

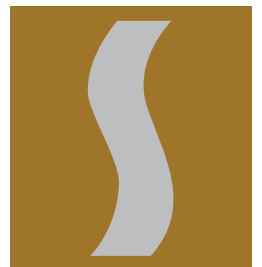
MEMARA SEDC

LAPORAN TAHUNAN | ANNUAL REPORT 2009

SARAWAK ECONOMIC DEVELOPMENT CORPORATION

Perbadanan Pembangunan Ekonomi Sarawak

sedc
sarawak



S · E · D · C
s a r a w a k

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CHAIRMAN'S STATEMENT

On behalf of the Members of the Board, I am pleased to report the performance of the Sarawak Economic Development Corporation (SEDC) for the year 2009.

Despite the challenging global economy for the year, SEDC could still pulled through and performed significantly better than expected. The Corporation achieved better profit before taxation (PBT) of RM 6.7 million for the financial year 2009.

In the tourism sector, SEDC performed quite well even though the industry was challenged by the global economic crisis which had a negative impact on tourist arrivals from Asia and Europe. Another milestone was set when SEDC discontinued its relationship with IGH on the management of its hotels and resort. These hotels and resort were subsequently re-branded and managed directly by SEDC.

A number of new projects were also completed in 2009. These include the Medan Permaidani Kampung Food Court at Kuching, Ready-Built-Factories at Mukah, the Kuching Waterfront Refurbishment, the enhancement of the Sarawak Cultural Village and the upgrading of the Matang Family Park. Projects initiated in the year include the upgrading of the Grand Margherita Hotel, Kuching Waterfront Phase 2, the construction of Kompleks Perniagaan Kubah Ria Baru, New Damai Bay Bazaar and Commercial-mixed property development at Bintawa, Kuching.



In our Agro-Based Division, our aquaculture farm continued to expand with additional new ponds and increasing the total number of ponds to 85. These ponds are now capable of producing 1,165 tonnes of white prawns per annum. Our cattle farms at Strathmere-Beardie Aggregation, Queensland and Rosewood, Northern Territory, Australia have also shown favourable increase in sales as well as increase in stock count through natural reproduction.

As a trust agency for the development of local entrepreneurs in the State, SEDC continued to play its role by assisting and facilitating the involvement of local entrepreneurs in commerce and industry. Notable successes in 2009 include the creation of 348 micro level entrepreneurs amongst the *Rakyat Khas* in urban centres through the *Program Sejahtera Ekonomi Bandar* (PROSEB), 656 participants in the *Program Peningkatan Usahawan Bumiputera* (PUTERA), 281 participants in the *Program Pembangunan Rakyat Khas* (PPRK), 16 borrowers for *Skim Pinjaman Industri Kecil* (SPIKS), 27 farmers for Community & Commercial Broiler programme as well as 72 schools under the *Program Usahawan Muda* (PUM) & *Program Perintis Usahawan* (PPU).

To further assist the entrepreneurs in their businesses, SEDC has made available trading spaces in lock-up shops and business premises throughout the State. Ready-built factories were also offered for sale and rental to them at

reasonable prices, while to enhance capacity building, a total of 36 business skill courses and trainings were conducted benefiting 3,089 participants in 2009.

For its corporate social responsibility, SEDC has undertaken a series of activities aimed at benefiting the less fortunate among the society. These include the Majlis Titian Kasih graced by His Excellency The Yang Di Pertua Negeri of Sarawak for the children of Rumah Datuk Ajibah Abol, Sri Aman and Rumah Amal Batu 12, Kuching, the Majlis Berbuka Puasa graced by the Yang Amat Berhormat Pehin Sri Haji Abdul Taib Mahmud, Chief Minister of Sarawak for the orphans of PERYATIM orphanage, Majlis Ramah Tamah Aidil Fitri for students of Yayasan Kemajuan Insan (YAKIN), and "Love-in-a-box" gifts presentation to the children of Kampung Sinar Baru and the inmates of Rajah Charles Brooke Memorial Hospital.

Efforts at championing integrity and quality by SEDC were duly recognised in 2009. SEDC was awarded the 4-Star (Highest Level) Accountability Index Award in Financial Management by the National Audit Department of Malaysia (NAD). Another feather in the cap is the Pengamal Kualiti Award under Anugerah Kualiti Ketua Menteri Sarawak 2009.

The success of SEDC is very much attributed to strong teamwork and commitment of the staff towards upholding a high standard of corporate governance, professionalism, integrity and excellence in undertaking their tasks. Equally important is sound management and strong support from our stakeholders, particularly the Minister-in-charge of SEDC, Yang Amat Berhormat Pehin Seri Haji Abdul Taib Mahmud, who is also the Chief Minister of Sarawak.

Moving forward, we will continue with our efforts to enhance the performance of our group of companies, while at the same time seeking new ventures that are impactful to the economic and social development of the State.

I 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 everyone.

"COMMITTED TO EXCELLENCE"



YB Datuk Haji Talib Zulpilip
CHAIRMAN

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 a role of a trust agency in the development of a vibrant Bumiputera Commercial and Industrial Community (BCIC).

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

VISION

To be the premier State agency in Malaysia

MISSION

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

SHARED VALUES

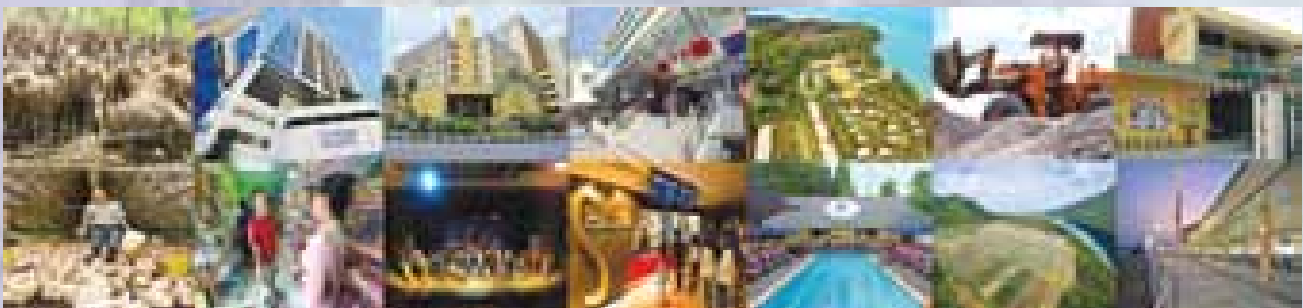
To serve and grow together through integrity, teamwork, quality, professionalism and caring

MOTTO

"COMMITTED TO EXCELLENCE"

WAR CRY

"GET IT DONE - FAST AND RIGHT"



SARAWAK ECONOMIC DEVELOPMENT CORPORATION ORGANISATION STRUCTURE



SEDC BOARD MEMBERS

**Standing (L - R)**

YBhg Datu Haji Abdul Rashid bin Haji Aziz, YBhg Datuk Haji Ismail bin Haji Hashim, Encik Mohamad Amin Ma'mon bin Mohammad, Encik John W. Chamberlin Sirau (Board Secretary)

Seated (L - R)

Puan Laura Lee Ngien Hion (representing YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman), YBhg Datuk Amar Wilson Baya Dandot, YB Datuk Haji Talib Zulpilip (Chairman), YB Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani, YBhg Datu Dr. Haji Sulaiman Haji Husaini (General Manager)

Not in Photograph:

YB Dr Stephen Rundi Utom, YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (State Financial Secretary), Yang Arif Datuk Fong Joo Chung, YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim, Encik Rahim bin Abu Bakar (Federal Secretary Representative)

MANAGEMENT TEAM



Standing (L - R)

Cik Siti Nurazlina binti Dollah Ahmat Usop, Encik Roneo J. Bunchol, Encik James Dago, Encik John W. Chamberlin Sirau, Encik Yap Yien Chieng, Encik George Su Kieh Ping, Tuan Haji Jamaludin bin Mohd Yusof, Encik Paul M. Ningkan, Encik Edwin Abit and Puan Marilyn N. Biyor

Seated (L - R)

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

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

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

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*

9th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
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

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

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

❖ *Subsidiary of holding company*

SEDC GROUP OF COMPANIES

AGRO-FOOD BASED

Subsidiaries

PPES Aqua (Santubong) Sdn Bhd

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

PPES Ternak Holdings Sdn Bhd

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

Lot 1260, Jalan Mersawa
Bintawa Industrial Estate
93450 Kuching
Tel: 082-482015 / 085-739317
Fax: 082-481350 / 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

Sara-HL Plantation Sdn Bhd

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

Eastern Empress Silk Sdn Bhd

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

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

PPES Akua (Mukah) Sdn Bhd

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

Sarapine Sdn Bhd

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

Sara 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

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

Associates

SOP Karabungan Sdn Bhd

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

❖ *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

Taskwin Marketing Sdn Bhd

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

Revlín Holdings Sdn Bhd

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

Sara-Fibre 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

Subsidiaries

CMS Infra Trading Sdn Bhd ❖ CMS Sumber Sdn Bhd

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

CMS Resources Sdn Bhd

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

7th Mile, Old Airport Road
93250 Kuching
Tel: 082-610226
Fax: 082-612434/615598
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

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

Safemal Drilling Sdn Bhd

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

Goebilt Seafoods Processing Bhd

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

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

Azen Industries Sdn Bhd

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

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

Permodalan ASSAR Sdn Bhd

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

Investment**Sarawak Concrete Industries Bhd**

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

Cahaya Mata Sarawak Bhd

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

Utama Banking Group Bhd

Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
Tel: 082-238888
Fax: 082-333828
Website: www.ubg.com.my

CORPORATE HIGHLIGHTS

**Rebranding of SEDC Hotels
(19 January 2009)**



Guest of Honour, YAB Pehin Sri Haji Abdul Taib Mahmud launching the Rebranding Ceremony of Riverside Majestic Hotel

**Annual Presidential Address 2009
(19 February 2009)**



YB Datuk Chairman delivering his annual Presidential Address

**Appointment of YB Datuk Chairman as
Assistant Minister of Tourism Sarawak
(12 April 2009)**



YB Datuk Chairman receiving a congratulatory card from the staff of SEDC in conjunction with his appointment as Assistant Minister of Tourism Sarawak

