyn N. Biyor

Seated (L - R)

Puan Hajah Rakayah Hamdan, Datu Dr. Haji Sulaiman Haji Husaini (General Manager), YB Datuk Haji Talib Zulpilip (Chairman), Tuan Haji Wan Lizozman Wan Omar (Deputy General Manager), Puan Hajah Siti Hajar Abang Mon



Your Preferred Business Partner



Agro - Food



Fisheries & Aquaculture



Entrepreneur Development



Tourism & Leisure



Rest & Recreation & Commercial Centre



Mineral, Mining & Works



Property Development



Child Care & Family Development

SEDC is a statutory body entrusted with the task of nurturing strategic, pioneering and capital-intensive industries as well as complementing the growth and development of a vibrant Bumiputera Commercial Industrial Community (BCIC) in Sarawak. SEDC plays a major role in spearheading these industries towards the economic and social transformation of the State.

AWARDS & CERTIFICATIONS



Prime Minister's Quality Award 1994



Anugerah Kualiti Terbilang Sarawak Kerajaan Negeri Sarawak 1996



Sarawak Chief Minister's Quality Award for Civil Service 1999



Anugerah Pengamal Kualiti 2009



Malaysian Business Ethics Excellence Award 2008



Anugerah Kecekungan Pengurusan Kewangan Berasaskan Indeks Akuntabiliti Tahun 2009



Anugerah Kecekungan Pengurusan Kewangan Berasaskan Indeks Akuntabiliti Tahun 2010



Anugerah Kecekungan Pengurusan Kewangan Berasaskan Indeks Akuntabiliti Tahun 2011



Anugerah Inovasi Perkhidmatan Awam Kebangsaan 1996



Quality Management System - ISO 9001:2008 & BS EN ISO 9001:2009 Certification



SARAWAK ECONOMIC DEVELOPMENT CORPORATION (SEDC)

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

P.O. Box 400, 93902 Kuching, Sarawak

Tel : +082-416777 Fax : +082-424330 email: ssedc@po.jaring.my www.sedc.com.my



SEDC GROUP OF COMPANIES

TOURISM & LEISURE

Subsidiaries

Sara Resorts Sdn Bhd

❖ *Sara Hospitality Sdn Bhd*

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

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

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Rasa Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Resorts Holdings Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Convention Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Associates

GOS Management Holdings Sdn Bhd

18th Floor, Wisma Bapa Malaysia
Petra Jaya
93502 Kuching
Tel: 082-311990 / 082-492336
Fax: 082-442235 / 082-448308
Website: www.sedc.com.my

Kuching Hotels Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Damai Beach Golf Course Bhd

❖ *Damai Golf & Country Club Bhd*

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Resorts Management Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Bukit Saban Resort Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Damai Beach Resort Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Tourism & Leisure Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
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.sedc.com.my

Sejadu Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
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

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Great Horizon Sdn Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com

Sara Hotels Bhd

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel: 082-416777
Fax: 082-422453
Website: www.sedctourism.com



SEDC GROUP OF COMPANIES

AGRO-FOOD BASED

Subsidiaries

Sara Spectrum Holdings Sdn Bhd

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

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

PPES Aqua (Santubong) Sdn Bhd

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

Sarapine Sdn Bhd

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

Sara-HL Plantation Sdn Bhd

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

Sara Sago Industries Sdn Bhd

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

Kenyalang Teguh Sdn Bhd

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

Associates

PPES Akua (Mukah) Sdn Bhd

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

PPES Ternak Holdings Sdn Bhd

- ❖ *PPES Ternak Sdn Bhd*
 - ❖ *Rosewood Station Pty Ltd*
 - ❖ *Sarabif Sdn Bhd*
- Lot 1260, Jalan Mersawa
Bintawa Industrial Estate
93450 Kuching
Tel: 082-482015 / 085-739317
Fax: 082-481350 / 082-424330
Website: www.sedc.com.my

SOP Karabungan Sdn Bhd

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

Sara Concrete Poles Sdn Bhd

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

Eastern Empress Silk Sdn Bhd

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

❖ *Subsidiary of holding company*



SEDC GROUP OF COMPANIES

ENTREPRENEUR DEVELOPMENT

Subsidiaries

Comerich Sdn Bhd

1st & 2nd Floor, Lot 2592
Wisma Sandhu, Green Road
93400 Kuching
Tel: 082-256176
Fax: 082-419455
Website: www.comerich.com.my

Revlin Holdings Sdn Bhd

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



COMMUNITY DEVELOPMENT

Subsidiaries

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: 082-348951/ 082-348950
Fax: 082-348952/082-345941
Website: www.cmsb.com.my

CMS Resources Sdn Bhd

- ❖ CMS Quarries Sdn Bhd
- ❖ CMS Premix Sdn Bhd
- ❖ CMS Premix (Miri) Sdn Bhd
- ❖ CMS Penkuari Sdn Bhd
- ❖ PPES Concrete Product Sdn Bhd

7th Mile, Old Airport Road
93250 Kuching
Tel: 082-611986/082-614208
Fax: 082-612434/082-614626
Website: www.cmsb.com.my

ROADS & WORKS

Associates

CMS Land Sdn Bhd

Level 5, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
Tel: 082-237777
Fax: 082-252652
Website: www.cmsproperty.com.my

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, Jalan Padungan
93100 Kuching
Tel: 082-340588
Fax: 082-340695
Website: www.cmswork.com.my

❖ *Subsidiary of holding company*

SEDC GROUP OF COMPANIES

OTHERS

Subsidiaries

Permaisara Sdn Bhd

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

Goebilt Seafoods Processing Bhd

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

Sarawak Car Care Centre Sdn Bhd

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

Associates

IDS Sebor (S'wak) Holdings Sdn Bhd

Lot 2678, Section 64 KTLD
Jalan Kwong Lee Bank
93450 Kuching
Tel: 082-335677
Fax: 082-484720
Website: www.idsgroup.com

Syarikat Sebangun Sdn Bhd

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

Investment

Sarawak Consolidated Industries Bhd

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

Cahya Mata Sarawak Bhd

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

Permodalan ASSAR Sdn Bhd

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

CORPORATE EVENTS HIGHLIGHTS

Annual Presidential Address 2011 8 February 2011, Grand Margherita Hotel



YB Datuk Chairman delivering his annual Presidential Address



Unveiling of War Cry "Get It Done - Fast and Right" by YB Datuk Chairman

Riverside Shopping Complex Makeover Launching Ceremony 26 November 2011



Stage Performance before the Launching Ceremony



Launching of Riverside Shopping Makeover by YB Datuk Chairman accompanied by YBhg. Datin Dr. Hajah Zaliha Abdullah witnessed by Deputy General Manager, Tuan Haji Wan Lizozman and Riverside Shopping Complex Tenants representatives

A Night with The Media 25 November 2011, Grand Margherita Hotel



Presentation of gift by YB Datuk Chairman to Encik Ramidi Subari from Sarawak Tribune



Stage Performance by the Media Group

CORPORATE EVENTS HIGHLIGHTS

CORPORATE SOCIAL RESPONSIBILITY

Majlis Berbuka Puasa with YAB Chief Minister and Children of PERYATIM Orphanage Home 19 August 2011, Grand Margherita Hotel



Handing over of Zakat Perniagaan SEDC to Tabung Baitulmal Sarawak witnessed by YAB Chief Minister of Sarawak



Majlis Titian Kasih with The Head of State 20 September 2011, Astana negeri



Presentation of Hari Raya Gifts by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak and YABhg. Toh Puan



Group Photo with Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak, Tun Datuk Patinggi Abang Haji Muhammad Salahudin and YABhg. Toh Puan Datuk Patinggi Hajah Norkiah

Blood Donation Exercise 29 November 2011, Dewan Kenyalang, Menara SEDC



YB Datuk Chairman witnessing the Blood Donation Campaign, jointly organised by SEDC Sarawak, 3rd Infantry Brigade and Persatuan Bekas Tentera Malaysia (PBTM)



Blood Donation in progress

CORPORATE EVENTS HIGHLIGHTS

LOVE-IN-A-BOX Programme With Children of Kampung Sinar Baru 14 Disember 2011, Sir Charles Brooke Memorial Hospital, Kuching



Group Photo with YB Datuk Chairman



Presentation of gifts by YB Datuk Chairman

Q - Appreciation And Awards Presentation 28 January 2011, Dewan Kenyalang, Menara SEDC



Q - Appreciation Award presentation by YB Datuk Chairman
witnessed by YBhg. Datu Dr. Sulaiman Haji Husaini



Group Photo of award recipients with YB Datuk
Chairman

5S Recertification Renewal Audit By Malaysian Productivity Corporation (MPC) 6 May 2011, Menara SEDC



5S Certification Renewal Audit Exercise



Group Photo with the General Manager, 5S Teams
and Auditors

CULTURE BUILDING

CORPORATE EVENTS HIGHLIGHTS

SEDC's Mothers and Father's Day 14 June 2011, Dewan Kenyalang, Menara SEDC



Puan Hajah Rakayah Hamdan receiving her Mother's Day gift from YB Datuk Chairman



Encik Petrus Veno receiving his Father's Day gift from YB Datuk Chairman

COMBINED MORNING STARTER (Monthly Staff Get Together) 25 November 2011, Dewan Kenyalang, Menara SEDC



Morning Exercise led by staff of Agro Food-Based Division



SEDC staffs participate in the Morning Exercise

MEETINGS, WORKSHOPS AND SEMINARS

Corporate Management Re-group - Session 2 12 January 2011, Grand Margherita Hotel



SEDC officers at the Regroup Session

CORPORATE EVENTS HIGHLIGHTS

Corporate Management Re-group Session 3 10 - 11 July 2010, Damai Beach Resort



SEDC officers at the Regroup Session

Talk on “A measurable Results Driven Fast Track Innovation Process for your Business” By Dr. Yew Kam Keong (Chief Mind Unzipper) 2 November 2011, Grand Margherita Hotel



Dr. Yew Kam Keong delivering his presentation to the audience



Participants at the Talk

Strategic Planning Meeting 6 January 2011, Dewan Kenyalang, Menara SEDC



SEDC officers at the meeting

expos and exhibitions

CORPORATE EVENTS HIGHLIGHTS

**Hari Peladang Penternak dan Nelayan Negeri
12 March 2011, Bintulu**



**Grand Entrance to the Expo organised by
Agriculture Department Sarawak**



**Group Photo with YB Datuk Chairman and YB
Datuk Dr Stephen Rundi Utom**

**Sejiwa Senada Programme
26 - 27 February 2011, Sri Aman**



Visitors at SEDC Booth



**Presentation of gifts to the
Lucky Visitor**

**Sejiwa Senada Programme
18 -19 March 2011, Serian**



Launching of Sejiwa Senada Programme held in Serian



SeDidik staff attending to visitors

PROJECT HIGHLIGHTS

DAMAI CENTRAL



Project Cost : RM15.0 million

Location : Damai, Santubong, Kuching

Project Components: Arts & Craft Gallery
Multi-Purpose Hall & Stage
F & B Outlets
Convenience Shops
Visitors's Information Centre
Recreational Club Centre

Completion Date : 11 June 2011

SARAWAK CULTURAL VILLAGE

- UPGRADING WORKS

Project Cost : RM5.0 million

Location: Kampung Budaya Sarawak,
Pantai Damai Santubong, Kuching

Project Components : Repair Works
- Iban Longhouse – wall
- Main Building Theater – roof

Renovation Works
- Rainforest World Music Gallery
- Bidayuh Longhouse
- Persada Alam cum Tea Garden
- Pusat Seni – Ground Floor–
- Dewan Lagenda
- Main Building – Conference Room

Completion Date : 23 September 2011



PROJECT HIGHLIGHTS



BINTAWA COMMERCIAL PROPERTIES

Project Cost : RM12.08 million

Location : Bintawa, Kuching

Project Components : 27 units of 3 storey shophouses
17 units of locked-up shops

Completion Date : May 2011

Joint development with Tenaga Seri Wangsa Sdn Bhd



PALM VILLA MIXED PROPERTIES

Project Cost : RM44.0 million

Location : Samarahan Division

Project Components : 10 units of double storey shophouses
197 units of residential houses

Commencement Date : July 2010

Joint development with Hock Peng Realty Sdn Bhd.



