



Annual Report
2015
PUSAKA
Laporan Tahunan

contents

BACKGROUND OF STIDC	05
CORPORATE VISION, MISSION, FUNCTIONS & QUALITY POLICY	07
CORPORATE STRUCTURE	09
CORPORATE MANAGEMENT	13
CHAIRMAN'S STATEMENT	19
GENERAL MANAGER'S MESSAGE	21
2015 ACTIVITIES	23
2015 VS 2014 TRADE STATISTICS	39
2015 FINANCIAL STATEMENT	51

EDITORIAL TEAM

Advisor

Datu Haji Sarudu Haji Hoklai
General Manager

Editor

Sharifah Norolah Binti Wan Ahmad
Corporate Affairs Manager

Chief Editor

Tuan Haji Hashim Haji Bojet
Deputy General Manager

Writer & Co-ordinator

Norman Botes Noma





Background

Sarawak Timber Industry Development Corporation (STIDC) was established in June 1973 under the Perbadanan Perusahaan Kemajuan Kayu Sarawak Ordinance 1973.

Its incorporation was initiated based on recommendations of the Food and Agriculture Organization (FAO) of the United Nations following its comprehensive forest inventory in Sarawak from 1968 to 1972.

The function of STIDC is to stimulate by all possible means the planned expansion of the wood-based industries in Sarawak in order to strengthen the economy based on the availability of capital, technical expertise and effective management of forest resources.





Vision

Spearheading the Advancement of
Timber Industry

Mission

We Strive to Regulate and Facilitate the
Advancement of An Innovative Timber
Industry

Quality Policy

STIDC is committed to render quality
services professionally for clients'
satisfaction

Functions

STIDC core functions are to:

- Control and co-ordinate the manufacturing standards and trade practices of timber industries;
- Recommend to the government on the methods, measures and policies to be adopted to spearhead the advancement of the timber industry and upon approval by the Governor-in-Council, to implement and assist in the implementation of the same;
- Encourage effective utilisation of timber with emphasis on products diversification and quality control;
- Promote and facilitate the development of the timber industry and to assist any person engaged in the production and marketing of timber products;
- Provide technical advisory services to assist in the development of the existing timber industry and the establishment of new industries; and
- Provide training in various aspects of the timber industry operations.