**Briefing to YAB Chief Minister
(29 September 2009)**



YB Datuk Chairman briefing the YAB Chief Minister during the Corporate Briefing Session together with the General Manager, Deputy General Manager and Divisional Directors

**MAJLIS MESYUARAT RAJA-RAJA
Royal Visit to Sarawak Cultural Village (29 JULY 2009)**

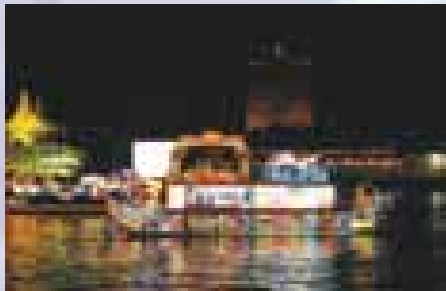


YB Datuk Haji Talib Zulpilip bidding a warm welcome to Y.A.M. Tunku Muhriz Ilni Al-Marhum Tuanku Munawir, Yang Dipertuan Besar Negeri Sembilan on his arrival at the Sarawak Cultural Village



The Royal entourage given a briefing by one of the staff of Sarawak Cultural Village

**Berbuka Puasa with Children of PERYATIM
(1 September 2009)**



SEDC's participation in the Sarawak River Float in conjunction with the Mesyuarat Majlis Raja-Raja in Kuching



YAB Chief Minister of Sarawak handing over Hari Raya Gifts to children of PERYATIM

CORPORATE HIGHLIGHTS

**Majlis Ramah Tamah Aidilfitri
Pelajar Asrama YAKIN
(9 October 2009)**



General Manager, Datu Haji Sulaiman Haji Husaini giving away Hari Raya gifts to Asrama YAKIN Students

**Majlis Titian Kasih
(16 October 2009)**



Presentation of Hari Raya Gifts by Tuan Yang Terutama Yang Di-pertua Negeri Sarawak, Tun Datuk Patinggi Abang Haji Muhammad Salahudin and YABhg. Toh Puan Datuk Patinggi Hajah Norkiah

**INTEGRITY DAY
"Berintegriti Budaya Kita"
(12 November 2009)**



Launching of SEDC Integrity Day by YB Datuk Chairman



YB Datuk Chairman with Integrity Award recipients

**Launching of SEDC MS ISO 9001:2008 QMS
(26 November 2009)**



Singing of National Anthem before the signing ceremony



YB Datuk Chairman handing over ISO 9001 : 2008 QMS CDs to a Divisional Director witnessed by General Manager, Datu Dr. Sulaiman Haji Husaini

**Majlis Makan Malam
Keluarga SEDC 2009
(6 December 2009)**



YB Datuk Chairman handing over a special memento to YAB Chief Minister witnessed by YB Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani, State Secretary of Sarawak, General Manager and our Board members



A sketch 'Keday Kopi' by SEDC Staff was among the highlights of the night

CORPORATE HIGHLIGHTS

**5S Gotong-Royong
(25 March 2009)**



5S Day Gotong-Royong

**5S Audit
(3 April 2009)**



Chief Auditor from Malaysian Productivity Corporation (MPC) conducting 5S Certification Audit in April

**CULTURE BUILDING
Long Service Award
(4 March 2009)**



En. Zakir bin Ariffin from Engineering Division receiving his Long Service Certificate from YB Datuk Chairman



Group photo of Long Service Award recipients with YB Datuk Chairman after the function

**LOVE-IN-A-BOX Programme
(3 April 2009)**



Group photo with children of the Kampung Sinar Baru together with YB Datuk Chairman after the function

**Blood Donation
(8 July 2009)**



Blood donation by staff of SEDC and its subsidiary companies

**COMBINED MORNING STARTER
(23 December 2009)**



Puan Marilyn N. Biyor, Acting Director of Human Resource and General Administration delivering her speech in one of the combined Morning Starters



Punctuality Award presentation ceremony by YB Datuk Chairman

CORPORATE HIGHLIGHTS

MEETINGS, WORKSHOPS AND SEMINARS

**Konvensyen KMK Sektor Awam
Peringkat Negeri Sarawak
(14 - 15 July 2009)**



SEDC KMK Team to the convention with the General Manager of Kuching



Participants at the Convention

**Board Meeting
(19 August 2009)**



SEDC Board Meeting in Damai Golf and Country Club



**Balanced Score Card
(9 September 2009)**



Dato' Maznah Bt Dasmi conducting the session



YB Datuk Chairman and General Manager were among the participants

**Program Pembangunan Industri Halal Negeri Sarawak 2009
(17 Disember 2009)**



Speech by Hajjah Asmawati Binti Haji Ahmad, Halal Development Unit, Jabatan Agama Islam Sarawak



General Manager, Dr. Haji Sulaiman Haji Husaini as a panel speaker at the seminar

CORPORATE HIGHLIGHTS

EXPOS AND EXHIBITIONS

**Pameran Pembangunan, Mukah
(28 - 30 FEBRUARY 2009)**



YB Datuk Seri Muhammad Michael Toyad accompanied by YB Abu Seman Jahwi visiting SEDC's booth



**Hari Veterinar Sarawak, Miri
(14 APRIL 2009)**



Visitors to the SEDC's booth



Food sampling by the visitors - the dishes offered were based on SEDC's products such as prawns, beef and venison.

**Pesta Kaul, Mukah
(24 - 25 APRIL 2009)**

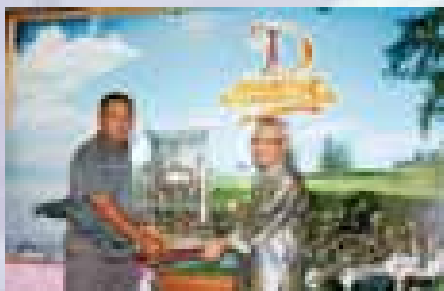


Launching ceremony of Pesta Kaul, Mukah by YAB Chief Minister



SEDC entrepreneurs sales booth during the Pesta Kaul, Mukah

**SEDC Chairman's Golf Challenge Trophy
(18 October 2009)**



YB Datuk Chairman presenting the Challenge Trophy to the winner

**Golf Persahabatan Kelab Penyokong Kerajaan
(15 November 2009)**



Group photo of YB Datuk Chairman with the Backbencher's Club members

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 appointed by the Minister-in-Charge, YAB Chief Minister of Sarawak:-

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

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

Meetings held in 2009

In 2009, a total of four meetings were held. The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YB Datuk Haji Talib Zulpilip	4 out of 4
YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman (State Financial Secretary)	
(Represented by YBhg Datu Liaw Soon Eng)	1 out of 4
(Represented by Puan Laura Lee Ngien Hion)	2 out of 4
Federal Treasury Representative, Encik Rahim bin Abu Bakar	4 out of 4
YB Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani	3 out of 4
YBhg Datuk Amar Wilson Baya Dandot	2 out of 4
YB Dr Stephen Rundi Utom	4 out of 4
YBhg Datuk Fong Joo Chung	2 out of 4
YBhg Datuk Haji Ismail bin Haji Hashim	4 out of 4
YBhg Datu Haji Wan Alwi bin Dato Sri Wan Hashim	3 out of 4
YBhg Datu Haji Abdul Rashid bin Haji Aziz	4 out of 4
Encik Mohamad Amin Ma'mon bin Mohamad	3 out of 4

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:-

ESTABLISHMENT COMMITTEE (SEC)

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

BOARD AUDIT COMMITTEE (BAC)

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

TENDER, FINANCE AND INVESTMENT COMMITTEE (TFIC)

Chairman : YB Datuk Haji Talib Zulpilip
 Members : YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman
 YB Datuk Haji Mohd. Morshidi bin Abdul Ghani
 Encik Rahim bin Abu Bakar
 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 judgment in carrying out the duties of the BAC.

The Board Audit Committee Members are: -

YB Datuk Amar Haji Mohamad Morshidi Abdul Ghani	(Chairman)
YB 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

During the financial year ended 31 December 2009, four BAC meetings were held. A record of the attendance to these meetings is as follows:-

Members	No. of Meetings Attended
YB Datuk Amar Haji Mohamad Morshidi Abdul Ghani	3 out of 4
YB Dr. Stephen Rundi Utom	1 out of 4
YBhg Dato Sri Ahmad Tarmizi Haji Sulaiman (State Financial Secretary)	
Represented by:	
- YBhg Cik Grace Hii Hui Hing	2 out of 2
- YBhg Encik Abdul Kadir Zainuddin	2 out of 2
YBhg Datuk Haji Ismail Haji Hashim	3 out of 4
YBhg Datu William Lee Boon Tong	4 out of 4

Activities

The summary of activities of the BAC in the discharge of its duties and responsibilities for the financial year ended 31 December 2009 includes the followings:-

- ❖ Reviewed and approved the annual audit plan of the Internal Audit Division for 2010, 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.

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. All 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 shall be the Director of the Human Resource and General Administration Division of SEDC.

Duties and Responsibilities

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

- ❖ Approve appointment to all posts in the Managerial and Professional group (Grade 44 or equivalent and higher grades)
- ❖ Approve promotion of employees in the Managerial and Professional group
- ❖ Dismissal and demotion of employees
- ❖ Establishment of new posts and abolishment of redundant posts in the Managerial and Professional group
- ❖ Upgrading and re-designation of existing posts
- ❖ Ex-gratia payment
- ❖ Guidelines on staff welfare

Meetings Held in 2009

In 2009, a total of two meetings were held. The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YBhg Datuk Amar Wilson Baya Dandot	2 out of 2
YBhg Datu Haji Abdul Rashid Bin Haji Aziz	1 out of 2
YBhg Datu Haji Sarudu Bin Haji Hoklai (represented by Puan Dany Anak Neb)	2 out of 2
YBhg Puan Laura Lee (till May 2009)	1 out of 2
YBhg Dr Haji Sulaiman Bin Haji Husaini	1 out of 2

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, 1980
- ❖ 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.