MEDAN NIAGA SIBU

Project Cost : RM3.3 million

Location : Jalan Awang
Ramli Amit, Sibul

Project Components : 8 units Food Stalls
4 units Retail Shops

Completion Date : 5 January 2011



SECTION 3 : BOARD AND BOARD COMMITTEES



BOARD AND BOARD COMMITTEES

SEDC BOARD

Section 41(1) of the SEDC Ordinance provides that the Board of the Corporation shall consist of the following Members

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

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

Meetings held in 2011

In 2011, a total of five (5) meetings were held. The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YB Datuk Haji Talib Zulpilip	5 out of 5
State Financial Secretary (Represented by Puan Laura Lee Ngien Hion)	5 out of 5
Encik Rahim bin Abu Bakar / YBhg Datu Hajah Jabidah Monseri	5 out of 5
(Federal Treasury Representative)	3 out of 4
YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani	1 out of 5
YB Datuk Dr Stephen Rundi Utom	4 out of 5
YBhg Datuk Amar Wilson Baya Dandot	4 out of 5
YBhg Datuk Fong Joo Chung	4 out of 5
YBhg Datuk Haji Ismail bin Haji Hashim	4 out of 5
YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim	3 out of 5
YBhg Datu Haji Abdul Rashid bin Haji Aziz	5 out of 5
YBhg Encik Jasni bin Jubli	4 out of 5

BOARD AND BOARD COMMITTEES

BOARD COMMITTEES

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

BOARD

Chairman :	YB Datuk Haji Talib Zulpilip
Members :	YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (State Financial Secretary)
	Encik Rahim bin Abu Bakar/ YBhg Datu Hajah Jabidah binti Monseri (Federal Treasury Representative)
	YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani
	YB Dr Datuk Stephen Rundi Utom
	YBhg Datuk Amar Wilson Baya Dandot
	YBhg Datuk Fong Joo Chung
	YBhg Datuk Haji Ismail bin Haji Hashim
	YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim
	YBhg Datu Haji Abdul Rashid bin Haji Aziz
	YBhg Encik Jasni bin Jubli

ESTABLISHMENT COMMITTEE (SEC)

Chairman :	YBhg Datuk Amar Wilson Baya Dandot
Members :	YBhg Datu Haji Abdul Rashid bin Haji Aziz
	YBhg Datu Misnu Haji Taha
	<i>(Director, Human Resource Management Unit, Jabatan Ketua Menteri)</i>
	YBhg Datu Dr. Haji Sulaiman Haji Husaini

BOARD AUDIT COMMITTEE (BAC)

Chairman :	YB Tan Sri Datuk Amar Haji Mohd. Morshidi bin Abdul Ghani
Members :	YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman
	YB Datuk Dr Stephen Rundi Utom
	YBhg Datuk Haji Ismail bin Haji Hashim
	YBhg Datu William Lee Boon Tong
	Encik Abdul Kadir Zainuddin (State Financial Secretary Representative)

TENDER, FINANCE AND INVESTMENT COMMITTEE (TFIC)

Chairman :	YB Datuk Haji Talib Zulpilip
Members :	YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman
	YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani
	Representative from Federal Treasury
	YBhg Puan Laura Lee Ngien Hion

BOARD AND BOARD COMMITTEES

SEDC BOARD AUDIT COMMITTEE (BAC)

Composition Of The BAC

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 SEDC Board members or any other person as shall be determined by SEDC Board under Section 16 of the SEDC Ordinance.

The Board Audit Committee consist of not fewer than three (3) members, of whom a majority shall not be persons having relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the duties of the BAC.

The Board Audit Committee Members are: -

YB Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani	(Chairman)
YB Datuk Dr Stephen Rundi Utom	(Deputy Chairman)
YBhg Datuk Haji Ismail Haji Hashim	(Member)
YBhg Datu William Lee Boon Tong	(Member)
State Financial Secretary or his representative	(Member)

DUTIES AND RESPONSIBILITIES

The Committee is responsible for the following duties:

- ❖ To oversee the Internal Audit function and to approve the Annual Audit Plan
- ❖ To review Internal Audit Reports and consider findings and management responses thereto, and other problems, reservations and major issues of concern
- ❖ To ensure affirmative action is taken by the auditee in respect of Board Audit Committee's decisions
- ❖ To review Draft Audited Financial Statements and the Auditors' Report thereon prior to tabling for adoption and/or approval by the SEDC Board
- ❖ To recommend the appointment and remuneration of external auditors of subsidiaries, where appropriate
- ❖ To review the maintenance of an effective internal control system including financial and accounting system and to support and recommend measures to improve internal controls
- ❖ To review the accounting policies and reporting requirements and compliance with legal requirements and accounting standards
- ❖ To institute efficiency reviews and help to establish the environment in which controls can operate effectively
- ❖ To initiate special audits and investigations and consider findings arising from such audits and investigations
- ❖ To perform any other related duties as directed by the Board

BOARD AND BOARD COMMITTEES



AUDIT COMMITTEE MEETINGS

Four BAC meetings were held during the financial year ended 31 December 2011. The record of the attendance to these meetings is as follows:-

Members	No. of Meetings Attended
YB Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani	2 out of 5
YB Datuk Dr Stephen Rundi Utom State Financial Secretary (Represented by YBhg Encik Abdul Kadir Zainuddin)	2 out of 5
YBhg Datuk Haji Ismail Haji Hashim	5 out of 5
YBhg Datu William Lee Boon Tong	5 out of 5

Activities

Summary of activities of the BAC for the financial year ended 31 December 2011:

- ❖ Reviewed and approved the annual audit plan of the Internal Audit Division for 2011, including its scope and coverage over the activities of the SEDC's Headquarters, Regional Offices and Subsidiary Companies.
- ❖ Reviewed and deliberated the audit reports of the Internal Audit Division vis-a-vis findings with regard to the system of internal control highlighted during the course of the audits and the responses from the management.
- ❖ Reviewed and made recommendations on significant issues on the audited financial statements of the Corporation and the Group before tabling to the SEDC Board for deliberation.
- ❖ Following the Board's decision, a study was conducted by Internal Audit Division from 26th to 29th September 2011 and 17th to 20th October 2011 to recommend a risk management framework to facilitate the management of risks and the application of risk management process in SEDC. The risk management framework and supporting risk architecture was approved by the BARC and SEDC Board during their respective meetings held on 12th October and 6th December 2011.

BOARD AND BOARD COMMITTEES

SEDC ESTABLISHMENT COMMITTEE (SEC)



Composition of the SEC

SEC was established in accordance with the provision in Section 16 of the SEDC Ordinance. The Committee consists of three 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:-

- ❖ Approve the appointment to all posts in the Managerial and Professional group (Grade 44 or equivalent and higher grades)
- ❖ Approve the promotion of employees in the Managerial and Professional group
- ❖ Dismiss and demote employees
- ❖ Establish new posts and abolish redundant posts in the Managerial and Professional group
- ❖ Upgrade and re-designate existing posts
- ❖ Ex-gratia payment
- ❖ Guidelines on staff welfare

Meetings Held in 2011

Two meetings were held in 2011.

Members	No. of Meetings Attended
YBhg Datuk Amar Wilson Baya Dandot	2 out of 2
YBhg Datu Haji Abdul Rashid Bin Haji Aziz	2 out of 2
Director, Human Resource Management Unit, Jabatan Ketua Menteri	2 out of 2
YBhg Dr. Haji Sulaiman Bin Haji Husaini	2 out of 2



SECTION 4: CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Background

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

The Charter 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 & 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's 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.

For the year 2011, numerous activities, programmes and events were held to enhance and strengthen corporate governance within the Corporation and its Group. These include the following:-

- ❖ Presidential Address 2011
- ❖ The Presidential Address was held on 8 February 2011 to disseminate and share information on the following:
 - Corporate achievement for 2010
 - Corporate targets for 2011
 - Corporate direction
- ❖ 'Management Contract' signing was done by all Divisional Directors during the Presidential Address on 8 February 2011. The Contract serves as a Key Performance Indicator (KPI) mechanism to measure the performance of the Divisions
- ❖ INTEGRITY Day 2011 was held on 11 January 2012
- ❖ Jawatankuasa Keutuhan Tadbir Urus (JKTU) Meetings were conducted on 31 January 2011, 4 August 2011 and 8 December 2011
- ❖ ISO Quality Management System Internal Quality Audit was held on April 2011 and October 2011
- ❖ Workshop on Risk Management Planning & Balanced Scorecard was held on 22 to 23 February 2011
- ❖ Representatives from Jawatankuasa Keutuhan Tadbir Urus (JKTU) attended the 3rd Annual Corporate Governance Summit 2011 on 26 to 27 May 2011
- ❖ Representatives from Jawatankuasa Keutuhan Tadbir Urus (SEDC) attended the Seminar Jawatankuasa Keutuhan Tadbir Urus (JKTU) Jabatan/Kementerian dan Agensi Kerajaan Negeri on 26 September 2011.



SECTION 5 : FINANCIAL STATEMENTS





**PERBADANAN PEMBANGUNAN
EKONOMI SARAWAK
MEMBERS' REPORT AND
AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2011**

AWARDS



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

**PENYATA Pengerusi dan Seorang Ahli
Lembaga Pengarah**

Kami, YB Datuk Haji Talib Zulpilip dan YB Datuk Dr. Stephen Rundi Utom yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN PEMBANGUNAN EKONOMI SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, penyata kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, 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 2011 dan hasil kendaliannya serta perubahan kedudukannya bagi tahun berakhir 31 Disember 2011.

Bagi pihak Lembaga,

Bagi pihak Lembaga,



.....
YB DATUK HAJI TALIB ZULPILIP
Pengerusi

Tarikh: **15 AUG 2012**
.....
KUCHING



.....
YB DATUK DR. STEPHEN RUNDI UTOM
Ahli

Tarikh: **15 AUG 2012**
.....
KUCHING

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, **Tuan Haji Soedirman Haji Aini**, sebagai pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **PERBADANAN PEMBANGUNAN EKONOMI SARAWAK**, dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan, 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 Akaun Berkanun, 1960.