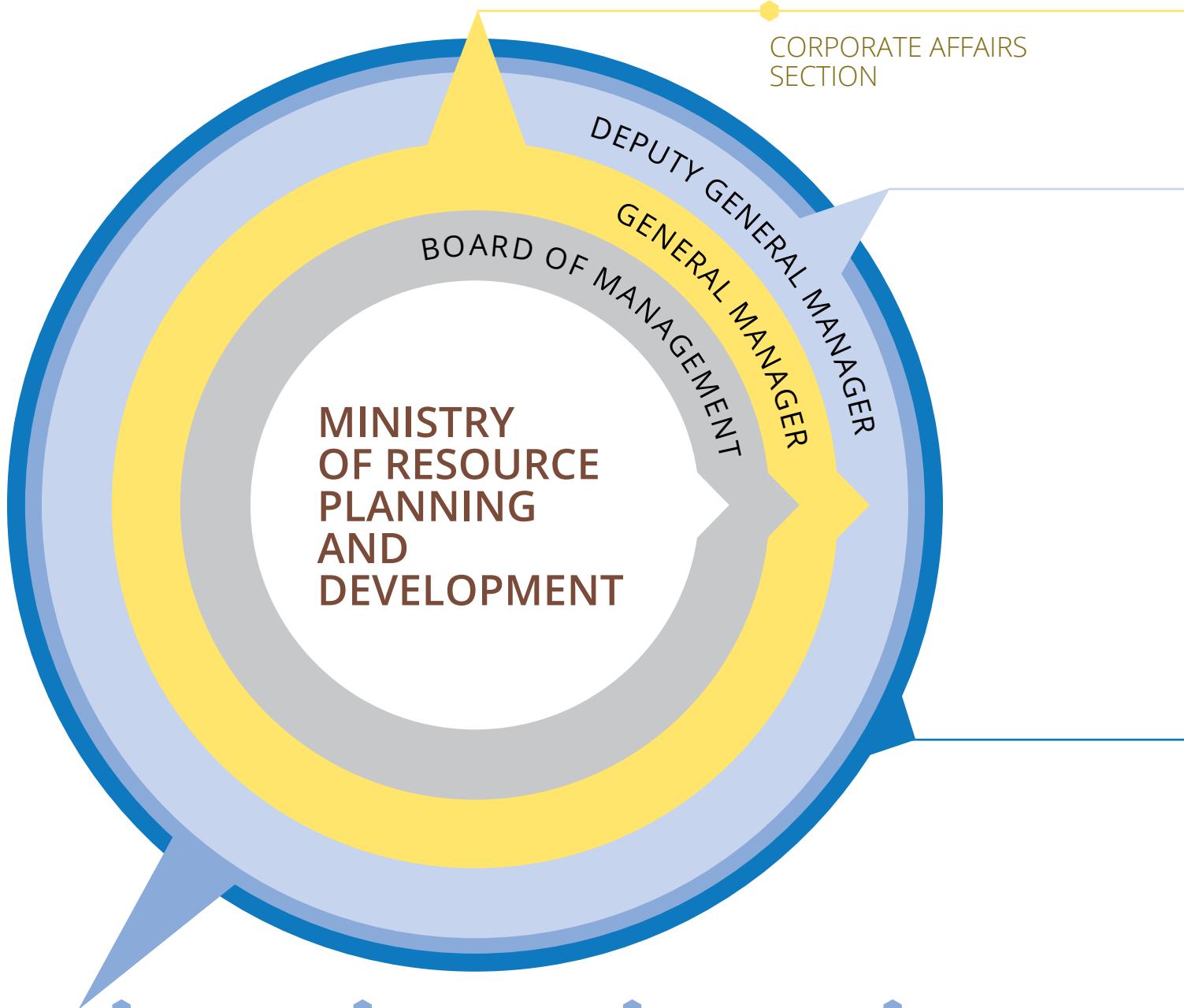




STRUCTURE

corporate





REGISTRATION & LICENSING DIVISION

- › Registration & Licensing

PROJECT DEVELOPMENT DIVISION

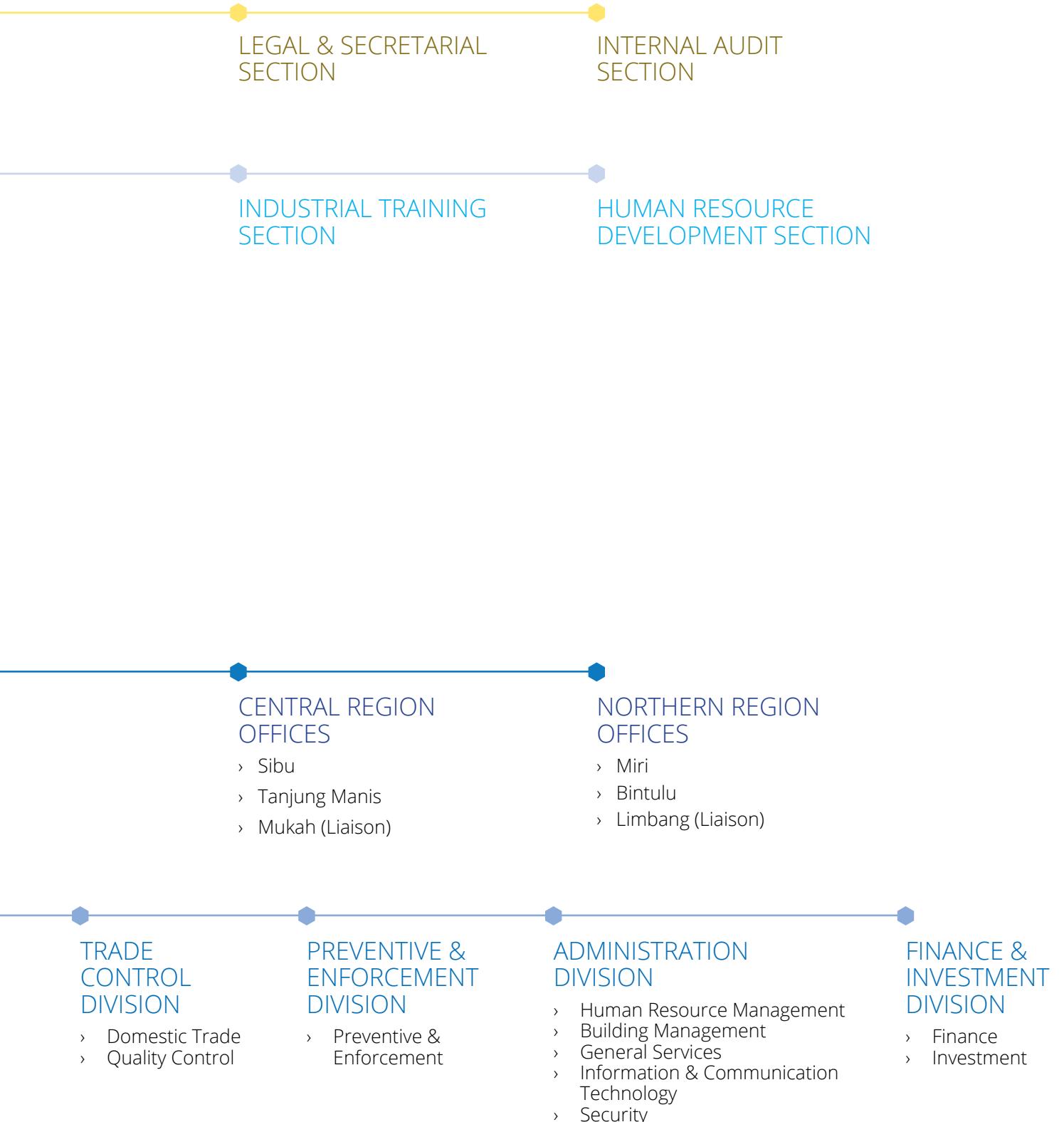
- › Project Planning
- › Engineering

RESOURCE DEVELOPMENT DIVISION

- › Forest Resources
- › Industrial
- › Manpower

TRADE & INDUSTRY DIVISION

- › Trade Development
- › Industrial Planning
- › Entrepreneurial Development







MANAGEMENT

corporate





Board of Management



CHAIRMAN

**YANG BERHORMAT
DATUK AMAR HAJI AWANG
TENGAH ALI HASAN**

*Minister of Resource Planning & Environment II and
Minister of Industrial & Entrepreneur Development,
Trade and Investment Sarawak*

Members

YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani
Sarawak State Secretary



YB Datuk Haji Julaihi bin Haji Narawi

Assistant Minister of Industrial Development (Investment & Promotion), Assistant Minister of Rural Development



YB Datu Haji Len Talif Salleh

Assistant Minister at Chief Ministers Office (Promotion of Technical Education), Assistant Minister of Environment (Ministry of Resource Planning & Environment)



YBhg Dato Sri Ahmad Tarmizi bin Haji Sulaiman

Sarawak State Financial Secretary



YBhg Datu Sudarsono Osman

*Permanent Secretary
Ministry of Resource Planning & Environment*



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



YBhg Datuk Dr Yusuf Hadi





GENERAL MANAGER

**YANG BERBAHAGIA
DATU HAJI
SARUDU HAJI HOKLAI**



Management Team

**Tuan Haji Hashim
Haji Bojet**
Deputy General Manager



**Puan Dayang Nena
Abang Bruce**
Senior Assistant General Manager
(Trade and Industry)



Puan Sadiah Tu
Senior Assistant General Manager
(Project Development)



Cik Hajah Haluyah Awi
Assistant General Manager
(Administration)



**YBhg Datin Catherine
Sng Bee Seio**
Assistant General Manager
(Finance and
Investment)



**Encik Mohd Hinri
Abdullah**
Assistant General Manager
(Preventive and
Enforcement)



**Puan Suraya Haji
Mohamad Ali**
Assistant General Manager
(Registration and
Licensing)



**Encik Jerry Mawan
Lading**
Assistant General Manager
(Northern Region)



**Encik Paul Lau
Ngie Hung**
Assistant General Manager
(Central Region)



**Encik Hamzah
Morshidi**
Acting Assistant General Manager
(Northern Region)



**Encik Johari
Zainuddin**
Acting Assistant General Manager
(Central Region)



**Puan Rosleenda
Sayumi Binti Ismail**
Legal & Secretarial Manager





Chairman's Statement

Sarawak recorded RM6.6 billion in export revenue from timber and timber products in 2015 compared to RM7.2 billion in 2014. The drop of 9% was attributed to continuous volatile global market situation.