Corporate Governance Activities In 2009

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

For the year 2009, 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 2009**

The Presidential Address was held on 19 February 2009 to disseminate and share with the management and staff on the following:

- Corporate achievements in 2008
- Corporate targets for 2009
- Corporate direction(s)

❖ **'Management Contract'** signing was done by all Divisional Directors on 19 February 2009.

This Contract serves as a Key Performance Indicator (KPI) mechanism to measure the performance.

❖ **Approval of Financial and Accounting Procedure Regulations 1980 (Revised 2009)** on 10 March 2009

❖ Review on "**SEDC Quality Standard**" was completed and approved in May 2009

❖ Review and approval of **Client Charter** in May 2009

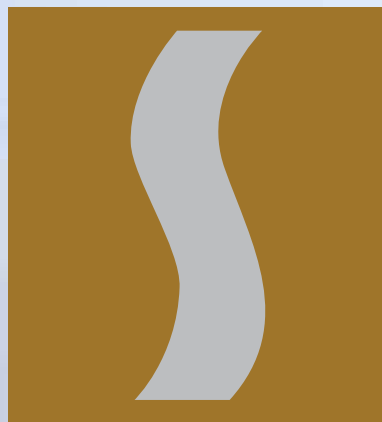
❖ Representatives from Corporate Governance Committee attended the **Corporate Governance Summit 2009 – "Truth, Lies and Corporate Governance" from 28 September to 29 September 2009**

❖ **Balanced Scorecard workshops** were conducted in November and December 2009

❖ **INTEGRITY Day** was held on 11 December 2009

❖ **Corporate Governance Committee Meetings** were conducted on 12 February 2009, 27 May 2009 and 15 September 2009.





S · E · D · C
s a r a w a k

**PERBADANAN PEMBANGUNAN EKONOMI SARAWAK
MEMBERS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2009**

Sarawak Economic Development Corporation

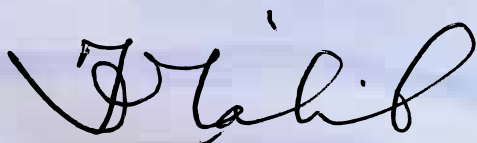
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**PENYATA PENERUSI DAN SEORANG AHLI
LEMBAGA PENGARAH**

Kami, **YB Datuk Haji Talib Zulpilip** dan **YB Dr. Stephen Rundi Utom** yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah **PERBADANAN PEMBANGUNAN EKONOMI SARAWAK**, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, penyata 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 2009 dan hasil kendaliannya serta perubahan kedudukannya bagi tahun berakhir 31 Disember 2009.

Bagi pihak Lembaga,

Bagi pihak Lembaga,



.....
YB DATUK HAJI TALIB ZULPILIP
PENERUSI



.....
YB DR. STEPHEN RUNDI UTOM
AHLI

Tarikh: **24 AUG 2010**
KUCHING

Tarikh: **24 AUG 2010**
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, **Dr. Haji Sulaiman Haji Husaini**, 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 Akuan Berkanun, 1960.

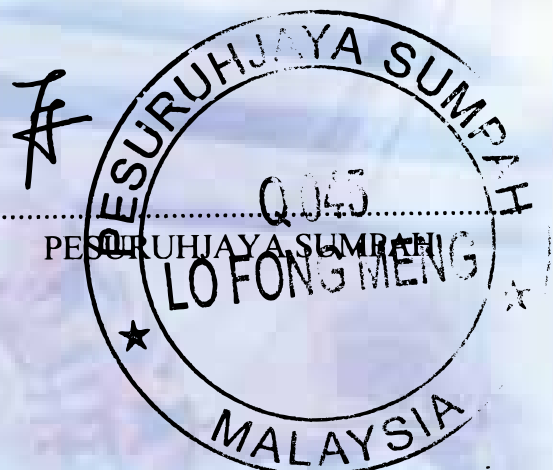
Sebenarnya dan sesungguhnya)
diakui oleh penama di atas)
di Kuching dalam Negeri Sarawak)
pada **23 AUG 2010**)



.....
Dr. Haji Sulaiman Haji Husaini
Pengurus Besar

Di hadapan saya,

LO FONG MENG
ADVOCATE
Commissioner for Oaths
No. 9 & 10, (1st Floor)
Hock Kui Commercial Centre,
Jln. Tun Ahmad Zaidi Aduce,
Kuching, Sarawak



Sarawak Economic Development Corporation

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

Member's 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 2009.

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	34,060	4,631
Minority interests	(3,383)	-
Profit attributable to members	<u>30,677</u>	<u>4,631</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)
Encik Rahim Bin Abu Bakar	(Wakil daripada Perbendaharaan Persekutuan, Malaysia)
YB Datuk Amar Haji Mohd. Morshidi Abdul Ghani	
YB Dr. Stephen Rundi Utom	
YBhg Datuk Fong Joo Chung	
YBhg Datuk Amar Wilson Baya Dandot	
YBhg Datuk Haji Ismail Haji Hashim	
YBhg Datu Haji Wan Alwi Dato Sri Wan Hashim	
YBhg Datu Haji Abdul Rashid Bin Haji Aziz	
Encik Mohd. Amin Ma'mon Bin Mohamad	

Sarawak Economic Development Corporation

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

Member's Report (contd.)

Subsequent event

The Corporation

On 3 May 2010, the Corporation completed the disposal of its 412,499 ordinary shares of RM1.00 each representing 55% equity interest in Safemal Drilling Sdn. Bhd. to GlobalSantaFe Drilling Operations Inc. for a total cash consideration of RM9.4 million. As a result, Safemal Drilling Sdn. Bhd. ceased to be a subsidiary of the Corporation on 3 May 2010.

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

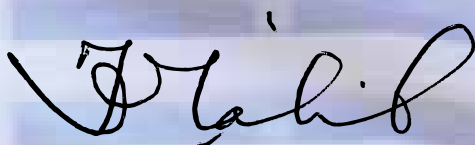
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Member's 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 apart from the contingent liabilities as disclosed in Note 27 to the financial statements.
- (f) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Members, will or may substantially affect the ability of the Corporation or of the Group to meet their obligations as and when they fall due.
- (g) In the opinion of the Members,
- (i) the results of the operations of the Corporation and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Corporation and of the Group for the financial year in which this report is made.

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



YB DATUK HAJI TALIB ZULPILIP

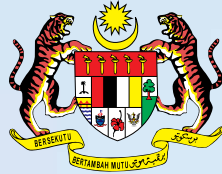
Chairman



YB DR. STEPHEN RUNDI UTOM

Member

Kuching
Date: 24 AUG 2010



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2009**

Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan bagi tahun berakhir 31 Disember 2009 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 2009, 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 adalah dalam bentuk dan kandungan yang sesuai dan wajar bagi tujuan penyediaan Penyata Kewangan Disatukan. Saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.

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: 26 OKTOBER 2010



Sarawak Economic Development Corporation

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

Balance Sheets as at 31 December 2009

	Note	Group		Corporation	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current assets					
Inventories	3	56,467	53,377	17,217	16,691
Property development costs	4	2,479	4,241	2,479	4,241
Receivables	5	150,994	115,428	18,892	18,734
Grant receivable		10,676	10,676	10,676	10,676
Deposits with financial institutions	6	223,003	213,088	166,881	159,431
Cash and bank balances		53,666	95,343	11,814	11,225
		<u>497,285</u>	<u>492,153</u>	<u>227,959</u>	<u>220,998</u>
Less: Current liabilities					
Payables	7	158,719	172,395	15,336	16,494
Lease payables	8	336	405	90	119
Government term loan	9	9,096	3,354	9,096	3,354
Other borrowings	10	8,525	8,525	8,525	8,525
Tax payable		5,834	77	5,430	-
		<u>182,510</u>	<u>184,756</u>	<u>38,477</u>	<u>28,492</u>
Net current assets		314,775	307,397	189,482	192,506
Non-current assets					
Subsidiaries	11	-	-	560,972	563,458
Associates	12	187,126	177,222	44,989	44,989
Investments in other corporations	13	160,401	157,967	151,213	148,565
Property, plant and equipment	14	170,670	155,362	20,632	20,299
Hotel and investment properties	15	435,445	438,589	-	-
Plantation development expenditure	16	331	360	-	-
Land held for property development	4	3,538	3,538	3,538	3,538
Deferred tax assets	21	22	26	-	-
		<u>957,533</u>	<u>933,064</u>	<u>781,344</u>	<u>780,849</u>
		<u>1,272,308</u>	<u>1,240,461</u>	<u>970,826</u>	<u>973,355</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 2009 (contd.)