Sebenarnya dan sesungguhnya)
diakui oleh penama di atas)
di Kuching dalam Negeri Sarawak)
pada **25 APR 2012**)



Tuan Haji Soedirman Haji Aini
Pengurus Besar

Di hadapan saya,



PESURUHJAYA SUMPAN

LOT 330, (2ND FLOOR)
SECTION 19,
OFF RUBBER ROAD,
93400 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 2011.

Principal activities

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

The principal activities of the subsidiaries are set out in Note 11 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
Profit for the year	29,563	21,800
Minority interests	(1,942)	-
Profit attributable to members	<u>27,621</u>	<u>21,800</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:

YB Datuk Haji Talib Zulpilip	(Chairman)
YBhg Dato Sri Ahmad Tarmizi Haji Sulaiman	(Setiausaha Kewangan Negeri)
YBhg Datu Hajah Jabidah Binti Monseri	(Representative from Perbendaharaan Persekutuan, Malaysia, appointed on 27 June 2011)
Encik Rahim Bin Abu Bakar	(Representative from Perbendaharaan Persekutuan, Malaysia, resigned on 27 June 2011)
YB Tan Sri Datuk Amar Haji Mohd. Morshidi Abdul Ghani	
YB Datuk Dr. Stephen Rundi Utom	
YBhg Datuk Amar Wilson Baya Dandot	
YBhg Datuk Fong Joo Chung	
YBhg Datuk Haji Ismail Haji Hashim	
YBhg Datu Sudarsono Bin Osman	(Appointed on 13 February 2012)
YBhg Datu Haji Wan Alwi Dato Sri Wan Hashim	(Resigned on 1 January 2012)
YBhg Datu Haji Abdul Rashid Bin Haji Aziz	
Encik Jasni Bin Jubli	

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

Members' Report (contd.)

Significant events

The Corporation

The significant events are disclosed in Note 11 and 12 to the financial statements.

Statutory information on the financial statements

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

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

Members' Report (contd.)

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



YB Datuk Haji Talib Zulpilip
Chairman



YB Datuk Dr. Stephen Rundi Utom
Member

Kuching

Date: 15 AUG 2012



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2011**

Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan bagi tahun berakhir 31 Disember 2011 telah diaudit oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap Penyata Kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

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

Pada pendapat saya, Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan pada 31 Disember 2011, hasil operasi dan aliran tunai untuk tahun tersebut berdasarkan piawaian perakaunan yang diluluskan.

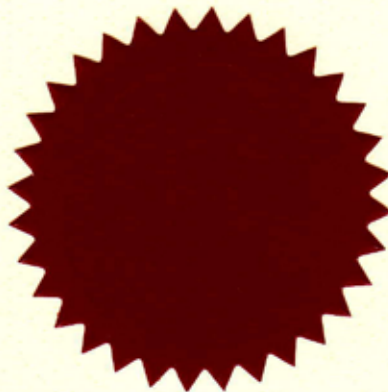
Saya telah mempertimbangkan Penyata Kewangan dan Laporan Juruaudit bagi semua syarikat subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota Kepada Penyata Kewangan Disatukan. Saya berpuas hati bahawa Penyata Kewangan berkenaan telah disatukan dengan Penyata Kewangan Perbadanan Pembangunan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

Laporan Juruaudit mengenai Penyata Kewangan syarikat subsidiari berkenaan tidak mengandungi sebarang pemerhatian yang boleh menjejaskan Penyata Kewangan Yang Disatukan.

(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)
KETUA AUDIT NEGARA
MALAYSIA

PUTRAJAYA

TARIKH: 17 OGOS 2012



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

Balance Sheets as at 31 December 2011

		Group		Corporation	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Current assets					
Inventories	3	55,734	53,270	14,283	16,679
Property development costs	4	12,003	10,300	3,109	1,406
Receivables	5	33,861	41,865	7,365	9,372
Deposits with financial institutions	6	226,910	239,881	170,960	186,657
Cash and bank balances		39,205	41,169	13,787	18,130
		<u>367,713</u>	<u>386,485</u>	<u>209,504</u>	<u>232,244</u>
Less: Current liabilities					
Payables	7	75,745	75,686	16,749	16,205
Lease payables	8	207	171	51	60
Government term loan	9	5,179	10,384	5,179	10,384
Other borrowings	10	-	160	-	-
Tax payable		6,358	6,440	6,235	6,263
		<u>87,489</u>	<u>92,841</u>	<u>28,214</u>	<u>32,912</u>
Net current assets		280,224	293,644	181,290	199,332
Non-current assets					
Subsidiaries	11	-	-	575,624	556,651
Associates	12	235,471	222,139	71,383	59,587
Investments in other corporations	13	143,649	159,429	138,728	154,719
Property, plant and equipment	14	240,511	206,135	95,613	49,022
Hotel and investment properties	15	458,696	439,132	-	-
Plantation development expenditure	16	332	318	-	-
Land held for property development	4	2,787	2,787	2,787	2,787
		<u>1,081,446</u>	<u>1,029,940</u>	<u>884,135</u>	<u>822,766</u>
		<u>1,361,670</u>	<u>1,323,584</u>	<u>1,065,425</u>	<u>1,022,098</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)

Balance Sheets as at 31 December 2011 (contd.)

		Group		Corporation	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Financed by:					
State government equity grant	17	104,139	106,139	104,139	106,139
State government contribution for equity participation	17	270,577	270,577	270,577	270,577
Development funds	18	239,689	207,128	212,699	180,138
Reserves	19	657,698	630,021	466,923	445,123
		<u>1,272,103</u>	<u>1,213,865</u>	<u>1,054,338</u>	<u>1,001,977</u>
Minority interests		17,130	16,804	-	-
		<u>1,289,233</u>	<u>1,230,669</u>	<u>1,054,338</u>	<u>1,001,977</u>
Non-current liabilities					
Lease payables	8	183	341	42	94
Government term loans	9	9,517	18,544	9,517	18,544
Other borrowings	10	29,653	43,946	-	-
Government grants	20	22,039	21,704	-	-
Operating grants		2,561	-	-	-
Deferred tax liabilities	21	6,880	6,805	-	-
Employee benefits	22	1,604	1,575	1,528	1,483
		<u>72,437</u>	<u>92,915</u>	<u>11,087</u>	<u>20,121</u>
		<u>1,361,670</u>	<u>1,323,584</u>	<u>1,065,425</u>	<u>1,022,098</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)

Income Statements for the year ended 31 December 2011

		Group		Corporation	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Revenue	23	154,882	159,658	45,182	51,221
Cost of sales	23	(103,233)	(101,031)	(2,385)	(1,450)
Gross profit		51,649	58,627	42,797	49,771
Other operating income		36,039	36,175	10,156	11,991
Distribution costs		(1,374)	(1,488)	-	-
Administrative expenses		(60,770)	(60,097)	(15,321)	(14,888)
Other operating expenses		(15,732)	(24,647)	(10,012)	(7,027)
Profit from operations		9,812	8,570	27,620	39,847
Finance costs		(3,585)	(3,830)	(471)	(503)
Share of associates' results		28,479	44,050	-	-
Profit before taxation	24	34,706	48,790	27,149	39,344
Taxation	25	(5,073)	(9,830)	(5,349)	(7,183)
Profit after taxation		29,563	38,960	21,800	32,161
Minority interests		(1,942)	(4,372)	-	-
Profit attributable to members		27,691	34,588	21,800	32,161

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 2011

	Capital reserve RM'000	Share premium RM'000	Non-distributable Revaluation reserve RM'000	Reserve on consolidation RM'000	Revenue reserve RM'000	Total RM'000
Group						
At 1 January 2010	3,997	9,201	41,108	52,840	488,215	595,361
Issuance of preference shares	-	60	-	-	-	60
Profit for the year	-	-	-	-	34,588	34,588
Arising on consolidation	-	-	-	12	-	12
At 31 December 2010	3,997	9,261	41,108	52,852	522,803	630,021
Profit for the year	-	-	-	-	27,691	27,691
Arising on consolidation	-	-	-	14	-	14
Dividend paid	-	-	-	-	(28)	(28)
At 31 December 2011	3,997	9,261	41,108	52,866	550,466	657,698

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

**Statement of Changes in Equity
for the year ended 31 December 2011**

Corporation	←		Non-distributable			→		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 2010	-	-	-	-	412,962			412,962
Profit for the year	-	-	-	-	32,161			32,161
At 31 December 2010	-	-	-	-	445,123			445,123
Profit for the year	-	-	-	-	21,800			21,800
At 31 December 2011	-	-	-	-	466,923			466,923

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

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

Consolidated Cash Flow Statement
for the year ended 31 December 2011

	Group	
	2011	2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and minority interest	34,706	48,790
Adjustments for:		
Amortisation of development expenditure	(4,087)	13
Allowance for diminution in investment	63	50
Allowance for doubtful debts, net of allowance no longer required	7	2,038
Amortisation of goodwill	13	13
Amortisation of government grants	(921)	(932)
Bad debts written off	1,951	24
Capital gain on bonus share units received	(19)	(3)
Depreciation	8,849	8,973
Dividend income	(4,682)	(3,144)
(Gain)/loss on disposal of a subsidiary	(813)	1,801
Gain on disposal of other investments	(60)	(2,682)
Loss/(gain) on disposal of property, plant and equipment	92	(55)
Impairment of plantation development expenditure	80	-
Interest expense	3,572	3,830
Interest income	(8,023)	(6,356)
Property, plant and equipment written off	4	142
Share of associates' results	(28,479)	(44,050)
Unrealised gain on foreign exchange	(413)	(1,549)
Operating profit before working capital changes	1,840	6,903
Increase in inventories	(2,085)	(414)
(Increase)/decrease in property development costs	(3,185)	19,759
Increase in plantation development costs	(3)	(24)
Decrease in receivables	583	24,055
Increase in payables	8,262	3,210
Deferred membership fees refunded/(received)	218	(4,201)
Cash generated from operations	5,630	49,288
Interest paid	(3,572)	(3,797)
Interest received	8,043	6,338
Taxes paid, net of refund	(239)	(1,859)
Net cash generated from operating activities	9,862	49,970

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

Consolidated Cash Flow Statement
for the year ended 31 December 2011 (contd.)