2015 saw the decrease in export value for laminated board flooring (3%), logs (12%), moulding (13%), plywood (16%), dowel (20%) and particleboard (22%). Export value however surged for

block board (100%), sawn timber (31%), veneer (16%) and fiberboard (8%).



Plywood contributed 50% or RM3.3 billion to the overall export revenue. This was followed by logs (27% or RM1.8 billion) and sawn timber (11% or RM737 million). These commodities constituted 88% of the total export revenue for timber and timber products in 2015.

Other timber products such as veneer, dowels, moulding, particleboard, fiberboard, block board, laminated board, woodchips and others accounted for RM726 million or 12% of the overall export value of timber and timber products in 2015.

Planted forests will continue to play pivotal role in meeting the needs of the wood-based sector in Sarawak. In tandem with this, the state aspires to establish one million hectares of planted forests with

fast growing tree species by 2020. By then, the projected log production from planted forests will be 3.3 million metric tons.

Currently, wood-based industry in Sarawak are mostly primary processors producing plywood, sawn timber and veneer using raw materials from natural forests. Planted forests are crucial in sustaining the industry and at the same time mitigating pressure on natural forests.

Through this strategic plan, we are optimistic that the outlook for the wood-based industry in Sarawak will remain buoyant.



DATUK AMAR HAJI AWANG TENGAH ALI HASAN
Minister of Resource Planning & Environment II and Minister of Industrial & Entrepreneur Development, Trade and Investment Sarawak /
Chairman of STIDC Board of Management



General Manager's Message

2015 marked another eventful year for STIDC as it continued to play its role in spearheading the advancement of the wood-based industry in Sarawak.

This was attributed to teamwork, dedication and commitment of the eight divisions namely the administration, finance and investment, resource development, trade and industry, project development, registration and licensing, preventive and enforcement and trade control.



Through these divisions, STIDC carried various activities like forest resources management, industrial manpower supply, trade development, industrial planning, entrepreneur development, project planning, engineering, domestic trade, quality control, mill registration as well as combating irregularities.

STIDC also maintained good rapport with the industry, stakeholders and communities through social activities like Tanjung Manis Day, Fishing Safari, Golf Tournament, Presentation of Monetary Donation, Aidilfitri Open House, Stakeholders Briefing, Tree Planting, Occupational Safety and Health Campaign, Family Day and Poverty Eradication Programme (1Azam).

To ensure effective services to the industry, STIDC continued to serve through its offices in Kuching, Miri, Sibu, Tanjung Manis, Bintulu, Limbang and Mukah. STIDC also initiated the Immigration Customs Quarantine Security (ICQS) at Merapok, Lawas in order to facilitate and regulate the trade of timber and timber products between Sabah and Sarawak for win-win benefit.

Another important role played by STIDC was the promotion of Tanjung Manis as the preferred investment hub of the central region of Sarawak through collaborative efforts with the government agencies like the Ministry of Industrial Development and the Regional Corridor Development Authority. In facilitating and meeting the needs of investors, STIDC played a pivotal role in providing basic infrastructure like roads, bridges, water, electricity, airport, telecommunication and many more.

Through these activities and initiatives we hope that we have contributed and played our part in rendering quality services to meet the needs of the industry, stakeholders and communities for common good.

Datu Haji Sarudu Haji Hoklai
General Manager of STIDC



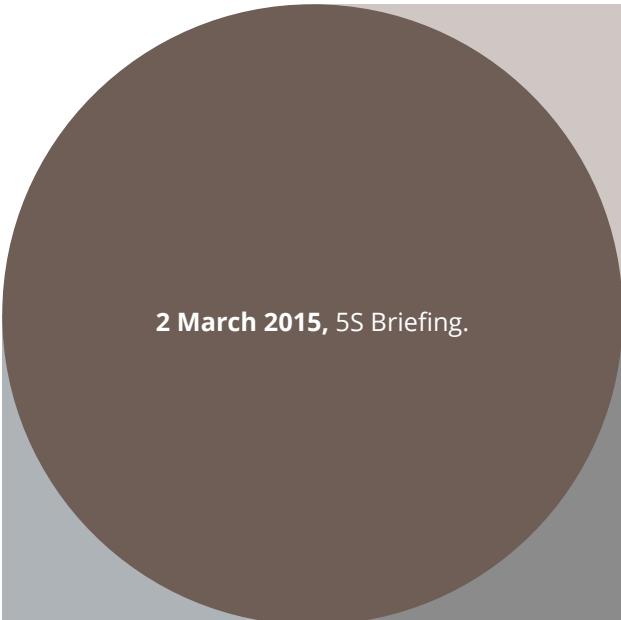


2015 ACTIVITIES





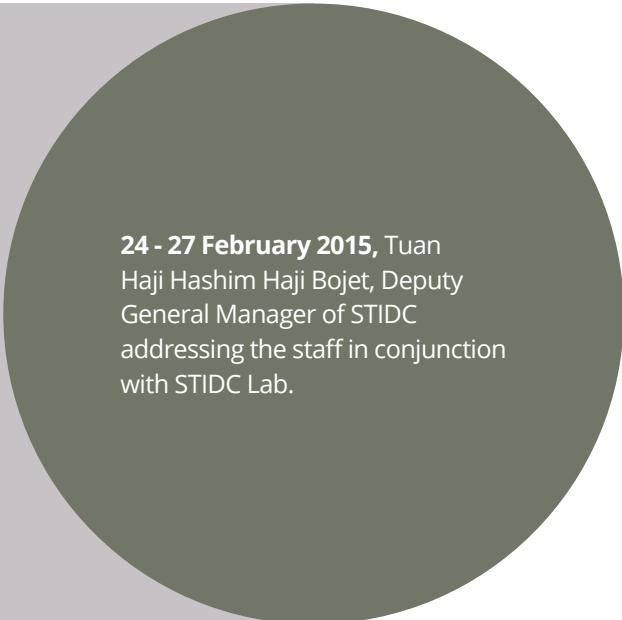
3 FEBRUARY 2015, Sarawak Forestry Department conducted a briefing for the Minister of Resource Planning & Environment II and Minister of Industrial & Entrepreneur Development, Trade and Investment Sarawak, Datuk Amar Haji Awang Tengah Ali Hasan to update him on the latest developments in the forestry sector in Sarawak at Wisma Sumber Alam, Kuching.