	Note	Group		Corporation	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Financed by:					
State government equity grant	17	106,139	106,139	106,139	106,139
State government contribution for equity participation	17	269,577	269,577	269,577	269,577
Development funds	18	187,698	190,553	160,708	162,016
Reserves	19	595,361	568,018	412,962	408,331
		<u>1,158,775</u>	<u>1,134,287</u>	<u>949,386</u>	<u>946,063</u>
Minority interests		24,421	23,195	-	-
		<u>1,183,196</u>	<u>1,157,482</u>	<u>949,386</u>	<u>946,063</u>
Non-current liabilities					
Lease payables	8	494	663	154	244
Government term loans	9	19,998	25,899	19,998	25,899
Other borrowings	10	36,643	29,988	-	-
Government grants	20	22,660	18,462	-	-
Deferred tax liabilities	21	7,958	6,768	-	-
Employee benefits	22	1,359	1,199	1,288	1,149
		<u>89,112</u>	<u>82,979</u>	<u>21,440</u>	<u>27,292</u>
		<u>1,272,308</u>	<u>1,240,461</u>	<u>970,826</u>	<u>973,355</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 2009

	Note	Group		Corporation	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	23	368,652	408,997	23,780	37,774
Cost of sales	23	(287,238)	(301,853)	(1,126)	(426)
Gross profit		81,414	107,144	22,654	37,348
Other operating income		37,897	49,254	5,758	23,512
Distribution costs		(1,574)	(1,832)	-	-
Administrative expenses		(80,403)	(76,186)	(13,677)	(14,018)
Other operating expenses		(20,530)	(25,793)	(7,566)	(6,932)
Profit from operations		16,804	52,587	7,169	39,910
Finance costs		(489)	(265)	(450)	(198)
Share of associates' results		28,549	39,865	-	-
Profit before taxation	24	44,864	92,187	6,719	39,712
Taxation	25	(10,804)	(10,603)	(2,088)	(2,896)
Profit after taxation		34,060	81,584	4,631	36,816
Minority interests		(3,383)	(3,127)	-	-
Profit attributable to members		30,677	78,457	4,631	36,816

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 2009

Group	Non-distributable				Revenue reserve RM'000	Total RM'000
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000		
At 1 January 2008	3,997	9,153	44,479	52,815	379,081	489,525
Issuance of preference shares	-	24	-	-	-	24
Profit for the year	-	-	-	-	78,457	78,457
Arising on consolidation	-	-	-	12	-	12
At 31 December 2008	3,997	9,177	44,479	52,827	457,538	568,018
Issuance of preference shares	-	24	-	-	-	24
Profit for the year	-	-	-	-	30,677	30,677
Arising on consolidation	-	-	-	13	-	13
Revaluation surplus	-	-	3,899	-	-	3,899
Deficit on revaluation	-	-	(7,270)	-	-	(7,270)
At 31 December 2009	3,997	9,201	41,108	52,840	488,215	595,361

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

Sarawak Economic Development Corporation

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

Statement of Changes in Equity

for the year ended 31 December 2009 (contd.)

Corporation	Non-distributable				Reserve on consolidation RM'000	Revenue reserve RM'000	Total RM'000
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000				
At 1 January 2008	-	-	-	-	-	371,515	371,515
Profit for the year	-	-	-	-	-	36,816	36,816
At 31 December 2008	-	-	-	-	-	408,331	408,331
Profit for the year	-	-	-	-	-	4,631	4,631
At 31 December 2009	-	-	-	-	-	412,962	412,962

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 2009

	Group	
	2009	2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and minority interest	44,864	92,187
Adjustments for:		
Amortisation of development expenditure	22	5
Allowance for diminution in investment	46	136
Allowance for doubtful debts, net of allowance no longer required	904	1,282
Amortisation of goodwill	13	12
Amortisation of government grants	(980)	(1,315)
Bad debts written off	443	252
Development expenditure written off	-	18
Depreciation	8,829	8,347
Dividend income	(3,138)	(5,833)
Gain on disposal of a subsidiary	-	(1,750)
Gain on disposal of other investments	(1)	(1,280)
Gain on disposal of property, plant and equipment	(15)	(232)
Gain on disposal of an associate	-	(23,180)
Impairment of plantation development expenditure	7	-
Impairment loss on investment property	3,006	-
Interest expense	3,379	2,412
Interest income	(6,156)	(8,692)
Inventories written off	-	193
Inventory written down to net realisable value	84	-
Other income	-	(9,807)
Property, plant and equipment written off	25	349
Share of associates' results	(28,549)	(39,865)
Unrealised (gain)/loss on foreign exchange	(9,070)	5,612
Waiver of debts	(3)	(1,725)
Write back of impairment losses of plantation development expenditure	-	(33)
Operating profit before working capital changes	13,710	17,093
Decrease/(increase) in inventories	4,479	(7,775)
Decrease in property development costs	16,289	18,579
Increase in plantation development costs	(77)	-
(Increase)/decrease in receivables	(40,521)	4,635
(Decrease)/increase in payables	(13,881)	58,060
Deferred membership fees received	(743)	(979)
Cash (used in)/generated from operations	(20,744)	89,613

Sarawak Economic Development Corporation

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

Consolidated Cash Flow Statement

for the year ended 31 December 2009 (contd.)

	Group	
	2009	2008
	RM'000	RM'000
Cash flows from operating activities (contd.)		
Interest paid	(3,330)	(2,325)
Interest received	6,082	8,665
Taxes paid, net of refund	8,027	(3,461)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(9,965)	92,492
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of investment in shares and unit trust	(1,475)	(3,067)
Acquisition of property, plant and equipment	(17,015)	(8,457)
Advances to other investments	(1,499)	(1,878)
Advances/loan to associates	9	(999)
Dividends received	10,408	485
Investment in hotel and investment properties	(227)	(2,464)
Plantation development expenditure	-	(314)
Proceeds from disposal of other investments	600	5,264
Proceeds from disposal of property, plant and equipment	203	1,008
Proceeds from disposal of an associate	-	23,370
Proceeds from disposal of a subsidiary (Note 11)	-	(753)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(8,996)	12,195
	<hr/>	<hr/>
Cash flows from financing activities		
Dividend paid to minority shareholders	-	(229)
Drawdown of term loan	-	4,530
Decrease in deposits pledged to financial institutions	50	14,464
Government grant received	5,255	-
Disbursement of development fund	(15,951)	(8,989)
Proceeds from shares issued to minority shareholders	24	24

Sarawak Economic Development Corporation

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

Consolidated Cash Flow Statement

for the year ended 31 December 2009 (contd.)

	Group	
	2009	2008
	RM'000	RM'000
Cash flows from financing activities (contd.)		
Proceeds from corporate loan	-	208
Repayment of Government term loans	(159)	(273)
Repayment of hire purchase and lease instalments	(419)	(705)
Proceeds from state government contributions for equity participation	-	1,000
Repayment of corporate loan	-	(86)
Repayment of term loan	(1,702)	(15,000)
Net cash used in financing activities	<u>(12,902)</u>	<u>(5,056)</u>
Net (decrease)/increase in cash and cash equivalents	(31,863)	99,631
Effect of translation adjustments	151	378
Cash and cash equivalents at beginning of year	300,707	200,698
Analysis of cash and cash equivalents at end of year	<u>268,995</u>	<u>300,707</u>
Cash and cash equivalents:		
Cash and bank balances	53,666	95,343
Deposits with financial institutions (Note 6)	215,329	205,364
	<u>268,995</u>	<u>300,707</u>
Analysis of acquisition of property, plant and equipment:		
By cash	17,015	8,457
By lease	181	1,127
	<u>17,196</u>	<u>9,584</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 2009

	Corporation	
	2009	2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	6,719	39,712
Adjustments for:		
Allowance for doubtful debts, net of allowance no longer required	(240)	(49)
Bad debts written off	250	-
Depreciation	1,082	1,200
Dividend income	(13,168)	(5,428)
Gain on disposal of a subsidiary	-	(742)
Gain on disposal of an associate	-	(23,180)
Gain on disposal of other investments	-	(963)
Gain on disposal of property, plant and equipment	-	(175)
Interest expense	450	198
Interest income	(4,667)	(6,019)
Other income	-	(9,807)
Property, plant and equipment written off	-	11
Operating loss before working capital changes	<u>(9,574)</u>	<u>(5,242)</u>
(Increase)/decrease in inventories	(526)	426
Decrease in property development costs	16,289	18,601
(Increase)/decrease in receivables	(3,971)	11,396
Decrease in payables	(1,053)	(7,837)
Cash generated from operations	<u>1,165</u>	<u>17,344</u>
Interest paid	(416)	(160)
Interest received	4,667	6,019
Taxes paid, net of refund	10,215	-
Net cash generated from operating activities	<u>15,631</u>	<u>23,203</u>

Sarawak Economic Development Corporation

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

Cash Flow Statement

for the year ended 31 December 2009 (contd.)

	Corporation	
	2009	2008
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of investment in shares and unit trusts	(1,149)	(1,877)
Acquisition of property, plant and equipment	(990)	(182)
Advances/loans to associates	-	(995)
Advances to other investments	(1,499)	(1,878)
Advances repaid by subsidiaries	2,052	4,873
Dividend received	10,223	4,370
Proceeds from disposal of other investments	-	3,530
Proceeds from disposal of property, plant and equipment	-	839
Proceeds from disposal of a subsidiary	-	200
Proceeds from disposal of an associate	-	23,370
	<hr/>	<hr/>
Net cash generated from investing activities	8,637	32,250
	<hr/>	<hr/>
Cash flows from financing activities		
Decrease in deposits pledged to financial institutions	-	14,575
Repayment of term loan	-	(15,000)
Proceeds from state government contribution for equity participation	-	1,000
Disbursements of development funds	(15,951)	(8,989)
Repayment of Government term loans	(159)	(273)
Repayment of lease payables	(119)	(483)
	<hr/>	<hr/>
Net cash used in financing activities	(16,229)	(9,170)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	8,039	46,283
Cash and cash equivalents at beginning of year	164,620	118,337
	<hr/>	<hr/>
Cash and cash equivalents at end of year	172,659	164,620
	<hr/> <hr/>	<hr/> <hr/>

Sarawak Economic Development Corporation

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

Cash Flow Statement

for the year ended 31 December 2009 (contd.)

		Corporation	
		2009	2008
		RM'000	RM'000
Analysis of cash and cash equivalents:			
Cash and bank balances		11,814	11,225
Deposits with financial institutions	(Note 6)	160,845	153,395
		<u>172,659</u>	<u>164,620</u>
Analysis of acquisition of property, plant and equipment:			
By cash		990	182
By lease		-	242
		<u>990</u>	<u>424</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 2009

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 24 August 2010.

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 in Malaysia.

(b) Basis of consolidation

(i) Subsidiaries

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

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

Sarawak Economic Development Corporation

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

Notes to the Financial Statements - 31 December 2009

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 2009

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 2009

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 2009

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 2009

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 2009**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 2009

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

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

Notes to the Financial Statements - 31 December 2009

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

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

Notes to the Financial Statements - 31 December 2009**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:

	2009	2008
	RM	RM
1 Australian Dollar	3.06	2.42
1 United States Dollar	3.42	3.47

(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 drawn down from that borrowing facility.