	Group	
	2011	2010
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of investment in shares and unit trust	(2,217)	(12,439)
Acquisition of property, plant and equipment	(13,767)	(30,143)
Advances repaid (to)/from other investments	(443)	6,483
Advances/loan to/(repaid from) associates	454	(3,328)
Dividends received	26,189	19,361
Decrease in land held for development	-	751
Investment in hotel and investment properties	(3,824)	(3,686)
Investment in associate	(12,250)	(12,250)
Proceeds from disposal of other investments	617	4,679
Proceeds from disposal of property, plant and equipment	80	173
Proceeds from disposal of a subsidiary (Note 11)	(21)	7,119
Transfer of property, plant and equipment	420	63
Net cash used in investing activities	(4,762)	(23,217)
Cash flows from financing activities		
(Increase)/decrease in deposits pledged to financial institutions	(410)	1,090
Government grant received	2,561	-
Disbursement of development fund	(6,590)	(20,302)
Dividend paid to minority shareholder	(28)	-
Proceeds from shares issued to minority shareholders	-	60
Proceeds from bank loan	48	5,859
Repayment of Government term loans	(173)	(166)
Repayment of hire purchase and lease instalments	(249)	(387)
Proceeds from state government contributions for equity participation	-	1,000
Repayment of term loan	(15,050)	-
Repayment of revolving credit	-	(8,525)
Net cash used in financing activities	(19,891)	(21,371)
Net (decrease)/increase in cash and cash equivalents	(14,791)	5,382
Effect of translation adjustments	(6)	88
Cash and cash equivalents at beginning of year	274,465	268,995
Analysis of cash and cash equivalents at end of year	259,668	274,465

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

Consolidated Cash Flow Statement
for the year ended 31 December 2011 (contd.)

		Group	
		2011	2010
		RM'000	RM'000
Cash and cash equivalents:			
Cash and bank balances		39,205	41,169
Deposits with financial institutions	(Note 6)	220,463	233,296
		<u>259,668</u>	<u>274,465</u>
Analysis of acquisition of property, plant and equipment:			
By cash		13,767	30,143
By lease		-	69
Transfer from property development cost		46,803	21,737
		<u>60,570</u>	<u>51,949</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)

Cash Flow Statement
for the year ended 31 December 2011

	Corporation	
	2011	2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	27,148	39,344
Adjustments for:		
Allowance for doubtful debts, net of allowance no longer required	(1)	(10)
Amortisation of development funds	(4,096)	-
Bad debts written off	1,951	24
Depreciation	1,003	969
Dividend income	(32,414)	(28,580)
Gain on disposal of a subsidiary	-	(8,988)
Gain on disposal of other investments	(28)	(2,666)
Gain on disposal of property, plant and equipment	(2)	(4)
Interest expense	470	502
Interest income	(6,403)	(4,955)
Operating loss before working capital changes	(12,372)	(4,364)
Decrease in inventories	2,396	538
(Increase)/decrease in property development costs	(3,185)	19,759
Decrease in receivables	1,871	19,984
Increase in payables	570	1,032
Cash (used in)/generated from operations	(10,720)	36,949
Interest paid	(452)	(469)
Interest received	6,403	4,955
Taxes paid, net of refund	6	-
Net cash (used in)/generated from operating activities	(4,763)	41,435

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

Cash Flow Statement
for the year ended 31 December 2011 (contd.)

	Corporation	
	2011	2010
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of investment in shares and unit trusts	(1,411)	(8,116)
Acquisition of property, plant and equipment	(2,877)	(7,896)
Advances/loans (repaid from)/to associates	454	(3,328)
Advances repaid (to)/from other investments	(18,961)	4,483
Advances repaid (to)/by subsidiaries	(443)	3,686
Dividend received	27,031	22,230
Investment in associate	(12,250)	(12,250)
Decrease in land held for development	-	751
Proceeds from disposal of other investments	-	3,773
Proceeds from disposal of property, plant and equipment	2	7
Proceeds from disposal of a subsidiary	-	9,400
Net cash (used in)/generated from investing activities	(8,455)	12,740
Cash flows from financing activities		
Proceeds from state government contribution for equity participation	-	1,000
Deposits pledged to financial institutions	(411)	-
Disbursements of development funds	(6,590)	(20,302)
Repayment of Government term loans	(172)	(166)
Repayment of lease payables	(60)	(90)
Repayment of revolving credit	-	(8,525)
Net cash used in financing activities	(7,233)	(28,038)
Net (decrease)/increase in cash and cash equivalents	(20,451)	26,092
Cash and cash equivalents at beginning of year	198,751	172,659
Cash and cash equivalents at end of year	178,300	198,751

Sarawak Economic Development Corporation
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Cash Flow Statement
for the year ended 31 December 2011 (contd.)

		Corporation	
		2011	2010
		RM'000	RM'000
Analysis of cash and cash equivalents:			
Cash and bank balances		13,787	18,130
Deposits with financial institutions	(Note 6)	164,513	180,621
		<u>178,300</u>	<u>198,751</u>
Analysis of acquisition of property, plant and equipment:			
By cash		2,877	7,896
Transfer from property development cost		46,805	21,737
		<u>49,682</u>	<u>29,633</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 2011

1. Corporation information

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

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

The financial statements were authorised for issue by the Board Members in accordance with a resolution of the Members on 15 August 2012.

2. Significant accounting policies

(a) Basis of accounting

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

Whilst the financial statements of the Corporation need not comply with the provisions of the Companies Act, 1965, the financial statements of all its subsidiaries comply. The financial statements of the Corporation and of the Group comply with Private Entity Reporting Standards adopted by Malaysian Accounting Standards Board (MASB).

(b) Basis of consolidation

(i) *Subsidiaries*

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

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(b) Basis of consolidation (contd.)

(i) *Subsidiaries (contd.)*

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

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

(ii) *Associates*

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

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

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(c) Goodwill

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

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

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

(d) Investments in subsidiaries and associates

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

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

(e) Inventories

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

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

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

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

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

(i) *Land held for property development*

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

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

(ii) *Property development costs*

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

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

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

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

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

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(g) Construction contracts

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

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

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

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

(h) Leases

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

(i) Finance leases

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(h) Leases (contd.)

(i) *Finance leases (contd.)*

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

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

(ii) *Operating leases*

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

(i) Provisions for liabilities

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

(j) Investments

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(k) Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(l) Hotel and investment properties

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

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

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

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

(m) Plantation development expenditure

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

(n) Accounting for grants

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

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

Sarawak Economic Development Corporation
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Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(o) Income tax

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

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

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

(p) Foreign currencies

(i) Foreign currency transactions

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

Sarawak Economic Development Corporation
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Notes to the Financial Statements - 31 December 2011

2. Significant accounting policies (contd.)

(p) Foreign currencies (contd.)

(ii) *Financial statements of foreign operations*

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

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

	2011	2010
	RM	RM
1 Australian Dollar	3.22	3.19
1 United States Dollar	3.17	3.08
	===	===

(q) Impairment of assets

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

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

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2. Significant accounting policies (contd.)

(r) Employee benefits

(i) *Short term benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave and long services leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Employee entitlements that are expected to be settled within one year have been measured at their nominal value.

(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 income statement as incurred.

(s) Other non-current investment

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(t) Marketable securities

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

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2. Significant accounting policies (contd.)

(u) Receivables

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

(v) Payables

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

(w) Interest-bearing borrowings

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

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

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

(x) Derivative financial instruments

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

Interest rate swap contracts

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

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2. Significant accounting policies (contd.)

(y) Revenue recognition

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

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

(i) *Sale of goods and services*

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

(ii) *Dividend Income*

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

(iii) *Sale of properties*

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

(iv) *Construction contracts*

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

(z) Cash and cash equivalents

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

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3. Inventories

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Properties held for sale	14,240	16,625	14,240	16,625
Trading stocks	106	370	-	-
Livestock	39,897	34,738	-	-
Souvenir stocks	159	173	-	-
Materials and consumable	1,332	1,364	43	54
	<u>55,734</u>	<u>53,270</u>	<u>14,283</u>	<u>16,679</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	
	2011	2010
	RM'000	RM'000
Livestock		
At cost	1,121	586
At net realisable value	38,776	34,152
	<u>39,897</u>	<u>34,738</u>

	Group and Corporation	
	2011	2010
	RM'000	RM'000
Properties held for sale		
At cost	737	853
At net realisable value	13,503	15,772
	<u>14,240</u>	<u>16,625</u>

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Notes to the Financial Statements - 31 December 2011

4. Property development costs and land held for property development

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(a) Property development costs				
As at 1 January:				
Leasehold land	3,249	7,052	3,249	7,052
Development costs	63,889	56,654	54,995	47,760
	<u>67,138</u>	<u>63,706</u>	<u>58,244</u>	<u>54,812</u>
Costs incurred during the year:				
Leasehold land	33	(2,292)	33	(2,292)
Development costs	17,117	27,461	17,117	27,461
	<u>17,150</u>	<u>25,169</u>	<u>17,150</u>	<u>25,169</u>
Transfers:				
To inventories	-	-	-	-
To development grant	13,392	18,686	13,392	18,686
To subsidiary	(422)	-	(422)	-
To property, plant and equipment	(46,804)	(21,737)	(46,804)	(21,737)
	<u>(33,834)</u>	<u>(3,051)</u>	<u>(33,834)</u>	<u>(3,051)</u>
Property development grant received:				
At 1 January	(75,524)	(66,861)	(75,524)	(66,861)
Addition during the year	(8,422)	(30,400)	(8,422)	(30,400)
Transfer to subsidiary	411	-	411	-
Transfer to development grant	45,084	21,737	45,084	21,737
	<u>(38,451)</u>	<u>(75,524)</u>	<u>(38,451)</u>	<u>(75,524)</u>
Total as at 31 December	<u>12,003</u>	<u>10,300</u>	<u>3,109</u>	<u>1,406</u>
(b) Land held for property development				
Cost				
At 1 January	6,532	6,532	6,532	6,532
Less: Provision for loss	(3,745)	(3,745)	(3,745)	(3,745)
	<u>2,787</u>	<u>2,787</u>	<u>2,787</u>	<u>2,787</u>

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5. Receivables

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables	37,113	44,037	13,224	15,273
Allowance for doubtful debts	(17,797)	(18,246)	(8,677)	(8,677)
	<u>19,316</u>	<u>25,791</u>	<u>4,547</u>	<u>6,596</u>
Other receivables and prepayments	37,943	38,067	24,985	24,918
Allowance for doubtful debts	(26,139)	(25,954)	(22,167)	(22,142)
	<u>11,804</u>	<u>12,113</u>	<u>2,818</u>	<u>2,776</u>
Tax recoverable	2,741	3,961	-	-
Total	<u><u>33,861</u></u>	<u><u>41,865</u></u>	<u><u>7,365</u></u>	<u><u>9,372</u></u>

6. Deposits with financial institutions

With foreign banks	1,205	1,169	-	-
With licensed banks	107,717	114,521	71,274	103,881
With licensed finance companies	111,541	117,606	93,239	76,740
	<u>220,463</u>	<u>233,296</u>	<u>164,513</u>	<u>180,621</u>
With licensed banks, pledged	6,447	6,585	6,447	6,036
	<u><u>226,910</u></u>	<u><u>239,881</u></u>	<u><u>170,960</u></u>	<u><u>186,657</u></u>

Included in the Group's and Corporation's fixed deposits was an amount of RM6,446,791 (2010: RM6,584,534) and RM6,446,791 (2010: RM6,036,321), respectively, placed on lien to licensed banks for banking facilities as disclosed in Note 10, bank guarantee facilities granted to certain subsidiaries of the Group and as collateral for loans given to Bumiputra Entrepreneurs under the socio-economic projects/schemes of the Corporation.