2 March 2015, 5S Briefing.



24 - 27 February 2015, Tuan Haji Hashim Haji Bojet, Deputy General Manager of STIDC addressing the staff in conjunction with STIDC Lab.





3 – 7 March 2015, STIDC promoted Sarawak's furniture products at MIFF and EFE 2015 in Kuala Lumpur.

21 March 2015, STIDC participated in the State Level International Forestry Day 2015 graced by the Chief Minister of Sarawak, The Right Honourable Datuk Patinggi Tan Sri (Dr) Haji Adenan bin Haji Satem (centre).



27 – 28 March 2015, Tanjung Manis Day was to commemorate the 25th year of STIDC's direct involvement in the development of this township. The celebration also aimed to encourage the local populace to participate and support the government's development agenda particularly in Tanjung Manis.



4 April 2015, Recognising the importance of forests, STIDC in collaboration with the Alumni Association of Universiti Kebangsaan Malaysia (UKM) Sarawak had initiated the tree planting campaign at Sebuyau in Samarahan Division.



9 April 2015, Internal Audit Meeting.

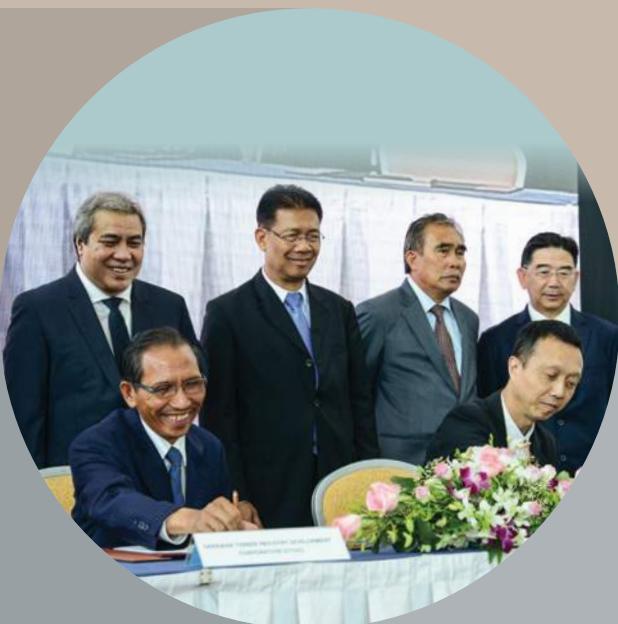


17 – 20 APRIL 2015, The Sarawak Timber & Small and Medium Scale Enterprises' (SMEs) Expo 2015 concluded successfully in achieving its objective to promote trade and sales of both local and international timber and SMEs products.



17 – 20 April 2015, Acacia products at Sarawak Timber & Small and Medium Scale Enterprises' (SMEs) Expo 2015, at Borneo Convention Centre, Kuching with the theme "Towards Sustainable Industries".

18 April 2015, A Memorandum of Understanding (MoU) was signed between STIDC and Centre of Anji Bamboo Research and Design (CABRD) in conjunction with the opening ceremony of Sarawak Timber and SMEs Expo. The MoU aimed to provide capacity building on bamboo application in Sarawak.



17 – 20 April 2015, Bamboo products at Sarawak Timber & Small and Medium Scale Enterprises' (SMEs) Expo 2015, at Borneo Convention Centre, Kuching.



23 – 24 May 2015, Tanjung Manis Fishing Safari has been in STIDC's calendar of events since the launching of the township in 1990. The event, which is part of STIDC's corporate social responsibility aimed to encourage the people's participation in the development of the township.





7 June 2015, STIDC Golf Competition 2015.

14 – 17 June 2015, Asean Consumer Fair 2015, Brunei.



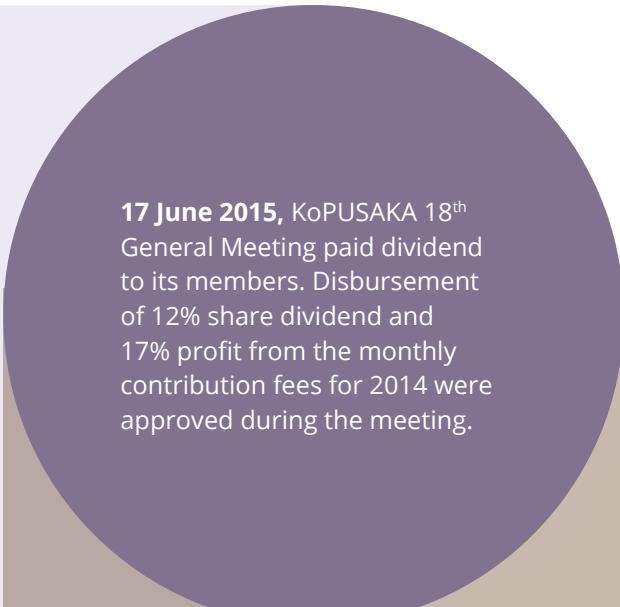
15 June 2015, Promoting Utilisation of Raw Materials from Planted Forests.