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

(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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Notes to the Financial Statements - 31 December 2009**3. Inventories**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Properties held for sale	17,172	16,654	17,172	16,654
Trading stocks	271	561	-	-
Livestock	32,527	28,666	-	-
Souvenir stocks	188	173	-	-
Materials and consumable	6,309	7,323	45	37
	<u>56,467</u>	<u>53,377</u>	<u>17,217</u>	<u>16,691</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	
	2009	2008
	RM'000	RM'000
Livestock		
At cost	583	1,591
At net realisable value	31,944	27,075
	<u>32,527</u>	<u>28,666</u>

	Group and Corporation	
	2009	2008
	RM'000	RM'000
Properties held for sale		
At cost	977	1,020
At net realisable value	16,195	15,634
	<u>17,172</u>	<u>16,654</u>

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Notes to the Financial Statements - 31 December 2009**4. Property development costs and land held for property development**

	Group and Corporation	
	2009	2008
	RM'000	RM'000
(a) Property development costs		
Property development costs at 1 January:		
Leasehold land	6,423	6,634
Development costs	26,025	19,865
	32,448	26,499
Costs incurred during the year:		
Leasehold land	2,062	(211)
Development costs	21,945	6,160
	24,007	5,949
Transfers:		
To inventories	(1,642)	-
To development grant	14,527	16,106
	12,885	16,106
Property development grant received:		
At 1 January	(44,313)	(30,937)
Addition during the year	(22,548)	(13,376)
At 31 December	(66,861)	(44,313)
Property development costs at 31 December	2,479	4,241
(b) Land held for property development		
Cost		
At 1 January	7,283	7,283
Less: Provision for loss	(3,745)	(3,745)
At 31 December	3,538	3,538

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Notes to the Financial Statements - 31 December 2009**5. Receivables**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade receivables	150,643	112,067	20,869	20,121
Allowance for doubtful debts	(18,836)	(18,021)	(8,463)	(8,798)
	<u>131,807</u>	<u>94,046</u>	<u>12,406</u>	<u>11,323</u>
Other receivables and prepayments	43,036	40,854	28,630	25,650
Allowance for doubtful debts	(25,956)	(25,978)	(22,144)	(22,167)
	<u>17,080</u>	<u>14,876</u>	<u>6,486</u>	<u>3,483</u>
Tax recoverable	2,107	6,506	-	3,928
Total	<u><u>150,994</u></u>	<u><u>115,428</u></u>	<u><u>18,892</u></u>	<u><u>18,734</u></u>

6. Deposits with financial institutions

With foreign banks	1,105	934	-	-
With licensed banks	154,768	149,858	102,006	99,418
With licensed finance companies	59,456	54,572	58,839	53,977
	<u>215,329</u>	<u>205,364</u>	<u>160,845</u>	<u>153,395</u>
With licensed banks, pledged	7,674	7,724	6,036	6,036
	<u>223,003</u>	<u>213,088</u>	<u>166,881</u>	<u>159,431</u>

Included in the Group's and Corporation's fixed deposits was an amount of RM7,674,067 (2008: RM7,724,884) and RM6,036,321 (2008: 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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Notes to the Financial Statements - 31 December 2009**7. Payables**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade payables	82,427	10,837	-	-
Other payables and accruals	76,292	161,558	15,336	16,494
	<u>158,719</u>	<u>172,395</u>	<u>15,336</u>	<u>16,494</u>

Included in other payables and accruals of the Group is deferred membership fee amounting to RM24,850,145 (2008: RM25,593,176) which represents advance membership fees received from members under the short term membership arrangement and advance licence fees received from members. The advance membership fees are recognised as income at 30% during the year of receipt, with the balance of 70% to be recognised as income upon the expiration of the "Easy Access Scheme" option. The advance licence fees received are recognised as income over the membership period.

The Group's other payables and accruals also include advances from a former Corporate Shareholder of a subsidiary amounting to RM1,385,696 (2008: RM1,385,696). The amount due to the former corporate shareholder of a subsidiary, Sarawak Coconut Enterprise Sdn. Bhd., is unsecured, interest-free except for RM823,306 (2008: RM823,306) which bears interest of 2% (2008: 2%) per annum.

8. Lease payables

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Repayable within twelve months	336	405	90	119
Repayable after twelve months	494	663	154	244
	<u>830</u>	<u>1,068</u>	<u>244</u>	<u>363</u>
Minimum lease payment:				
Not later than one year	361	465	100	135
Later than one year but not later than five years	548	717	166	266
	<u>909</u>	<u>1,182</u>	<u>266</u>	<u>401</u>
Future finance charges	(79)	(114)	(22)	(38)
	<u>830</u>	<u>1,068</u>	<u>244</u>	<u>363</u>
Present value of finance lease liabilities				

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Notes to the Financial Statements - 31 December 2009**9. Government term loans**

	Group and Corporation	
	2009	2008
	RM'000	RM'000
Unsecured		
Interest bearing loans	10,035	10,195
Interest free loans	19,059	19,058
	<u>29,094</u>	<u>29,253</u>
Repayable within one year	(9,096)	(3,354)
Repayable after one year	<u>19,998</u>	<u>25,899</u>

The interest rate is 4% per annum (2008: 4% to 8% per annum) for interest bearing loans.

10. Other borrowings

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Revolving credit, unsecured	8,525	8,525	8,525	8,525
Term loans, secured	36,643	29,988	-	-
	<u>45,168</u>	<u>38,513</u>	<u>8,525</u>	<u>8,525</u>
Repayable within one year	(8,525)	(8,525)	(8,525)	(8,525)
Repayable after one year	<u>36,643</u>	<u>29,988</u>	<u>-</u>	<u>-</u>

The revolving credit and term loans bore interest rate of 4.33% and 4.76% (2008: 4.2% and 4.76%) respectively at balance sheet date.

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

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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries**

	Corporation	
	2009	2008
	RM'000	RM'000
Unquoted shares at cost	236,932	236,932
Allowance for diminution in value	(43,387)	(43,387)
	193,545	193,545
Amounts due from subsidiaries:		
Current accounts	318,180	319,766
Allowance for doubtful debts	(37,248)	(37,246)
	280,932	282,520
Loan accounts	87,505	88,401
Allowance for doubtful debts	(1,000)	(1,000)
	86,505	87,401
Amounts due to subsidiaries:		
Current accounts	(10)	(8)
	560,972	563,458
	560,972	563,458

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% (2008: 2% to 8%) per annum.

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Notes to the Financial Statements - 31 December 2009**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	
		2009 %	2008 %
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
Kenyaling 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
PPES Akua (Mukah) Sdn. Bhd. Company No. 104725-V	Inactive	100	100

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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
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
Revin Holdings Sdn. Bhd. Company No. 213339-X	Inactive	100	100
Safemal Drilling Sdn. Bhd. Company No. 152877-H	Exploration and drilling of oil in Malaysian waters	55	55
Sara Concrete Poles Sdn. Bhd. Company No. 306003-M	Inactive	100	100
Sara Convention Sdn. Bhd. Company No. 141893-M	Provider in media related services	100	100
Sara Fibre Sdn. Bhd. Company No. 312494-P	Inactive	100	100
Sara Great Horizon Sdn. Bhd. Company No. 141892-P	Leasing of recreational and camping facilities at Damai Rainforest Resort	100	100
Sara Hotels Bhd. Company No. 408127-H	Inactive	100	100
Sara-HL Plantation Sdn. Bhd. Company No. 248139-W	Development and cultivation of oil palm	100	100
Sara Rasa Sdn. Bhd. Company No. 022086-U	Leasing of restaurant	85	85
Sara Resorts Sdn. Bhd. Company No. 052135-X	Hotel business, extraction and sale of timber and operation of a cultural centre.	100	100
Sara Resorts Holdings Sdn. Bhd. Company No. 407089-T	Inactive	100	100

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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
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	General trading	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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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
Subsidiaries of PPES Ternak Holdings Sdn. Bhd.			
PPES Ternak Sdn. Bhd. Company No. 104563-V	Cattle farming and distribution of cattle, goat and deer	100	100
Sara-Bif Sdn. Bhd. Company No. 081917-D	Inactive	100	100
Rosewood Station Pty Limited Company No. ACN 009 612 284	Cattle farming in Australia	100	100
Subsidiaries of Revlin Holdings Sdn. Bhd.			
Higlobe Sdn. Bhd. Company No. 254889-T	Inactive	80	80
Prime Height Sdn. Bhd. Company No. 258366-V	Inactive	51	51
Subsidiary of Sara Resorts Sdn. Bhd.			
Sara Hospitality Sdn. Bhd. (formerly known as H.I.-Sara Hospitality Sdn. Bhd.) Company No. 441568-K	Investment holding and provision of management services	100	70

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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
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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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)****Disposal of subsidiary company**

During the financial year, there is no disposal of subsidiary by the Group. The fair value of the assets disposed and the liabilities discharged for subsidiary disposed in prior year, Sarakraft Sdn. Bhd., are as follows:

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

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)

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

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

"Without qualifying our opinion, we draw attention to Note 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 has a deficit in shareholders' funds of RM1,040,946 and at that date, the Company's current liabilities exceeded its current assets by RM6,170,910."

(b) Sara Sago Industries 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 after taxation of RM1,529 during the year ended 31 December 2009, and as of that date, the shareholders' funds was a deficit of RM4,064,658."

(c) 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 RM2,959,334. 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."

(d) Asia Vacations Club Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM1,666,430 as of 31 December 2009, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding companies and related companies and the resumption of viable business operations in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)**(e) Sara Resorts Holdings Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM32,641 as of 31 December 2009, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related company and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on going concern basis may no longer be appropriate."

(f) Bukit Saban Resort Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM4,242,727 as of 31 December 2009, which arose as a result of operational losses incurred in current and prior years and, as of that date, current liabilities exceeded current assets by RM5,255,706. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(g) Damai Beach Resort Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM32,877 as of 31 December 2009, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by a similar amount. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related company and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)**(h) Damai Cove Resorts Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM4,375,619 as of 31 December 2009 as a result of operational losses sustained in prior years and, as of that date, current liabilities exceed current assets by RM84,938,911. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive support from its holding corporation and related companies and the business operations will continue to be profitable in the foreseeable future, and consequently the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(i) Sara Worldwide Vacations Bhd.