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7. Payables

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables	8,533	7,811	-	-
Other payables and accruals	67,212	67,752	16,749	16,205
Deferred income	-	123	-	-
	<u>75,745</u>	<u>75,686</u>	<u>16,749</u>	<u>16,205</u>

Included in other payables and accruals of the Group is deferred membership fee amounting to RM20,867,515 (2010: RM20,649,514) which represents advance membership fees received from members under the short term membership arrangement and advance licence fees received from members. The advance membership fees are recognised as income at 30% during the year of receipt, with the balance of 70% to be recognised as income upon the expiration of the "Easy Access Scheme" option. The advance licence fees received are recognised as income over the membership period.

The Group's other payables and accruals also include advances from a former Corporate Shareholder of a subsidiary amounting to RM1,795,032 (2010: RM1,385,696). The amount due to the former corporate shareholder of a subsidiary, Sarawak Coconut Enterprise Sdn. Bhd., is unsecured, interest-free except for RM Nil (2010: RM823,306) which bears interest of 2% (2010: 2%) per annum.

8. Lease payables

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Repayable within twelve months	207	171	51	60
Repayable after twelve months	183	341	42	94
	<u>390</u>	<u>512</u>	<u>93</u>	<u>154</u>
Minimum lease payment:				
Not later than one year	224	188	54	67
Later than one year but not later than five years	194	323	44	98
Later than five years	5	57	-	-
	<u>423</u>	<u>568</u>	<u>98</u>	<u>165</u>
Future finance charges	(33)	(56)	(5)	(11)
	<u>390</u>	<u>512</u>	<u>93</u>	<u>154</u>
Present value of finance lease liabilities	<u>390</u>	<u>512</u>	<u>93</u>	<u>154</u>

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9. Government term loans

	Group and Corporation	
	2011	2010
	RM'000	RM'000
Unsecured		
Interest bearing loans	9,696	9,869
Interest free loans	5,000	19,059
	<u>14,696</u>	<u>28,928</u>
Repayable within one year	(5,179)	(10,384)
	<u>9,517</u>	<u>18,544</u>
	<u><u>9,517</u></u>	<u><u>18,544</u></u>

The interest rate is 4% per annum (2010: 4% per annum) for interest bearing loans.

10. Other borrowings

	Group	
	2011	2010
	RM'000	RM'000
Premium funding, unsecured	-	160
Term loans, secured	29,653	43,946
	<u>29,653</u>	<u>44,106</u>
Repayable within one year	-	(160)
	<u>29,653</u>	<u>43,946</u>
	<u><u>29,653</u></u>	<u><u>43,946</u></u>

The premium funding bore interest rate of Nil (2010: 8.30%) at balance sheet date.

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

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11. Subsidiaries

	Corporation	
	2011	2010
	RM'000	RM'000
Unquoted shares at cost	236,519	236,519
Allowance for diminution in value	(43,387)	(43,387)
	<u>193,132</u>	<u>193,132</u>
Amounts due from subsidiaries:		
Current accounts	313,831	313,379
Allowance for doubtful debts	(36,809)	(37,473)
	<u>277,022</u>	<u>275,906</u>
Loan accounts	106,478	88,621
Allowance for doubtful debts	(1,000)	(1,000)
	<u>105,478</u>	<u>87,621</u>
Amounts due to subsidiaries:		
Current accounts	(8)	(8)
	<u>575,624</u>	<u>556,651</u>

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment except for certain advances to subsidiaries which bear interest rates between 2% to 8% (2010: 2% to 8%) per annum.

In 2011, a loan amounted to RM18.76 million was disbursed to Rosewood Station Pty. Ltd., the loan is unsecured, and bear 5% interest per annum with fixed repayment terms.

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11. Subsidiaries (contd.)

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

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Direct subsidiaries of the Corporation			
Azen Industries Sdn. Bhd. Company No. 105851-H	Inactive	60	60
Bukit Saban Resort Sdn. Bhd. Company No. 315034-U	Ownership of a holiday resort	100	100
Comerich Sdn. Bhd. Company No. 263183-P	General trading	100	100
Damai Beach Golf Course Bhd. Company No. 289575-H	Investment holding and provision of management services	100	100
Damai Beach Resort Sdn. Bhd. Company No. 409883-U	Inactive	100	100
Damai Cove Resorts Sdn. Bhd. Company No. 278414-M	Extraction and selling of timber and investment and property holding	100	100
Eastern Empress Silk Sdn. Bhd. Company No. 132777-W	Inactive	100	100
Goebilt Seafoods Processing Bhd. Company No. 9449-U	Inactive	71	71
Kenyalang Teguh Sdn. Bhd. Company No. 261703-K	Inactive	70	70
Kuching Hotels Sdn. Bhd. Company No. 19220-W	Own and operate Grand Margherita Hotel and the Sarawak Plaza in Kuching	89	89
Permaisara Sdn. Bhd. Company No. 104725-V	Extraction and selling of timber	100	100
Permata Carpark Sdn. Bhd. Company No. 315033-K	Ownership of a commercial car park complex	100	100

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11. Subsidiaries (contd.)

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Direct subsidiaries of the Corporation (contd.)			
PPES Akua (Santubong) Sdn. Bhd. Company No. 152122-T	Investment holding and breeding of prawns	100	100
PPES Ternak Holdings Sdn. Bhd. Company No. 104730-A	Investment holding and provision of administrative, professional and financial supports to its subsidiaries	100	100
Revlín Holdings Sdn. Bhd. Company No. 213339-X	Inactive	100	100
Sara Concrete Poles Sdn. Bhd. Company No. 306003-M	Inactive	100	100
Sara Convention Sdn. Bhd. Company No. 141893-M	Provider in media related services	100	100
Sara Great Horizon Sdn. Bhd. Company No. 141892-P	Leasing of recreational and camping facilities at Damai Rainforest Resort	100	100
Sara Hotels Bhd. Company No. 408127-H	Inactive	100	100
Sara-HL Plantation Sdn. Bhd. Company No. 248139-W	Development and cultivation of oil palm	100	100
Sara Rasa Sdn. Bhd. Company No. 022086-U	Leasing of restaurant	85	85
Sara Resorts Sdn. Bhd. Company No. 052135-X	Hotel business, extraction and sale of timber and operation of a cultural centre.	100	100
Sara Resorts Holdings Sdn. Bhd. Company No. 407089-T	Inactive	100	100

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11. Subsidiaries (contd.)

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Direct subsidiaries of the Corporation (contd.)			
Sara Resorts Management Sdn. Bhd. Company No. 261450-A	Provision of management services for tourism and leisure activities	100	100
Sara Sago Industries Sdn. Bhd. Company No. 89962-X	Inactive	100	100
Sara Spectrum Holdings Sdn. Bhd. Company No. 219420-W	Provision of management services, investment holding and general trading	100	100
Sara Tourism & Leisure Sdn. Bhd. Company No. 408289-X	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	Operation and management of Club Asia International	100	100
Sarapine Sdn. Bhd. Company No. 237653-M	Inactive	100	100
Sarawak Car Care Centre Sdn. Bhd. Company No. 35646-U	Letting out car care centre	100	100
Sedidik Sdn. Bhd. Company No. 50688-T	Provision of child development centres	100	100
Sejadu Sdn. Bhd. Company No. 170777-M	Property investment and hotel business	100	100
Taskwin Marketing Sdn. Bhd. Company No. 264315-D	Inactive	100	100
Subsidiary of Damai Beach Golf Course Bhd.			
Damai Golf and Country Club Bhd. Company No. 139361-U	Ownership and management of a golf course	100	100

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11. Subsidiaries (contd.)

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Subsidiaries of PPES Ternak Holdings Sdn. Bhd.			
PPES Ternak Sdn. Bhd. Company No. 104563-V	Cattle farming and distribution of cattle, goat and deer	100	100
Sara-Bif Sdn. Bhd. Company No.081917-D	Inactive	100	100
Rosewood Station Pty Limited Company No. ACN 009 612 284	Cattle farming in Australia	100	100
Subsidiaries of Revlin Holdings Sdn. Bhd.			
Higlobe Sdn. Bhd. Company No. 254889-T	Inactive	80	80
Prime Height Sdn. Bhd. Company No. 258366-V	Inactive	51	51
Subsidiary of Sara Resorts Sdn. Bhd.			
Sara Hospitality Sdn. Bhd. (formerly known as H.I.-Sara Hospitality Sdn. Bhd.) Company No. 441568-K	Investment holding and provision of management services	100	100

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11. Subsidiaries (contd.)

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Subsidiaries of Sara Spectrum Holdings Sdn. Bhd.			
PPES Poultry Farm Sdn. Bhd. Company No. 115899-V	Inactive	60	60
Hakanda Sdn. Bhd. Company No. 174704-T	Fruit planting	100	100
Sarawak Coconut Enterprise Sdn. Bhd. Company No. 218814-H	Inactive	100	100
Subsidiary of Sara Worldwide Vacations Bhd.			
Asia Vacations Club Sdn. Bhd. Company No. 82747-M	Inactive	90	90

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

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

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11. Subsidiaries (contd.)

Strike-off and winding up of subsidiary company

On February 2011, the Corporation completed the strike-off of its 3 ordinary shares of RM1.00 each representing 100% equity interest in Sara Fibre Sdn. Bhd.. In addition, the Corporation's Board of Directors had approved and given consent to PPES Akua (Mukah) Sdn. Bhd. to wind up the company under Members Voluntary Winding up pursuant to Section 257 of the Companies Act, 1965. The winding up process is still in progress as at reporting date. As a result, PPES Akua (Mukah) Sdn. Bhd. and Sara Fibre Sdn. Bhd. ceased to be the subsidiary of the Corporation as at the balance sheet date. The fair value of the assets disposed and the liabilities discharged are as follows:

	PPES Akua (Mukah) Sdn Bhd 2011 RM'000	Sara Fibre Sdn Bhd 2011 RM'000
Trade and other receivables	1	-
Cash and bank balances	21	-
Trade and other payables	(445)	(390)
Net liabilities disposed	(423)	(390)
Share of net liabilities	(423)	(390)
Disposal proceed	-	-
	(423)	(390)
Less: Goodwill on consolidation	-	-
Gain on disposal to the Group	(423)	(390)
Disposal proceed settled by:		
Cash	-	-
Cash inflow arising on disposals:		
Cash consideration	-	-
Cash and cash equivalents of subsidiary disposed	(21)	-
Net cash outflow to the Group	(21)	-

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11. Subsidiaries (contd.)

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

(a) *Sara Sago Industries Sdn. Bhd.*

"Without qualifying our opinion, we draw attention to Note 4 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM1,714 during the year ended 31 December 2011, and as of that date, the Company's current liabilities exceeded its current assets by RM347,863, thereby indicating the existence of a material uncertainty which may cast significant the Company's ability to continue as a going concern."

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

"Without qualifying our opinion, we draw attention to Note 3 in the financial statements. The shareholders funds is in deficit of RM2,576,530. In view of these factors, continuation of the Company as a going concern, on which basis the financial statements have been prepared, is dependent on the continuing financial support from the shareholders and on its attaining cash inflows to sustain its operation."