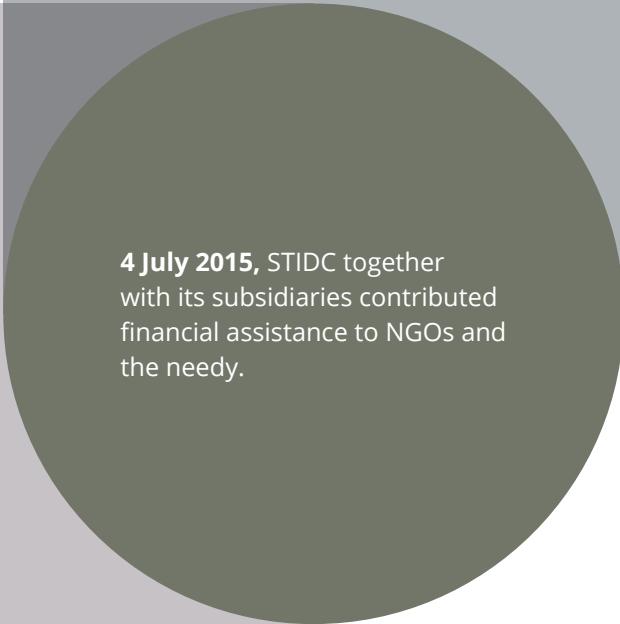
17 June 2015, KoPUSAKA 18th General Meeting paid dividend to its members. Disbursement of 12% share dividend and 17% profit from the monthly contribution fees for 2014 were approved during the meeting.



3 July 2015, This year's Ramadan saw 59 charitable organisations received a total of RM266,000 from the chairman of STIDC board of management, The Honourable Datuk Amar Haji Awang Tengah Ali Hasan.



4 July 2015, STIDC together with its subsidiaries contributed financial assistance to NGOs and the needy.





3 August 2015, the late Chief Minister of Sarawak, Datuk Patinggi Tan Sri (Dr) Haji Adenan bin Haji Satem graced the ground-breaking ceremony of Tanjung Manis Bulkers Sendirian Berhad palm oil bulking facilities in Tanjung Manis.



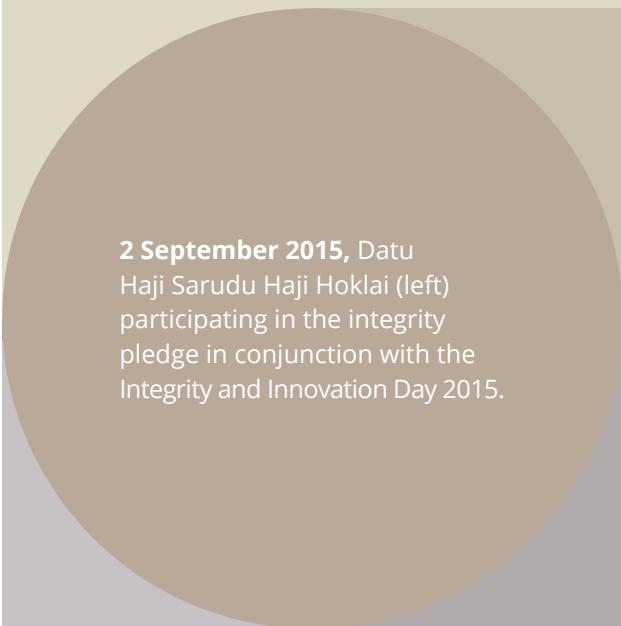
13 August 2015, Hari Raya Aidilfitri open house at Wisma Sumber Alam in Kuching, Sarawak to promoting good rapport, peace, harmony and unity.



14 August 2015, Recognising the importance of Sabah market, STIDC had initiated the Immigration Customs Quarantine Security (ICQS) at Merapok in Lawas Division to facilitate and regulate trade for timber and timber products between the two states for win-win benefit. The ICQS was declared open by STIDC General Manager, Datu Haji Sarudu Haji Hoklai.



25 – 26 August 2015, Team Excellence Sabah & Sarawak Region Convention 2015.



2 September 2015, Datu Haji Sarudu Haji Hoklai (left) participating in the integrity pledge in conjunction with the Integrity and Innovation Day 2015.



2 September 2015, 'Integrity Spearheads an Excellent Organisation' was the theme for the Ministry of Resource Planning and Environment's Integrity and Innovation Day 2015. Graced by the Second Minister of Resource Planning and Environment, Datuk Amar Haji Awang Tengah Ali Hasan, the function aimed to instill a sense of integrity and innovation among the workforce of the agencies and departments under the ministry including STIDC.



17 – 18 September 2015,

Recognising the importance of OSH, STIDC in collaboration with the Department of Occupational Safety and Health (DOSH) had launched the OSH Campaign for wood-based industry in Sarawak. The two-day campaign was attended by wood-based industry players in the central region of Sarawak and the related agencies.

18 September 2015, Amid the volatile market situation STIDC took the initiative to help industry players keeping abreast with current issues affecting business sectors across the globe. The issues were addressed through stakeholders briefing.



16 – 30 October 2015, Training

Workshop on Bamboo Application focused on raw bamboo processing, bamboo weaving, bamboo furniture making as well as basic bamboo craft tools handling.



18 – 22 October 2015, To expand market for Sarawak's timber and timber products, once again STIDC had initiated a trade visit to Ho Chi Minh City, Vietnam.



20 – 21 October 2015, STIDC participated in the State Civil Service Innovative and Creative Convention 2015.



22 - 25 October 2015, STIDC officials and trainees visiting the Terengganu Timber Industry Training Centre.





22 – 25 October 2015, In its stride to regulate and facilitate the advancement of an innovative timber industry, STIDC continues to play its role as training provider to meet the need of the industry. In the Terengganu International Timber Showcase 2015, four trainees were given opportunity to visit and participate in the Amateur Wood Carving Competition 2015.



5 November 2015, Datu Haji Len Talif Salleh (3rd left) being briefed by Mr. Omar Ali Sepian, Head of STIDC Entrepreneur Development Section (left) on STIDC's involvement in 1AZAM while Datu Haji Sarudu (2nd right) and his Deputy, Tuan Haji Hashim Haji Bojet (2nd left) look on.



5 November 2015, KoPUSAKA is currently embarking into the development of 40 units of shop houses in Tanjung Manis New Township. The ground-breaking ceremony of this project was graced by the Assistant Minister in the Chief Minister's Office (Promotion of Technical Education) and Assistant Minister of Environment, Datu Haji Len Talif Salleh.