"Without qualifying our opinion, we draw attention in Note 3 to the financial statements. The Group and the Company have capital deficiencies of RM 7,728,210 and RM 6,061,780 respectively as of 31 December 2009, which arose as a result of operational losses incurred in the current and prior years. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding corporation and related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(j) Sara Resorts Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. As of 31 December 2009, the Group and the Company has a capital deficiency of RM 7,920,999 and RM 8,986,789 respectively, which arose as a result of losses incurred in prior years and, as of that date. However, the financial statements of the Group and the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Group and the Company will continue to receive financial support from its holding company and that the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Group and the Company will be able to meet its obligations as and when they fall due and a letter of financial support has been obtained from its holding company, Sarawak Economic Development Corporation, that it will continue to provide financial support to the Group and the Company. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)**(k) Sara Rasa Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM131,409 as of 31 December 2009, which arose as a result of operational losses incurred in prior years and, as of that date, current liabilities exceeded current assets by RM150,137. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(l) Sara Hotels Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM236,787 as of 31 December 2009, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current asset by a similar amount. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related companies and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(m) Sara-HL Plantation 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 loss after taxation of RM166,883 during the year ended 31 December 2009, and as of that date, the Company's shareholders' funds was in deficit of RM2,142,464."

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)**(n) Damai Golf and Country Club Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM44,280,514 as of 31 December 2009, which arose as a result of operational losses incurred in current and prior financial years and, as of that date, current liabilities exceeded current assets by RM7,585,774. These factors raise substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive support from its immediate holding company, ultimate holding entity and the related companies and the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(o) Sara Convention Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company has a capital deficiency of RM204,078 as of 31 December 2009, which arose as a result of losses incurred in the current and prior years and, as of that date, current liabilities exceeded current assets by RM214,943. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding entity and related companies and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on a going concern basis may no longer be appropriate."

(p) Sara Concrete Poles Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 in 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 after taxation of RM6,810 during the year ended 31 December 2009, and as of that date, the shareholders' funds was in deficit of RM134,263."

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Notes to the Financial Statements - 31 December 2009

11. Subsidiaries (contd.)**(q) Sarawak Coconut Enterprise Sdn. Bhd.**

"Without qualifying our opinion, we draw attention to Note 3 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 after taxation of RM195,936 during the year ended 31 December 2009, and as of that date, the shareholders' funds was in deficit of RM8,594,331."

(r) Sara-Bif Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 to the financial statements. The Company having incurred accumulated losses of RM3,671,384 as at 31 December 2009. As at that date, the Company's current liabilities exceeded its current assets by RM2,236,382 and the Company shareholders' equity is in deficit of RM2,236,382. 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."

(s) Revlin Holdings Sdn. Bhd.

"As at balance sheet date, the Company had net current liabilities of RM352,475 (2008: RM351,514) accumulated losses of RM6,896,935 (2008: RM6,895,968) and deficits in Shareholder's fund of RM6,866,935 (2008: RM6,865,968). The Company incurred a loss after taxation of RM967 (2008: RM2,758) for the financial year ended 31 December 2009."

(t) 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 RM107,871 and deficiency in working capital amounting to RM57,869 as at 31 December 2009.

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 2009

11. Subsidiaries (contd.)**(u) Kenyalang Teguh 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 loss after taxation of RM2,821 during the year ended 31 December 2009, and as of that date, the Company's shareholders' funds was in deficit of RM1,507,059."

(v) Sara Fibre 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 RM388,179 and deficiency in working capital amounting to RM388,176 as at 31 December 2009.

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."

(w) Eastern Empress Silk Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 4 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company has a deficit in shareholders' funds of RM1,675,284."

(x) Sara Spectrum Holdings Sdn. Bhd.

"Without qualifying our opinion, we draw attention to Note 3 in the financial statements which discloses the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group incurred a loss for the year of RM239,497 during the year ended 31 December 2009, and as of that date, the Group's shareholders' funds was in deficit of RM18,075,649."

(y) PPES Akua (Mukah) 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 loss after taxation of RM1,818 during the year ended 31 December 2009, and as of that date, the Company's shareholders' funds was in deficit of RM414,965."

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Notes to the Financial Statements - 31 December 2009**11. Subsidiaries (contd.)****(z) 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 loss after taxation of RM48,438 during the year ended 31 December 2009 and as of that date, the Company's shareholders' funds was in deficit of RM2,853,445."

12. Associates

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	25,119	25,119	24,119	24,119
Allowance for diminution in value	(1,150)	(1,150)	(150)	(150)
	<u>23,969</u>	<u>23,969</u>	<u>23,969</u>	<u>23,969</u>
Share of retained profits less losses	130,129	120,216	-	-
Share of capital reserves	497	497	-	-
Share of revaluation reserves	7,464	7,464	-	-
	<u>162,059</u>	<u>152,146</u>	<u>23,969</u>	<u>23,969</u>
Amounts due from associates:				
Current accounts	5,446	5,455	1,399	1,399
Allowance for doubtful debts	(359)	(359)	(359)	(359)
	<u>5,087</u>	<u>5,096</u>	<u>1,040</u>	<u>1,040</u>
Loan accounts	19,980	19,980	19,980	19,980
	<u>187,126</u>	<u>177,222</u>	<u>44,989</u>	<u>44,989</u>

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

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Notes to the Financial Statements - 31 December 2009**12. Associates (contd.)**

Details of the Group's associates, all of which are incorporated in Malaysia, as at 31 December 2009 and their principal activities are shown below:

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
Direct associates of the Corporation			
GOS Management Holdings Sdn. Bhd. Company No. 591107-U	Owner of hotels	36	36
Permodalan Assar Sdn. Bhd. Company No. 289723-H	Investment holding	20	20
CMS Resources Sdn. Bhd. 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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Notes to the Financial Statements - 31 December 2009**12. Associates (contd.)**

Name of company	Principal activities	Group's effective equity interest	
		2009 %	2008 %
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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Investments at cost:				
- Unit trusts quoted in Malaysia	53,741	52,785	45,743	44,595
Less: Allowance for diminution in value	(117)	(71)	(40)	(40)
	<u>53,624</u>	<u>52,714</u>	<u>45,703</u>	<u>44,555</u>
- Quoted shares in Malaysia	72,646	72,646	72,271	72,271
Less: Allowance for diminution in value	(1,512)	(1,512)	(1,407)	(1,407)
	<u>71,134</u>	<u>71,134</u>	<u>70,864</u>	<u>70,864</u>
- Unquoted shares in Malaysia	5,704	5,679	4,731	4,731
Less: Allowance for diminution in value	-	-	(25)	(25)
	<u>5,704</u>	<u>5,679</u>	<u>4,706</u>	<u>4,706</u>

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Notes to the Financial Statements - 31 December 2009**13. Investments in other corporations (contd.)**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Amount due from:				
- Current accounts	9,792	9,326	9,792	9,326
Less: Allowance for Doubtful debts	(458)	(458)	(458)	(458)
	<u>9,334</u>	<u>8,868</u>	<u>9,334</u>	<u>8,868</u>
- Loan accounts	20,605	19,572	20,606	19,572
Total	<u>160,401</u>	<u>157,967</u>	<u>151,213</u>	<u>148,565</u>
Market value of:				
- Quoted unit trust	53,549	51,077	45,815	44,481
- Quoted shares	46,129	36,787	45,937	36,787
	<u>99,678</u>	<u>87,864</u>	<u>91,752</u>	<u>81,268</u>

The market value of the quoted unit trusts and shares of the Group and of the Corporation is lower than cost by RM25,079,967 and RM24,815,000 (2008: RM35,983,696 and RM34,151,000) respectively. However, the Members are of the opinion that allowance for impairment in value is not required as the impairment in value is considered not permanent and the investments are held on a long term basis.

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Notes to the Financial Statements - 31 December 2009

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 2009	56,448	3,079	94,647	155,461	57,046	16,885	2,412	385,978
Transfer	-	-	473	14	-	(487)	-	-
Additions	68	469	5,482	5,736	324	5,117	-	17,196
Reclassifications	(5,814)	5,814	-	52	-	(52)	-	-
Disposals	-	-	-	(1,609)	-	-	-	(1,609)
Written off	-	-	-	(680)	-	-	-	(680)
Adjustment	-	-	-	3	-	-	-	3
Exchange difference	8,217	47	596	1,150	2,023	-	-	12,033
At 31 December 2009	58,919	9,409	101,198	160,127	59,393	21,463	2,412	412,921
Accumulated depreciation								
Charge for 2008	597	77	2,001	4,447	920	-	41	8,083
At 1 January 2009	2,902	661	50,437	126,801	13,999	129	332	195,261
Charge for the year	360	262	2,309	4,896	961	-	41	8,829
Disposals	-	-	-	(1,421)	-	-	-	(1,421)
Written off	-	-	-	(655)	-	-	-	(655)
Reclassification	(1,144)	1,144	-	-	-	-	-	-
Adjustment	-	-	-	3	-	-	-	3
Exchange difference	-	-	181	588	1,104	-	-	1,873
At 31 December 2009	2,118	2,067	52,927	130,212	16,064	129	373	203,890

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Notes to the Financial Statements - 31 December 2009

14. Property, plant and equipment (contd.)

Group	Long lease- hold land RM'000	Short lease- hold land RM'000	Buildings and im- provements RM'000	Plant ma- chinery and equipment RM'000	Leasehold impro- vements RM'000	Capital and construction work-in- progress RM'000	Pasture de- velopment costs RM'000	Total RM'000
Accumulated impairment losses								
Impairment losses for 2008	-	-	6,049	2,223	27,000	83	-	35,355
At 1 January 2009	-	-	6,049	2,223	27,000	83	-	35,355
Impairment loss for the year	-	-	-	-	-	3,006	-	3,006
31 December 2009	-	-	6,049	2,223	27,000	3,089	-	38,361
Net book value								
At 31 December 2009	56,801	7,342	42,222	27,692	16,329	18,245	2,039	170,670
At 31 December 2008	53,546	2,418	38,161	26,437	16,047	16,673	2,080	155,362
Analysis of cost and valuation:								
At cost	57,765	9,409	100,384	159,552	59,393	21,463	2,412	410,378
At valuation	1,154	-	814	575	-	-	-	2,543
At 31 December 2009	58,919	9,409	101,198	160,127	59,393	21,463	2,412	412,921
At cost	55,294	3,079	93,833	154,886	57,046	16,885	2,412	383,435
At valuation	1,154	-	814	575	-	-	-	2,543
At 31 December 2008	56,448	3,079	94,647	155,461	57,046	16,885	2,412	385,978