(c) *Asia Vacations Club 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 recorded accumulated losses of RM1,680,192 (2010: RM1,678,600) as at 31 December 2011, and as at that date, the Company's current liabilities exceed its current assets by RM1,670,192 (2010: RM1,668,600). These factors indicate the existence of uncertainties which may cast doubt about the Company's ability to continue as a going concern.

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11. Subsidiaries (contd.)

(c) *Asia Vacations Club Sdn. Bhd. (contd.)*

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

(d) *Sara Resorts Holdings 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 recorded accumulated losses of RM36,092 (2010: RM34,330) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM36,090 (2010: RM34,328). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding company has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

(e) *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 recorded accumulated losses of RM4,176,489 (2010: RM4,213,162) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM5,189,466 (2010: RM5,226,139). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

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11. Subsidiaries (contd.)

(e) *Bukit Saban Resort Sdn. Bhd. (contd.)*

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements”.

(f) *Damai Beach 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 recorded accumulated losses of RM36,418 (2010: RM34,566) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM36,416 (2010: RM34,564). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements”.

(g) *Damai Cove Resorts 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 recorded accumulated losses of RM7,622,607 (2010: RM8,130,686) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM83,783,921 (2010: RM84,309,831). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

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11. Subsidiaries (contd.)

(g) *Damai Cove Resorts Sdn. Bhd. (contd.)*

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

(h) *Sara Worldwide Vacations 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 recorded accumulated losses of RM12,561,839 respectively (2010: RM9,928,559) as at 31 December 2011. The factors indicate the existence of material uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as its holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

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11. Subsidiaries (contd.)

(i) *Sara Rasa 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 recorded accumulated losses of RM1,671,958 (2010: RM1,742,353) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM32,725 (2010: RM106,194). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

(j) *Sara Hotels 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 recorded accumulated losses of RM240,588 (2010: RM238,676) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM240,586 (2010: RM238,674). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

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Notes to the Financial Statements - 31 December 2011

11. Subsidiaries (contd.)

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

“Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss of RM156,682 during the year ended 31 December 2011, and as of that date, the Company’s current liabilities exceeded its current assets by RM9,701,687, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

(l) *Damai Golf & Country Club Berhad*

“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 recorded accumulated losses of RM62,391,514 (2010: RM60,282,765) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current assets by RM9,850,599 (2010: RM8,565,984). These factors indicate the existence of material uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

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11. Subsidiaries (contd.)

(m) *Sara Convention 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 recorded accumulated losses of RM415,056 (2010: RM407,997) as at 31 December 2011, and as at that date, the Company’s current liabilities exceed its current asset by RM222,678 (2010: RM218,536). These factors indicate the existence of uncertainties which may cast doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared under the going concern basis as the ultimate holding entity has agreed to provide adequate financial support to the Company to meet its obligations as and when they fall due. In the event the financial support is not available, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.”

(n) *Sara Concrete Poles Sdn. Bhd.*

“Without qualifying our opinion, we draw attention to Note 4 to the notes to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM6,626 during the year ended 31 December 2011, and as of that date, the Company’s current liabilities exceeded its current asset by RM111,728, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

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11. Subsidiaries (contd.)

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

“Without qualifying our opinion, we draw attention to Note 4 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding the Company incurred a loss of RM105,886 during the year ended 31 December 2011, and as of that date, the Company’s current liability exceeded its current assets by RM1,962,161, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability as a going concern.”

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

“Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company incurred net loss of RM1,768 as at 31 December 2011. As at that date, the Company’s current liabilities exceeded its current assets by RM2,239,442 and the Company shareholders’ equity is in deficit of RM2,239,442. In view of these factors, the continuation of the Company as a going concern is dependent on the continuing financial support from the shareholders and on its attaining cash inflows to sustain its operations.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.”

(q) *Revlin Holdings Sdn Bhd.*

“As at balance sheet date, the Company had net current liabilities of RM351,009 (2010: RM351,299) accumulated losses of RM6,901,792 (2010: RM6,898,745) and deficits in Shareholder’s fund of RM6,871,792 (2010: RM6,868,745). The Company incurred a loss after taxation of RM3,047 (2010: RM1,801) for the financial year ended 31 December 2011.”

(r) *Azen Industries Sdn Bhd.*

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

The Company recorded significant accumulated losses amounting to RM109,060 and deficiency in working capital amounting to RM59,058 as at 31 December 2011.

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

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Notes to the Financial Statements - 31 December 2011

11. Subsidiaries (contd.)

(s) *Kenyalang Teguh Sdn Bhd.*

“Without qualifying our opinion, we draw attention to Note 4 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company’s current liabilities exceeded its current assets by RM1,508,579 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

(t) *Eastern Empress Silk Sdn Bhd.*

“Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company current liabilities exceeded its current asset by RM1,655,387, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

(u) *Sara Spectrum Holdings Sdn Bhd.*

“Without qualifying our opinion, we draw attention to Note 4 to the financial statements which discloses the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that as at 31 December 2011, the Group and the Company’s current liabilities exceeded its current assets by RM21,480,256 and RM7,591,925, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

(v) *Hakanda Sdn. Bhd.*

“Without qualifying our opinion, we draw attention to Note 3 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM31,443 during the financial year ended 31 December 2011 and as of that date, the Company’s current liabilities exceeded its current assets by RM3,458,344, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as going concern.”

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12. Associates

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	48,639	36,389	47,639	35,389
Allowance for diminution in value	(1,150)	(1,150)	(150)	(150)
	<u>47,489</u>	<u>35,239</u>	<u>47,489</u>	<u>35,239</u>
Share of retained profits less losses	152,094	150,544	-	-
Share of capital reserves	8,105	497	-	-
Share of revaluation reserves	(144)	7,464	-	-
	<u>207,544</u>	<u>193,744</u>	<u>47,489</u>	<u>35,239</u>
Amounts due from associates:				
Current accounts	4,448	4,640	415	593
Allowance for doubtful debts	(359)	(359)	(359)	(359)
	<u>4,089</u>	<u>4,281</u>	<u>56</u>	<u>234</u>
Loan accounts	23,838	24,114	23,838	24,114
	<u>235,471</u>	<u>222,139</u>	<u>71,383</u>	<u>59,587</u>

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

In 2011, a loan has disbursed to CMS Resources Sdn. Bhd., the RM4.41 million loan is unsecured, bear 5% interest per annum and have fixed repayment terms.

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12. Associates (contd.)

Details of the Group's associates, all of which are incorporated in Malaysia, as at 31 December 2011 and their principal activities are shown below:

Name of company	Principal activities	Group's effective equity interest	
		2011 %	2010 %
Direct associates of the Corporation			
GOS Management Holdings Sdn. Bhd. Company No. 591107-U	Owner of hotels	36	36
CMS Resources Sdn. Bhd. Company No. 98773-T	Investment holding, sale of quarry stones and sand	49	49
Sara V-Pile Sdn. Bhd. Company No. 196668-T	Inactive	30	30
IDS 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	49	49
CMS Property Management Sdn. Bhd. Company No. 326616-U	Construction, management and marketing of realty and property projects	49	49
CMS Land Sdn. Bhd. Company No. 410797-H	Property holding, property development and construction	49	49
CMS Infra Trading Sdn. Bhd. Company No. 196635-M	General merchandising	49	49
SOP Karabungan Sdn. Bhd. Company No. 663077-D	Oil palm plantation	30	30

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12. Associates (contd.)

Name of company	Principal activities	Group's effective equity interest	
		2011	2010
		%	%
Associates of Sara Spectrum Holdings Sdn. Bhd.			
Carbon Supplies (Sarawak) Sdn. Bhd. Company No. 295344-H	Manufacture and sale of activated carbon	40	40
Associate of PPES Ternak Holdings Sdn. Bhd.			
PPES Poultry Farm Sdn. Bhd. Company No. 115899-V	Inactive	40	40

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

13. Investments in other corporations

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investments at cost:				
- Unit trusts quoted in Malaysia	64,181	62,492	54,484	53,044
Less: Allowance for diminution in value	(130)	(127)	(40)	(40)
	64,051	62,365	54,444	53,004
- Quoted shares in Malaysia	72,354	73,367	71,979	71,979
Less: Allowance for diminution in value	(1,603)	(1,552)	(1,407)	(1,407)
	70,751	71,815	70,572	70,572
- Unquoted shares in Malaysia	5,821	1,793	10,711	7,711
Less: Allowance for diminution in value	-	-	(25)	(25)
	5,821	1,793	10,686	7,686

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13. Investments in other corporations (contd.)

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Amount due from:				
- Current accounts	1,466	11,810	1,466	11,810
Less: Allowance for doubtful debts	(434)	(434)	(434)	(434)
	<u>1,032</u>	<u>11,376</u>	<u>1,032</u>	<u>11,376</u>
- Loan accounts	<u>1,994</u>	<u>12,080</u>	<u>1,994</u>	<u>12,081</u>
Total	<u><u>143,649</u></u>	<u><u>159,429</u></u>	<u><u>138,728</u></u>	<u><u>154,719</u></u>
Market value of:				
- Quoted unit trust	64,125	62,577	54,414	53,049
- Quoted shares	59,296	75,131	59,167	74,941
	<u><u>123,421</u></u>	<u><u>137,708</u></u>	<u><u>113,581</u></u>	<u><u>127,990</u></u>

The market value of the quoted unit trusts and shares of the Group and of the Corporation is lower than cost by RM11,380,463 and RM11,434,393 (2010: RM3,528,721 and RM4,414,165) respectively. However, the Members are of the opinion that allowance for impairment in value is not required as the impairment in value is considered not permanent and the investments are held on a long term basis.

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14. Property, plant and equipment											
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 improvements RM'000	Capital and construction work-in- progress RM'000	Pasture development costs RM'000	Total RM'000			
Cost/valuation											
At 1 January 2011	67,568	9,450	128,213	164,719	59,645	23,922	2,412	455,929			
Transfer	-	-	-	997	-	(15,740)	-	(14,743)			
Additions	2,677	-	47,312	8,403	77	2,101	-	60,570			
Reclassifications	(9,891)	9,891	2,596	1,707	-	(4,303)	-	-			
Disposals	(279)	-	(294)	(2,113)	-	(3)	-	(2,689)			
Written off	-	-	(340)	(159)	-	-	-	(499)			
Exchange difference	533	3	43	80	141	-	-	800			
At 31 December 2011	60,608	19,344	177,530	173,634	59,863	5,977	2,412	499,368			
Accumulated depreciation											
Charge for 2010	368	262	2,624	4,807	870	-	42	8,973			
At 1 January 2011	2,486	2,329	56,383	133,151	16,540	129	415	211,433			
Charge for the year	262	392	2,090	5,201	862	-	42	8,849			
Disposals	-	(30)	(179)	(1,637)	-	-	-	(1,846)			
Reclassification	(776)	776	-	-	-	-	-	-			
Transfer	-	-	1,838	578	-	-	-	2,416			
Written off	-	-	(334)	(150)	-	-	-	(484)			
Exchange difference	-	-	14	48	80	-	-	142			
At 31 December 2011	1,972	3,467	59,812	137,191	17,482	129	457	220,510			

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Notes to the Financial Statements - 31 December 2011

14. Property, plant and equipment (contd.)

Group	Long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvements RM'000	Capital and construction work-in-progress RM'000	Pasture development costs RM'000	Total RM'000
Accumulated impairment losses								
Impairment losses for 2010	-	-	-	-	-	-	-	-
At 1 January 2011	-	-	6,049	2,223	27,000	3,089	-	38,361
Impairment loss for the year	-	-	(6)	(8)	-	-	-	(14)
At 31 December 2011	-	-	6,043	2,215	27,000	3,089	-	38,347
Net book value								
At 31 December 2011	58,636	15,877	111,675	34,228	15,382	2,759	1,955	240,511
At 31 December 2010	65,082	7,121	65,781	29,345	16,105	20,705	1,997	206,135

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Notes to the Financial Statements - 31 December 2011

14. Property, plant and equipment (contd.)										
Group	Long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvements RM'000	Capital and construction work-in-progress RM'000	Pasture development costs RM'000	Total RM'000		
Analysis of cost and valuation:										
At cost	59,454	19,344	176,716	173,059	59,864	5,977	2,412	496,826		
At valuation	1,154	-	814	575	-	-	-	2,543		
At 31 December 2011	60,608	19,344	177,530	173,634	59,864	5,977	2,412	499,369		
At cost	66,414	9,450	127,399	164,144	59,645	32,816	2,412	462,280		
At valuation	1,154	-	814	575	-	-	-	2,543		
At 31 December 2010	67,568	9,450	128,213	164,719	59,645	32,816	2,412	464,823		

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14. Property, plant and equipment (contd.)