13 November 2015,
Presentation on Lean Project.

11 November 2015, Launching of the Glossary of Classification: Timber & Timber Products by The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Minister of Resource Planning & Environment II and Minister of Industrial & Entrepreneur Development, Trade and Investment Sarawak cum Chairman of STIDC.



21 – 22 November 2015, In recognition of the significance of the family institution, once again STIDC had put aside its daily routines to give way to the annual STIDC Family Day 2015.



27 November to 3 December 2015, STIDC did not miss the opportunities to participate in some important events at national and state levels. This was evident by its participation in the national-level Farmers, Fishermen and Livestock Breeders' Day 2015 at Kota Samarahan Civic Centre.



3 – 6 December 2015, STIDC participated in "Satu Daerah Satu Industri" (SDSI) Expo at MITC Ayer Keroh, Melaka.



9 – 10 December 2015, Occupational Safety and Health (OSH) campaign in the timber industry in Sarawak held in Miri.





2015 vs 2014
**TRADE
STATISTICS**



TABLE 1

EXPORT SUMMARY OF TIMBER AND TIMBER PRODUCTS FROM SARAWAK

PRODUCTS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
LOG	2,644,715	1,776,008	27.00	3,052,459	2,027,660	27.97	(13.36)	(12.41)
SAWNTIMBER	570,733	732,738	11.14	609,698	560,396	7.73	(6.39)	30.75
PLYWOOD	1,762,496	3,269,792	49.71	2,319,132	3,900,038	53.80	(24.00)	(16.16)
VENeer	161,789	239,231	3.64	153,621	206,944	2.85	5.32	15.60
LAMINATED BOARD / FLOORING	13,114	38,492	0.59	16,154	39,716	0.55	(18.82)	(3.08)
MOULDING	8,510	22,278	0.34	9,990	25,721	0.35	(14.82)	(13.39)
DOWEL	585	2,241	0.03	882	2,789	0.04	(33.69)	(19.65)
FIBREBOARD	168,499	259,462	3.94	166,392	240,035	3.31	1.27	8.09
BLOCKBOARD	56.23	82.00	0.00	-	-	-	100.00	100.00
PARTICLE BOARD	85,034	50,060	0.76	125,028	64,176	0.89	(31.99)	(22.00)
OTHER PRODUCTS*	73,146	88,756	1.35	96,909	97,696	1.35	(24.52)	(9.15)
OTHER PRODUCTS**[Units]	21,126	31,436	0.48	16,428	18,941	0.26	28.60	65.97
WOODCHIP [Tonne]	193,700	66,927	1.02	304,461	65,091	0.90	(36.38)	2.82
TOTAL (m³) (RM)	5,488,675	6,577,503	100	6,550,266	7,249,203	100	(16.21)	(9.27)

***OTHER TIMBER PRODUCTS:**

- Briquette
- Core Plugs
- Densified wood
- Door & door frames
- Finger jointed
- Furniture and furniture parts
- Laminated beam
- Laminated post
- Laminated Veneer Lumber (LVL)
- Railways sleepers
- Wooden fences
- Wooden gates
- Wooden pellet
- Wooden pegs & stakes

****OTHER TIMBER PRODUCTS:**

- Furniture
- Wooden pallet

Notes:

- > Fibreboard include MDF and HDF
- > Total of volume (m³) does not includes woodchips (tonne) and other product (units)
- > a = actual data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]
- > p = preliminary data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]

EXPORT VALUE (%) OF MAJOR TIMBER & TIMBER PRODUCTS

FROM SARAWAK (RM'000) : 2015 / 2014

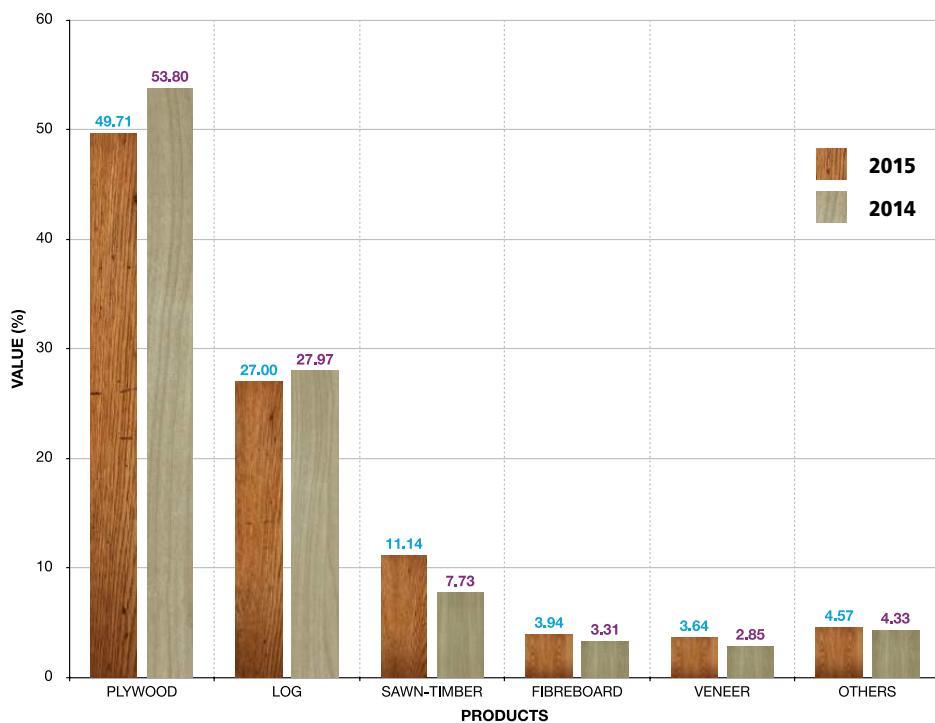


TABLE 2
EXPORT OF LOGS BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^P January - December			2014 ^P January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
INDIA	1,534,950	1,237,800	69.70	1,880,941	1,338,335	66.00	(18.39)	(7.51)
INDONESIA	521,183	101,653	5.72	172,051	38,230	1.89	202.92	165.90
TAIWAN	202,488	169,402	9.54	346,812	243,125	11.99	(41.61)	(30.32)
VIETNAM	160,426	94,062	5.30	171,341	84,176	4.15	(6.37)	11.74
CHINA	96,390	68,575	3.86	285,466	180,021	8.88	(66.23)	(61.91)
JAPAN	95,659	79,514	4.48	142,732	108,794	5.37	(32.98)	(26.91)
KOREA	33,619	25,002	1.41	34,317	22,484	1.11	(2.03)	11.20
THAILAND	-	-	-	18,585	12,121	0.60	(100.00)	(100.00)
PAKISTAN	-	-	-	169	314	0.02	(100.00)	(100.00)
MIDDLE EAST	-	-	-	32	59	0.00	(100.00)	(100.00)
EU	-	-	-	13	1	0.00	(100.00)	(100.00)
TOTAL	2,644,715	1,776,008	100	3,052,459	2,027,660	100	(13.36)	(12.41)