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Notes to the Financial Statements - 31 December 2009

14. Property, plant and equipment (contd.)

Corporation	Land	Motor vehicles	Building and improvements	Plant, machinery and equipment	Furniture, fittings and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation						
At 1 January 2009	18,619	2,293	15,655	533	7,796	44,896
Additions	537	178	-	-	275	990
Disposals	-	-	-	-	(5)	(5)
Adjustment	425	-	-	-	3	428
At 31 December 2009	19,581	2,471	15,655	533	8,069	46,309
Accumulated depreciation						
Charge for 2008	375	266	198	-	361	1,200
At 1 January 2009	1,898	1,731	12,915	533	7,346	24,423
Charge for the year	364	222	190	-	306	1,082
Disposals	-	-	-	-	(5)	(5)
Adjustment	-	-	-	-	3	3
At 31 December 2009	2,262	1,953	13,105	533	7,650	25,503
Accumulated impairment losses						
Impairment losses for 2008	-	-	-	-	-	-
At 1 January 2009/ 31 December 2009	-	-	174	-	-	174
Net book value						
At 31 December 2009	17,319	518	2,376	-	419	20,632
At 31 December 2008	16,721	562	2,566	-	450	20,299

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Notes to the Financial Statements - 31 December 2009

14. Property, plant and equipment (contd.)

Corporation	Land	Motor vehicles	Build- ing and improve- ments	Plant, machin- ery and equip- ment	Furniture, fittings and equip- ment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis of cost and valuation:						
At cost	18,427	2,471	14,841	207	8,069	44,015
At valuation	1,154	-	814	326	-	2,294
At 31 December 2009	<u>19,581</u>	<u>2,471</u>	<u>15,655</u>	<u>533</u>	<u>8,069</u>	<u>46,309</u>
At cost	17,465	2,293	14,841	207	7,796	42,602
At valuation	1,154	-	814	326	-	2,294
At 31 December 2008	<u>18,619</u>	<u>2,293</u>	<u>15,655</u>	<u>533</u>	<u>7,796</u>	<u>44,896</u>

Land comprises of:

	Freehold land	Long leasehold land	Short leasehold land	Total
	RM'000	RM'000	RM'000	RM'000
Cost/valuation				
At 1 January 2009	117	16,606	1,896	18,619
Addition	-	68	469	537
Adjustment	-	425	-	425
Reclassification	-	(5,814)	5,814	-
At 31 December 2009	<u>117</u>	<u>11,285</u>	<u>8,179</u>	<u>19,581</u>
Representing:				
At cost	117	10,131	8,179	18,427
At valuation	-	1,154	-	1,154
	<u>117</u>	<u>11,285</u>	<u>8,179</u>	<u>19,581</u>

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Notes to the Financial Statements - 31 December 2009**14. Property, plant and equipment (contd.)**

	Freehold land	Long lease- hold land	Short lease- hold land	Total
	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation				
Charges for 2008	-	285	90	375
At 1 January 2009	-	1,664	234	1,898
Charges for the year	-	131	233	364
Reclassification	-	(1,144)	1,144	-
At 31 December 2009	-	651	1,611	2,262
Net Book Value				
At 31 December 2009				
At cost	117	9,480	6,568	16,165
At valuation	-	1,154	-	1,154
	<u>117</u>	<u>10,634</u>	<u>6,568</u>	<u>17,319</u>
Net Book Value				
At 31 December 2008				
At cost	117	13,788	1,662	15,567
At valuation	-	1,154	-	1,154
	<u>117</u>	<u>14,942</u>	<u>1,662</u>	<u>16,721</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 RM148,193 (2008: RM317,281). The Group's property, plant and equipment include motor vehicles, plant, machinery and equipment with a net book value of RM1,089,516 (2008: RM1,277,929) which were acquired under hire purchase and finance lease agreements.

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Notes to the Financial Statements - 31 December 2009**15. Hotel and investment properties**

	Group	
	2009	2008
	RM'000	RM'000
At valuation:		
- 1996	-	72,500
- 2004	111,670	183,270
- 2007	166,820	166,820
- 2009	143,230	-
	<u>421,720</u>	<u>422,590</u>
At cost	13,725	15,999
	<u>435,445</u>	<u>438,589</u>
At 1 January	438,589	436,125
Additions during the year	227	2,464
Revaluation surplus	3,899	-
Deficit on revaluation	(7,270)	-
At 31 December	<u>435,445</u>	<u>438,589</u>

The valuations for 1996, 2004, 2007 and 2009 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	
	2009	2008
	RM'000	RM'000
At cost:		
At 1 January	7,647	7,351
Additions during the year	77	314
Transfer from government grant (Note 20)	(77)	-
Written off	-	(18)
At 31 December	<u>7,647</u>	<u>7,647</u>

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Notes to the Financial Statements - 31 December 2009**16. Plantation development expenditure (contd.)**

	Group	
	2009	2008
	RM'000	RM'000
Accumulated amortisation:		
At 1 January	(3,290)	(3,285)
Additions	(22)	(5)
At 31 December	<u>(3,312)</u>	<u>(3,290)</u>
Impairment loss:		
At 1 January	(3,997)	(4,030)
Additions	(7)	-
Written back	-	33
At 31 December	<u>(4,004)</u>	<u>(3,997)</u>
Net book value	<u>331</u>	<u>360</u>

17. State government equity grant and contribution for equity participation

	Group and Corporation	
	2009	2008
	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	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>106,139</u>	<u>106,139</u>

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Notes to the Financial Statements - 31 December 2009**17. State government equity grant and contribution for equity participation (contd.)**

	Group and Corporation	
	2009	2008
	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.	1,000	1,000
	<u>269,577</u>	<u>269,577</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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Bumiputra Participation Fund	81,315	83,394	72,871	73,403
Cattle Industry Development Fund	14,264	13,125	4,900	3,761
Aquaculture Development Fund	16,530	16,530	9,954	9,954
Camp Permai Fund	2,000	2,000	-	-
Wafer fabrication project	-	19	-	19
Others	73,589	75,485	72,983	74,879
	<u>187,698</u>	<u>190,553</u>	<u>160,708</u>	<u>162,016</u>

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Notes to the Financial Statements - 31 December 2009**19. Reserves**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Capital reserves	3,997	3,997	-	-
Share premium (a)	9,201	9,177	-	-
Revaluation reserve (b)	41,108	44,479	-	-
Reserve on consolidation (c)	52,840	52,827	-	-
Revenue reserve	488,215	457,538	412,962	408,331
	<u>595,361</u>	<u>568,018</u>	<u>412,962</u>	<u>408,331</u>

	Group	
	2009	2008
	RM'000	RM'000
(a) Share premium:		
At 1 January	9,177	9,153
On issuance of preference shares during the year	24	24
At 31 December	<u>9,201</u>	<u>9,177</u>

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

	Group	
	2009	2008
	RM'000	RM'000
(b) Revaluation reserve:		
At 1 January	44,479	44,479
Revaluation deficit	3,899	-
Deficit on revaluation	(7,270)	-
At 31 December	<u>41,108</u>	<u>44,479</u>

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

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Notes to the Financial Statements - 31 December 2009**19. Reserves (contd.)**

	Group	
	2009	2008
	RM'000	RM'000
(c) Reserve on consolidation:		
At 1 January	52,827	52,815
Arising on consolidation	13	12
At 31 December	<u>52,840</u>	<u>52,827</u>

20. Government grants

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	18,462	19,777
Amortisation of grants	(980)	(1,315)
Government grant received during the year	5,255	-
Transfer to plantation development expenditure (Note 16)	(77)	-
At 31 December	<u>22,660</u>	<u>18,462</u>

21. Deferred tax

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	6,742	7,907
Recognised in income statement (Note 25)	(686)	(148)
Exchange differences	1,880	(1,017)
At 31 December	<u>7,936</u>	<u>6,742</u>

Presented after appropriate offsettings as follows:

Deferred tax assets	(22)	(26)
Deferred tax liabilities	7,958	6,768
	<u>7,936</u>	<u>6,742</u>

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Notes to the Financial Statements - 31 December 2009**21. Deferred tax (contd.)**

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

	Invento- ries (live stock) RM'000	Property, plant & equip- ment RM'000	Others RM'000	Total RM'000
Deferred tax liabilities of the Group:				
At 1 January 2009	6,725	19	24	6,768
Recognised in income statement	(695)	5	-	(690)
Exchange differences	1,880	-	-	1,880
At 31 December 2009	<u>7,910</u>	<u>24</u>	<u>24</u>	<u>7,958</u>
At 1 January 2008	8,111	66	24	8,201
Recognised in income statement	(369)	(47)	-	(416)
Exchange differences	(588)	-	-	(588)
Prior year adjustment	(429)	-	-	(429)
At 31 December 2008	<u>6,725</u>	<u>19</u>	<u>24</u>	<u>6,768</u>
Unab- sorbed capital allow- ances RM'000				
Deferred tax assets of the Group:				
At 1 January 2009		(26)		
Recognised in income statement		4		
At 31 December 2009		<u>(22)</u>		
At 1 January 2008		(294)		
Recognised in income statement		268		
At 31 December 2008		<u>(26)</u>		

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Notes to the Financial Statements - 31 December 2009**22. Employee benefits**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Long service leave	71	50	-	-
Annual leave and others	1,288	1,149	1,288	1,149
	<u>1,359</u>	<u>1,199</u>	<u>1,288</u>	<u>1,149</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.

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.