Corporation	Land RM'000	Motor vehicles RM'000	Building and improvements RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost/Valuation						
At 1 January 2011	26,581	3,005	37,392	533	8,199	75,710
Additions	1,724	354	47,307	-	297	49,682
Disposals	(280)	-	-	-	-	(280)
At 31 December 2011	28,025	3,359	84,699	533	8,496	125,112
Accumulated depreciation						
Charge for 2010	364	219	159	-	227	969
At 1 January 2011	2,626	2,172	13,536	533	7,647	26,514
Charge for the year	364	254	118	-	267	1,003
Disposals	(30)	-	-	-	-	(30)
Transfer to grant	-	-	1,838	-	-	1,838
At 31 December 2011	2,960	2,426	15,492	533	7,914	29,325
Accumulated impairment losses						
Impairment losses for 2010	-	-	-	-	-	-
At 1 January 2011/ 31 December 2011	-	-	174	-	-	174
Net book value						
At 31 December 2011	25,065	933	69,033	-	582	95,613
At 31 December 2010	23,955	833	23,682	-	552	49,022

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14. Property, plant and equipment (contd.)

Corporation	Land RM'000	Motor vehicles RM'000	Building and improvements RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Analysis of cost and valuation:						
At cost	26,871	3,359	83,885	207	8,496	122,818
At valuation	1,154	-	814	326	-	2,294
At 31 December 2011	28,025	3,359	84,699	533	8,496	125,112
At cost	25,427	3,005	36,578	207	8,199	73,416
At valuation	1,154	-	814	326	-	2,294
At 31 December 2010	26,581	3,005	37,392	533	8,199	75,710

Land comprises of:

Cost/valuation	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Total RM'000
At 1 January 2011	117	18,285	8,179	26,581
Addition	-	1,724	-	1,724
Disposal	-	(280)	-	(280)
Reclassification	-	(9,891)	9,891	-
At 31 December 2011	117	9,838	18,070	28,025
Representing:				
At cost	117	8,684	18,070	26,871
At valuation	-	1,154	-	1,154
	117	9,838	18,070	28,025

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14. Property, plant and equipment (contd.)

	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Total RM'000
Accumulated depreciation				
Charges for 2010	-	131	233	364
At 1 January 2011	-	782	1,844	2,626
Charges for the year	-	1	363	364
Disposal	-	-	(30)	(30)
Reclassification	-	(776)	776	-
At 31 December 2011	-	7	2,953	2,960
Net Book Value				
At 31 December 2011				
At cost	117	8,677	15,117	23,911
At valuation	-	1,154	-	1,154
	<u>117</u>	<u>9,831</u>	<u>15,117</u>	<u>25,065</u>
Net Book Value				
At 31 December 2010				
At cost	117	16,349	6,335	22,801
At valuation	-	1,154	-	1,154
	<u>117</u>	<u>17,503</u>	<u>6,335</u>	<u>23,955</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.

Included in the net book value of motor vehicles for the Corporation are assets acquired under hire purchase amounting to RM15,623 (2010: RM53,641). The Group's property, plant and equipment include motor vehicles, plant, machinery and equipment with a net book value of RM352,410 (2010: RM377,240) which were acquired under hire purchase and finance lease agreements.

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Notes to the Financial Statements - 31 December 2011

15. Hotel and investment properties

	Group	
	2011	2010
	RM'000	RM'000
At valuation:		
- 2004	111,670	111,670
- 2007	166,820	166,820
- 2010	151,712	143,300
	<hr/>	<hr/>
At cost	430,202	421,790
	28,494	17,342
	<hr/>	<hr/>
	458,696	439,132
	<hr/>	<hr/>
At 1 January	439,132	435,445
Additions during the year	17,225	3,687
Transfer from property, plant and equipment	2,339	-
	<hr/>	<hr/>
At 31 December	458,696	439,132
	<hr/>	<hr/>

The valuations for 2004, 2007 and 2010 in respect of hotel and investment properties was adopted by the directors of the subsidiaries based on independent valuations carried out by professional valuers on an open market value basis. The surplus 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.

16. Plantation development expenditure

	Group	
	2011	2010
	RM'000	RM'000
At cost:		
At 1 January	7,647	7,647
Additions during the year	100	24
Transfer from government grant (Note 20)	3	(24)
	<hr/>	<hr/>
At 31 December	7,750	7,647
	<hr/>	<hr/>

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Notes to the Financial Statements - 31 December 2011

16. Plantation development expenditure (contd.)

	Group	
	2011	2010
	RM'000	RM'000
Accumulated amortisation:		
At 1 January	(3,325)	(3,312)
Additions	(9)	(13)
At 31 December	(3,334)	(3,325)
Impairment loss:		
At 1 January	(4,004)	(4,004)
Additions	(80)	-
At 31 December	(4,084)	(4,004)
Net book value	332	318

17. State government equity grant and contribution for equity participation

	Group and Corporation	
	2011	2010
	RM'000	RM'000
(a) State government equity grant		
Sejadu Sdn. Bhd.	11,000	11,000
Sara Resort Sdn. Bhd.	10,850	10,850
Bukit Saban Sdn. Bhd.	4,940	4,940
Borsamulu Resorts Sdn. Bhd.	-	2,000
Damai Cove Resorts Sdn. Bhd.	37,000	37,000
PPES Akua (Santubong) Sdn. Bhd.	5,000	5,000
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.	20,000	20,000
	<u>104,139</u>	<u>106,139</u>

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Notes to the Financial Statements - 31 December 2011

17. State government equity grant and contribution for equity participation (contd.)

		Group and Corporation	
		2011	2010
		RM'000	RM'000
(b)	State government contribution for equity participation		
	Sejadu Sdn. Bhd.	144,189	144,189
	Sara Resort Sdn. Bhd.	57,400	57,400
	Kuching Hotels Sdn. Bhd.	24,088	24,088
	Damai Cove Resorts Sdn. Bhd.	37,000	37,000
	Eastern Empress Silk Sdn. Bhd.	5,900	5,900
	Borsamulu Resorts Sdn. Bhd.	2,000	2,000
		<u>270,577</u>	<u>270,577</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. These commercial projects are financed by equity and loans from the State Government of Sarawak.

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

18. Development funds

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Bumiputra Participation Fund	99,530	100,705	91,086	92,261
Cattle Industry Development Fund	12,081	13,314	2,717	3,950
Aquaculture Development Fund	16,187	16,306	9,611	9,730
Camp Permai Fund	2,000	2,000	-	-
Others	109,891	74,803	109,285	74,197
	<u>239,689</u>	<u>207,128</u>	<u>212,699</u>	<u>180,138</u>

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Notes to the Financial Statements - 31 December 2011

18. Development funds (contd.)

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	207,128	187,698	180,138	160,708
Received during the year	42,394	41,251	42,394	41,251
Transfer from development costs	45,085	21,737	45,085	21,737
Amortised during the year	(5,933)	(5,696)	(5,933)	(5,696)
Disbursed/utilised during the year	(48,985)	(37,862)	(48,985)	(37,862)
At 31 December	<u>239,689</u>	<u>207,128</u>	<u>212,699</u>	<u>180,138</u>

19. Reserves

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Capital reserves	3,997	3,997	-	-
Share premium (a)	9,261	9,261	-	-
Revaluation reserve (b)	41,108	41,108	-	-
Reserve on consolidation (c)	52,866	52,852	-	-
Revenue reserve	550,396	522,803	466,923	445,123
	<u>657,628</u>	<u>630,021</u>	<u>466,923</u>	<u>445,123</u>

	Group	
	2011	2010
	RM'000	RM'000
(a) Share premium:		
At 1 January	9,261	9,201
On issuance of preference shares during the year	-	60
At 31 December	<u>9,261</u>	<u>9,261</u>

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

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Notes to the Financial Statements - 31 December 2011

19. Reserves (contd.)

	Group	
	2011	2010
	RM'000	RM'000
(b) Revaluation reserve:		
At 1 January and 31 December	41,108	41,108
	<u> </u>	<u> </u>

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

(c) Reserve on consolidation:

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	52,852	52,840
Arising on consolidation	14	13
Disposal of subsidiary	-	(1)
	<u> </u>	<u> </u>
At 31 December	52,866	52,852
	<u> </u>	<u> </u>

20. Government grants

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	21,704	22,660
Amortisation of grants	(920)	(932)
Government grant received during the year	1,258	-
Transfer to plantation development expenditure (Note 16)	(3)	(24)
	<u> </u>	<u> </u>
At 31 December	22,039	21,704
	<u> </u>	<u> </u>

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Notes to the Financial Statements - 31 December 2011

21. Deferred tax

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	6,805	7,936
Recognised in income statement (Note 25)	(16)	(1,501)
Exchange differences	91	347
Disposal of subsidiary	-	23
	<u>6,880</u>	<u>6,805</u>
At 31 December	<u>6,880</u>	<u>6,805</u>
Presented after appropriate offsettings as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	6,880	6,805
	<u>6,880</u>	<u>6,805</u>

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

	Inventories (live stock) RM'000	Property, plant & equipment RM'000	Others RM'000	Total RM'000
Deferred tax liabilities of the Group:				
At 1 January 2011	6,757	24	24	6,805
Recognised in income statement	(42)	26	-	(16)
Exchange differences	91	-	-	91
	<u>6,806</u>	<u>50</u>	<u>24</u>	<u>6,880</u>
At 31 December 2011	<u>6,806</u>	<u>50</u>	<u>24</u>	<u>6,880</u>
At 1 January 2010	7,911	24	24	7,959
Recognised in income statement	(1,501)	-	-	(1,501)
Exchange differences	347	-	-	347
	<u>6,757</u>	<u>24</u>	<u>24</u>	<u>6,805</u>
At 31 December 2010	<u>6,757</u>	<u>24</u>	<u>24</u>	<u>6,805</u>

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Notes to the Financial Statements - 31 December 2011

21. Deferred tax (contd.)

	Unabsorbed capital allowances RM'000
Deferred tax assets of the Group:	
At 1 January and 31 December 2011	-
At 1 January 2010	(23)
Recognised in income statement	23
At 31 December 2010	-

22. Employee benefits

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Long service leave	76	92	-	-
Annual leave and others	1,528	1,483	1,528	1,483
	<u>1,604</u>	<u>1,575</u>	<u>1,528</u>	<u>1,483</u>

23. 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.