EXPORT VALUE (%) OF LOGS TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

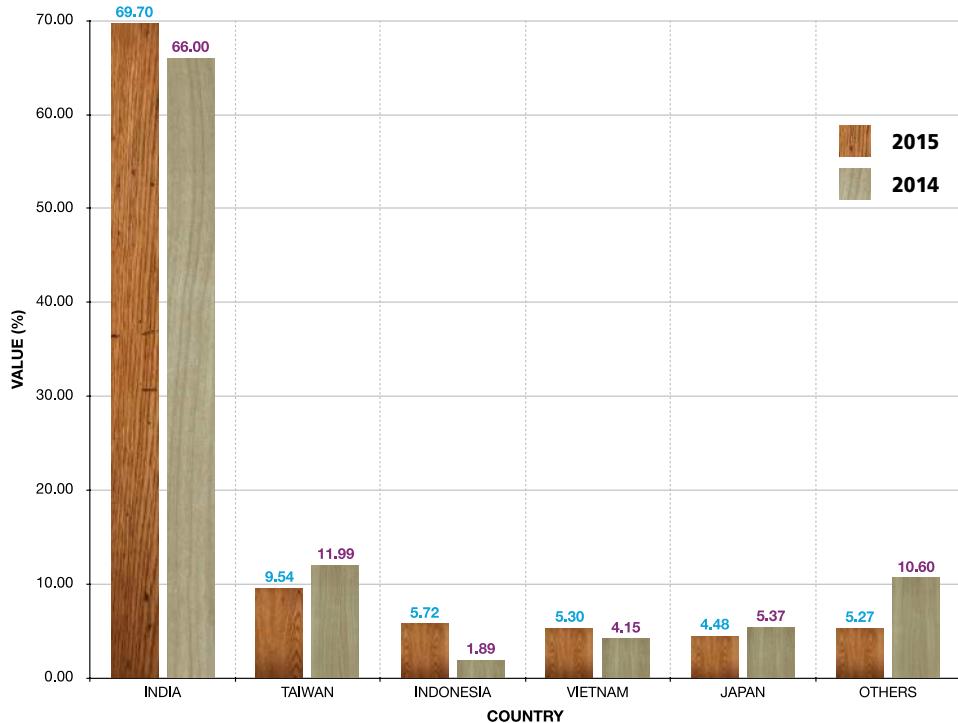


TABLE 3
EXPORT OF SAWN-TIMBER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^P January - December			2014 ^P January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
PHILIPPINES	171,095	188,529	25.73	148,759	49,626	8.86	15.02	279.90
THAILAND	116,181	137,410	18.75	129,389	121,921	21.76	(10.21)	12.70
MIDDLE EAST	97,453	155,150	21.17	129,983	162,602	29.02	(25.03)	(4.58)
TAIWAN	65,946	65,437	8.93	73,796	65,253	11.64	(10.64)	0.28
KOREA	30,670	52,386	7.15	28,040	36,235	6.47	9.38	44.57
JAPAN	21,195	43,652	5.96	24,138	42,995	7.67	(12.19)	1.53
CHINA	17,772	17,633	2.41	19,690	19,039	3.40	(9.74)	(7.38)
SRI LANKA	16,507	27,289	3.72	14,437	17,454	3.11	14.34	56.35
SINGAPORE	12,814	15,304	2.09	20,030	21,353	3.81	(36.02)	(28.33)
SOUTH AFRICA	5,059	9,039	1.23	5,411	5,568	0.99	(6.50)	62.34
OTHER*	16,041	20,909	2.85	16,026	18,350	3.27	0.10	13.95
TOTAL	570,733	732,738	100	609,698	560,396	100	(6.39)	30.75

***OTHER DESTINATIONS:**

- AUSTRALIA
- BANGLADESH
- BRUNEI DARUSSALAM
- FRANCE
- HONG KONG
- INDIA
- LIBYA
- MALAYSIA (Peninsular or Sabah-free zone)
- MALDIVES
- MAURITIUS
- PAKISTAN
- REUNION
- SEYCHELLES
- SUDAN
- UNITED STATES
- VIETNAM

EXPORT VALUE (%) OF SAWN-TIMBER TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