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Notes to the Financial Statements - 31 December 2009**24. Profit before taxation**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(a) Profit before taxation is stated after charging/(crediting):				
Amortisation of development expenditure	22	5	-	-
Allowance for diminution in investment	46	136	-	-
Allowance for doubtful debts, net of allowance no longer required	904	1,282	(240)	(49)
Auditors' remuneration				
- current year	320	309	50	44
- over provision in prior years	(7)	(4)	-	-
Amortisation of goodwill	13	12	-	-
Amortisation of government grants	(980)	(1,315)	-	-
Bad debts written off	443	252	250	-
Depreciation of property, plant and equipment	8,829	8,347	1,082	1,200
Development expenditure written off	-	18	-	-
Gain on disposal of other investments	(1)	(1,280)	-	(963)
Gain on disposal of property, plant and equipment	(15)	(232)	-	(175)
Gain on disposal of an associate	-	(23,180)	-	(23,180)
Gain on disposal of a subsidiary	-	(1,750)	-	(742)
Gross dividends from:				
Associates				
- unquoted in Malaysia	-	-	(10,335)	-
Subsidiaries				
- unquoted in Malaysia	-	-	(100)	(100)
Other corporations				
- quoted in Malaysia	(3,138)	(5,833)	(2,733)	(5,328)
Impairment of plantation development expenditure	7	-	-	-
Impairment loss on property, plant and equipment	3,006	-	-	-
Income from rental of land and buildings	(3,111)	(2,720)	(1,850)	(1,580)
Interest income	(6,156)	(8,692)	(4,667)	(6,019)
Interest expense				
- commercial borrowings	20	229	-	143
- hire purchase	63	42	16	17
- government loan	400	-	400	-
- paid to subsidiaries	-	-	34	38
- overdue on trade balance	2,896	2,141	-	-
Inventories written off	-	193	-	-

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Notes to the Financial Statements - 31 December 2009**24. Profit before taxation (contd.)**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(a) Profit before taxation is stated after charging/(crediting) (contd.):				
Inventory written down to net realisable value	84	-	-	-
Loss/(gain) on foreign exchange				
- unrealised	(9,070)	5,612	-	-
- realised	1,853	3,771	-	-
Members' remuneration:				
- fees as Members of the Corporation	24	24	24	24
- allowance as Members of the Corporation	21	20	21	20
- fees as directors of subsidiaries	-	12	-	-
Other directors of subsidiaries:				
- fees	348	442	-	-
- others	1,528	1,167	-	-
Operating grants	-	(9,907)	-	(9,807)
Property, plant and equipment written off	25	349	-	11
Rental expenses				
- land and buildings	1,264	1,250	134	208
- rigs and equipment	154,026	154,290	-	-
Waiver of debts	(3)	(1,725)	-	-
Write back of impairment losses on plantation development expenditure	-	(33)	-	-
(b) Employee information				
Staff cost	<u>63,134</u>	<u>56,370</u>	<u>13,677</u>	<u>14,017</u>

Included in staff costs of the Group and of the Corporation are Employees' Provident Fund and Pension Scheme contributions amounting to RM3,801,980 (2008: RM4,094,595) and RM1,196,491 (2008: RM1,239,158) respectively.

	Group		Corporation	
	2009	2008	2009	2008
Number of employees	<u>1,668</u>	<u>1,724</u>	<u>273</u>	<u>267</u>

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Notes to the Financial Statements - 31 December 2009**25. Taxation**

	Group		Corporation	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Based on results for the year				
- Malaysian income tax	2,737	5,142	1,755	1,412
Under provision in prior years				
- Malaysian income tax	35	1,073	333	1,484
	<u>2,772</u>	<u>6,215</u>	<u>2,088</u>	<u>2,896</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences				
- Malaysian income tax	9	221	-	-
- Foreign tax	(695)	(369)	-	-
	<u>(686)</u>	<u>(148)</u>	<u>-</u>	<u>-</u>
Share of taxation of associates	8,718	4,536	-	-
Tax expense for the year	<u>10,804</u>	<u>10,603</u>	<u>2,088</u>	<u>2,896</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% (2008: 26%) of the estimated assessable profit for the year.

Current income tax is calculated at the statutory tax rate of 25% (2008: 26%) 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 : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

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Notes to the Financial Statements - 31 December 2009**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:

	2009	2008
	RM'000	RM'000
Group		
Profit before taxation	44,864	92,187
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	11,216	23,968
Effect of income subject to lower tax rate of 20%	-	(8,168)
Effect of changes in Malaysian tax rates	(1,706)	(579)
Effect of different tax rates in other countries	(114)	(44)
Effect of income not subject to tax	(4,680)	(7,970)
Effect on opening deferred tax reduction	-	(42)
Expenses not deductible for tax purposes	6,559	3,328
Utilisation of previously unrecognised capital allowance and tax loss	(2,991)	(3,344)
Utilisation of unabsorbed investment tax allowance	(1,098)	-
Capital item deductible for tax	(17)	-
Utilisation of capital allowance and adjusted loss	-	20
Deferred tax assets not recognised	2,996	2,183
Under provision of income tax expense in prior years	35	1,073
(Over)/under provision of income tax expense of associates in prior years	(350)	178
Under provision of deferred tax expense of associates in prior years	879	-
Others	75	-
Tax expense for the year	10,804	10,603
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	1,146	-
Unutilised tax losses carried forward	8,514	10,172

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Notes to the Financial Statements - 31 December 2009**25. Taxation (contd.)**

	2009	2008
	RM'000	RM'000
Corporation		
Profit before taxation	<u>6,719</u>	<u>39,712</u>
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	1,680	10,325
Effect of income not subject to tax	(1,558)	(7,589)
Expenses not deductible for tax purposes	712	(1,526)
Deferred tax assets not recognised	132	244
Utilisation of previously unrecognised tax losses	789	-
Under provision of income tax in prior years	333	1,484
Effect on opening deferred tax reduction	-	(42)
Tax expense for the year	<u>2,088</u>	<u>2,896</u>
Tax savings during the financial year arising from:		
Utilisation of current year tax losses	1,146	-
Unutilised tax losses carried forward	<u>6,191</u>	<u>3,544</u>

26. Significant inter-company transactions

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

	Corporation	
	2009	2008
	RM'000	RM'000
Interest paid to subsidiaries for deposits placed with Central Cash Management	33	38
Marketing fees received from a subsidiary	(698)	(448)
Rental received from subsidiaries	(75)	(108)
Management fee received from an associate	(18)	(18)
Management fee and incentive management fee paid to subsidiary	510	-
License fee received from an associate	<u>(50)</u>	<u>(20)</u>

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Notes to the Financial Statements - 31 December 2009**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.

28. Commitments

	Group	
	2009	2008
	RM'000	RM'000
Capital commitments for the acquisition of property, plant and equipment:		
Approved and contracted for	18,650	160
Approved but not contracted for	14,561	21,573
	<u>33,211</u>	<u>21,733</u>

29. Currency

All amounts are stated in Ringgit Malaysia.

30. Subsequent event

On 3 May 2010, the Corporation completed the disposal of its 412,499 ordinary shares of RM1.00 each representing 55% equity interest in Safemal Drilling Sdn. Bhd. to GlobalSantaFe Drilling Operations Inc. for a total cash consideration of RM9.4 million. As a result, Safemal Drilling Sdn. Bhd. ceased to be a subsidiary of the Corporation on 3 May 2010.

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**Detailed Income Statement
For the Year Ended 31 December 2009**

	2009 RM'000	2008 RM'000
Revenue		
Dividend income - subsidiaries	100	100
- associates	10,335	-
- other investments	2,733	5,328
Document fees	46	35
Forfeited booking fees	-	331
Gain on disposal of investment	-	24,885
Gain on disposal of property, plant and equipment	-	463
Interest income	4,667	6,019
Licensing fees	50	20
Marketing fees	698	448
Rental income	1,850	1,580
Sales of property development	3,233	(1,500)
Sundry income	68	65
	23,780	37,774
Less: Cost of sales		
Property development cost	1,126	426
Gross profit	22,654	37,348
Add: Other operating income		
Allowance for doubtful debts no longer required	249	80
Government grant	3,009	2,278
Other operating income	2,500	21,154
	5,758	23,512

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**Detailed Income Statement
For the Year Ended 31 December 2009**

	2009	2008
	RM'000	RM'000
Less: Administrative expense		
Bank charges	-	1
Corporate staff welfare	13	11
Educational grant	15	23
Program Internship Siswazah	62	-
Staff accommodation	17	25
Staff allowance	603	545
Staff benefit	200	264
Staff bonus	121	555
Staff chronic	65	52
Staff corporate gathering	48	112
Staff EHS (medical checkup)	40	24
Staff external training	150	181
Staff goodwill	1	-
Staff housing loan interest subsidy	424	475
Staff in-house training	194	155
Staff leave passage	21	27
Staff maternity	14	(1)
Staff medical	251	246
Staff membership fees	6	6
Staff overtime	206	208
Staff transport and travelling	743	640
Staff salary - junior	5,324	5,349
- senior	5,082	5,060
Staff uniform	40	19
Staff welfare	16	16
Staff welfare - children education	11	10
Welfare - retirement	10	15
	13,677	14,018

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**Detailed Income Statement
For the Year Ended 31 December 2009**

	2009 RM'000	2008 RM'000
Less: Other operating expenses		
Allowance for doubtful debts	9	31
Bad debts written off	250	-
Board's expenses	151	138
Depreciation of property, plant and equipment	1,082	1,200
General expenses	820	607
Loss on disposal of property, plant and equipment	-	288
Maintenance expenses	1,851	2,541
Management fee	510	-
Office expenses	1,823	1,450
Professional fees	570	394
Project expenses	500	272
Property, plant and equipment written off	-	11
	7,566	6,932
Operating profit	7,169	39,910
Less: Finance cost		
Interest on fixed deposit (CCM)	34	38
Interest on government loan	400	-
Interest on HP interest	16	17
Interest on RHB fixed loan	-	143
	450	198
Profit before taxation	<u>6,719</u>	<u>39,712</u>



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