Sarawak Economic Development Corporation
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Notes to the Financial Statements - 31 December 2011

23. Revenue and cost of sales (contd.)

Cost of sales

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

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

24. Profit before taxation

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(a) Profit before taxation is stated after charging/(crediting):				
Amortisation of development expenditure	(4,096)	13	(4,096)	-
Allowance for diminution in investment	63	50	-	-
Allowance for doubtful debts, net of allowance no longer required	110	2,038	(1)	(10)
Auditors' remuneration				
- current year	307	303	50	50
- over provision in prior years	(10)	-	(8)	-
Amortisation of goodwill	13	13	-	-
Amortisation of government grants	(921)	(932)	-	-
Bad debts recovered	(1)	(1)	-	-
Bad debts written off	1,951	24	1,951	24
Depreciation of property, plant and equipment	8,849	8,973	1,003	969
Gain/(loss) on disposal of other investments	92	(2,682)	(28)	(2,666)
Gain on disposal of property, plant and equipment	(69)	(55)	(2)	(4)
(Gain)/loss on disposal of a subsidiary	(813)	1,801	-	(8,988)
Gross dividends from:				
Associates				
- unquoted in Malaysia	-	-	(26,926)	(22,101)
Subsidiaries				
- unquoted in Malaysia	-	-	(1,222)	(3,747)
Other corporations				
- quoted in Malaysia	(4,582)	(3,144)	(4,266)	(2,732)
Impairment of plantation development expenditure	80	-	-	-

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24. Profit before taxation (contd.)

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(a) Profit before taxation is stated after charging/(crediting) (contd.):				
Income from rental of land and buildings	(2,703)	(3,092)	(2,726)	(1,799)
Interest income	(8,023)	(6,356)	(6,403)	(4,955)
Interest expense				
- commercial borrowings	-	65	58	65
- hire purchase	16	36	6	10
- government loan	387	394	387	394
- paid to subsidiaries	-	-	19	34
- overdue on trade balance	3171	3,335	-	-
(Gain)/loss on foreign exchange				
- unrealised	(413)	(1,549)	-	-
- realised	(12)	14	-	-
Members' remuneration:				
- fees as Members of the Corporation	24	24	24	24
- allowance as Members of the Corporation	23	20	23	20
Other directors of subsidiaries:				
- fees	905	795	-	-
- others	328	503	-	-
Property, plant and equipment written off	4	142	-	-
Rental expenses				
- land and buildings	410	730	215	291
- rigs and equipment	104	42	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(b) Employee information				
Staff costs	<u>45,225</u>	<u>42,363</u>	<u>15,321</u>	<u>14,888</u>

Included in staff costs of the Group and of the Corporation are Employees' Provident Fund and Pension Scheme contributions amounting to RM4,018,641 (2010: RM3,881,146) and RM1,288,043 (2010: RM1,275,121) respectively.

	Group		Corporation	
	2011	2010	2011	2010
Number of employees	<u>1,743</u>	<u>1,789</u>	<u>260</u>	<u>262</u>

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Notes to the Financial Statements - 31 December 2011

25. Taxation

	Group		Corporation	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Based on results for the year				
- Malaysian income tax	2,104	2,156	5,344	7,183
Under provision in prior years				
- Malaysian income tax	(107)	(908)	5	-
	<u>1,997</u>	<u>1,248</u>	<u>5,349</u>	<u>7,183</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences				
- Malaysian income tax	(16)	-	-	-
- Foreign tax	-	(1,501)	-	-
	<u>(16)</u>	<u>(1,501)</u>	<u>-</u>	<u>-</u>
Share of taxation of associates	3,092	10,083	-	-
Tax expense for the year	<u>5,073</u>	<u>9,830</u>	<u>5,349</u>	<u>7,183</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 25% (2010: 25%) of the estimated assessable profit for the year.

Current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Corporation being a Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
 In excess of RM500,000 of chargeable income : 25%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2010, these subsidiaries no longer qualify for the above preferential tax rates.

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Notes to the Financial Statements - 31 December 2011

25. 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:

	2011 RM'000	2010 RM'000
Group		
Profit before taxation	34,706	48,790
	<u> </u>	<u> </u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	8,676	12,197
Effect of changes in Malaysian tax rates	-	-
Effect of different tax rates in other countries	(8)	(248)
Effect of income not subject to tax	(2,056)	(8,647)
Expenses not deductible for tax purposes	4,841	8,020
Revenue expenditure capitalised	(80)	(381)
Utilisation of previously unrecognised capital allowance and tax loss	(3,384)	285
Utilisation of unabsorbed investment tax allowance	-	-
Capital item deductible for tax	-	(14)
Utilisation of deferred tax assets carried forward previously not recognised	(342)	(525)
Deferred tax assets not recognised	3,075	1,066
(Over)/under provision of income tax expense in prior years	(107)	(908)
(Over)/under provision of income tax expense of associates in prior years	(5,382)	(1,019)
Under provision of deferred tax expense of associates in prior years		163
Others	(160)	(159)
	<u> </u>	<u> </u>
Tax expense for the year	5,073	9,830
	<u> </u>	<u> </u>
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	1,556	1,122
Unutilised tax losses carried forward	17,997	17,044
	<u> </u>	<u> </u>

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Notes to the Financial Statements - 31 December 2011

25. Taxation (contd.)

	2011 RM'000	2010 RM'000
Corporation		
Profit before taxation	27,149	39,344
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	6,787	9,836
Effect of income not subject to tax	(2,840)	(4,756)
Expenses not deductible for tax purposes	1,037	550
Deferred tax assets not recognised	1,916	202
Utilisation of previously unrecognised tax losses	(1,556)	1,351
Under provision of income tax in prior years	5	-
Effect on opening deferred tax reduction	-	-
Tax expense for the year	5,349	7,183
Tax savings during the financial year arising from:		
Utilisation of current year tax losses	1,556	1,122
Unutilised tax losses carried forward	15,225	14,721

26. Significant inter-company transactions

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

	Corporation 2011 RM'000	2010 RM'000
Interest paid to subsidiaries for deposits placed with Central Cash Management	19	34
Marketing fees received from a subsidiary	-	-
Rental received from subsidiaries	(135)	(99)
Management fee received from an associate	(18)	(18)
Management fee and incentive management fee paid to subsidiary	-	-
License fee received from an associate	(129)	(248)

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Notes to the Financial Statements - 31 December 2011

27. Contingent liabilities

PPES Ternak Holdings Sdn. Bhd.

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

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

As disclosed in the Company's foreign subsidiary's financial statements, the Native Title consent determination over Rosewood Station Pty Ltd "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 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.

Sara Urusharta Sdn. Bhd.

On 31 December 2011, Syarikat Sesco Berhad had revised the meter reading in respect of electricity charges for the period ended 30 November 2011 to match the actual site meter reading and consequently the cumulative outstanding meter reading charged was revised to RM794,030. However the Company had only provided for RM360,000 based on its record. The additional charges of RM434,030 has not been provided as the management are in the opinion that the liability is not payable and in view of the inappropriate meter reading it is possible, but not probable, that the claim will succeed and accordingly no provision for any liability has been made in these financial statements.

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Notes to the Financial Statements - 31 December 2011

28. Commitments

	Group	
	2011	2010
	RM'000	RM'000
Capital commitments for the acquisition of property, plant and equipment:		
Approved and contracted for	2,871	-
Approved but not contracted for	1,093	5,927
	<u>3,964</u>	<u>5,927</u>

29. Currency

All amounts are stated in Ringgit Malaysia.

30. Significant events

The significant events are disclosed in Note 11 and 12 to the financial statements.

31. Comparative figures

The presentation and classification of items in the current year financial statements have been consistent with previous financial period except that certain comparative figures of the Group for the following accounts have been restated to conform with current year's presentation, as follows:

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
Group At 31 December 2010			
Property, plant and equipment	215,029	(8,894)	206,135
Property development cost	1,406	8,894	10,300
	<u>=====</u>	<u>=====</u>	<u>=====</u>

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Detailed Income Statement
For the Year Ended 31 December 2011

	2011 RM'000	2010 RM'000
Revenue		
Dividend income		
- subsidiaries	1,222	3,747
- associates	26,926	22,101
- other investments	4,266	2,732
Document fees	5	10
Gain on disposal of investment	28	11,654
Gain on disposal of property, plant and equipment	2	4
Interest income	6,403	4,955
Licensing fees	129	248
Rental income	2,726	1,799
Sales of property development	3,417	3,617
Sundry income	58	354
	45,182	51,221
Less: Cost of sales		
Property development cost	2,385	1,450
Gross profit	42,797	49,771
Add: Other operating income		
Allowance for doubtful debts no longer required	294	10
Government grant	5,633	4,557
Other operating income	4,229	7,424
	10,156	11,991

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Detailed Income Statement
For the Year Ended 31 December 2011 (contd.)

	2011 RM'000	2010 RM'000
Less: Administrative expense		
Corporate staff welfare	12	13
Educational grant	-	47
Program Internship Siswazah	(5)	20
Staff accommodation	20	12
Staff allowance	(10)	535
Staff benefit	197	234
Staff bonus	1,003	263
Staff chronic	85	60
Staff corporate gathering	33	166
Staff EHS (medical checkup)	29	40
Staff external training	438	271
Staff goodwill	6	5
Staff housing loan interest subsidy	351	387
Staff in-house training	456	275
Staff leave passage	11	23
Staff maternity	12	10
Staff medical	253	237
Staff membership fees	12	13
Staff overtime	221	238
Staff transport and travelling	966	996
Staff salary - junior	5,219	5,319
Staff salary - senior	5,834	5,619
Staff uniform	134	63
Staff welfare	20	18
Staff welfare - children education	14	15
Welfare - retirement	10	9
	15,321	14,888

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Detailed Income Statement
For the Year Ended 31 December 2011 (contd.)

	2011 RM'000	2010 RM'000
Less: Other operating expenses		
Bad debts written off	1,951	24
Board's expenses	171	148
Depreciation of property, plant and equipment	1,003	969
General expenses	1,311	1,209
Maintenance expenses	2,327	1,921
Office expenses	2,147	1,965
Professional fees	247	351
Project expenses	855	440
	10,012	7,027
Operating profit	27,620	39,847
Less: Finance cost		
Interest on central cash management	20	34
Interest on government loan	387	394
Interest on HP interest	6	10
Interest on commercial loan	58	65
	471	503
Profit before taxation	27,149	39,344