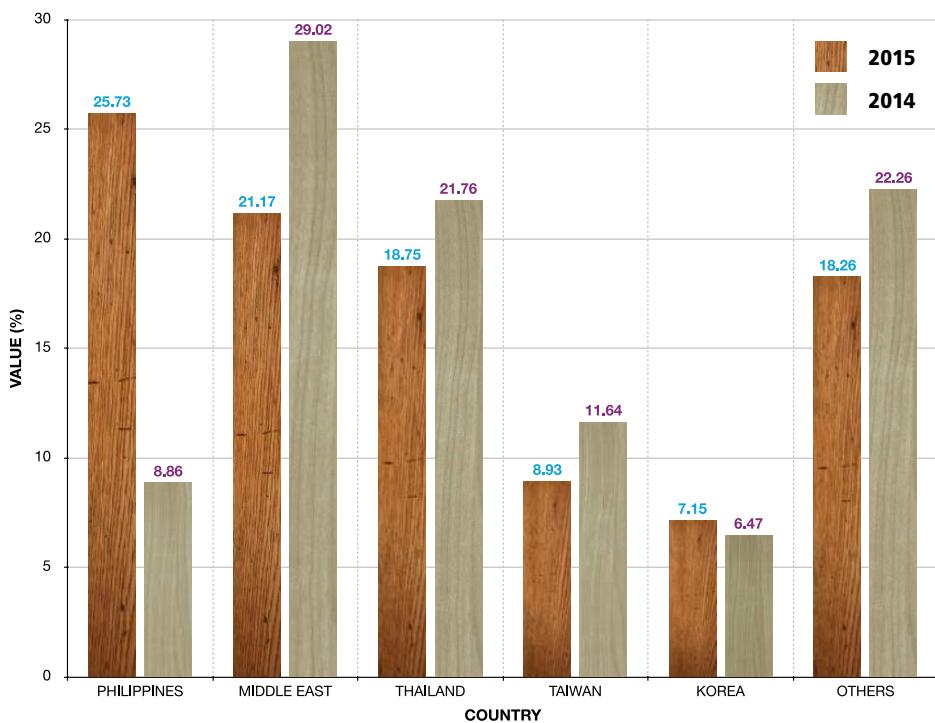


TABLE 4
EXPORT OF PLYWOOD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	1,047,629	2,049,762	62.69	1,318,513	2,322,540	59.55	(20.54)	(11.74)
KOREA	205,115	338,650	10.36	238,933	372,407	9.55	(14.15)	(9.06)
TAIWAN	170,728	280,247	8.57	223,245	331,992	8.51	(23.52)	(15.59)
MIDDLE EAST	143,835	225,168	6.89	242,960	349,431	8.96	(40.80)	(35.56)
HONG KONG	34,551	65,109	1.99	39,295	63,482	1.63	(12.07)	2.56
CHINA	34,413	64,796	1.98	43,882	75,260	1.93	(21.58)	(13.90)
PHILIPPINES	32,203	64,557	1.97	76,850	146,099	3.75	(58.10)	(55.81)
AUSTRALIA	16,325	35,497	1.09	17,330	37,698	0.97	(5.80)	(5.84)
VIETNAM	14,685	29,545	0.90	25,172	42,018	1.08	(41.66)	(29.68)
THAILAND	13,343	25,499	0.78	11,888	20,777	0.53	12.24	22.73
OTHER*	49,670	90,962	2.78	81,064	138,334	3.55	(38.73)	(34.24)
TOTAL	1,762,496	3,269,792	100	2,319,132	3,900,038	100	(24.00)	(16.16)

***OTHER DESTINATIONS:**

- BRUNEI DARUSSALAM
- CAMBODIA
- CANADA
- CHILE
- COMOROS
- DJIBOUTI
- EGYPT
- GERMANY
- INDIA
- INDONESIA
- MALAYSIA (Peninsular or Sabah-free zone)
- MALDIVES
- MAURITIUS
- MEXICO
- MYANMAR
- NEW ZEALAND
- NORTHERN MARIANA ISLANDS
- PAKISTAN
- PAPUA NEW GUINEA
- SINGAPORE
- SOUTH AFRICA
- SRI LANKA
- UNITED KINGDOM
- UNITED STATES

EXPORT VALUE (%) OF PLYWOOD TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

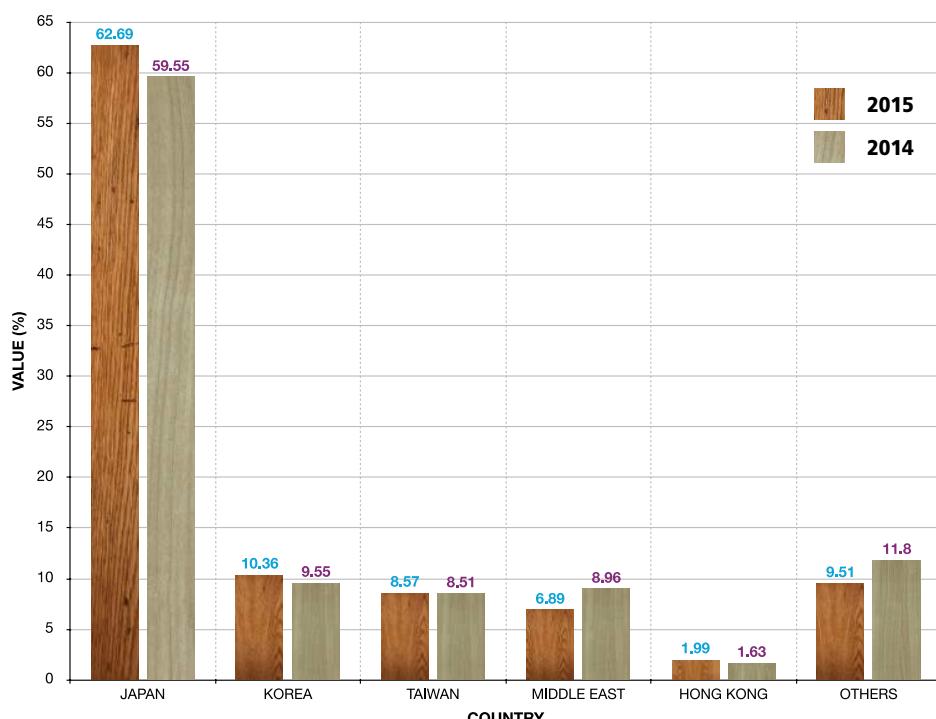


TABLE 5
EXPORT OF VENEER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
TAIWAN	79,267	105,077	43.92	77,071	99,598	48.13	2.85	5.50
KOREA	70,066	109,719	45.86	55,552	73,024	35.29	26.13	50.25
CHINA	6,126	7,956	3.33	9,223	9,928	4.80	(33.58)	(19.86)
JAPAN	4,757	10,661	4.46	8,342	16,196	7.83	(42.97)	(34.18)
AUSTRALIA	1,438	5,636	2.36	1,305	4,861	2.35	10.16	15.94
MIDDLE EAST	77	105	0.04	-	-	-	100.00	100.00
UNITED STATES	36	60	0.03	-	-	-	100.00	100.00
SINGAPORE	22	17	0.01	65	51	0.02	(66.67)	(66.67)
VIETNAM	0	0	0.00	28	100	0.05	(99.36)	(99.90)
PHILIPPINES	-	-	-	2,001	3,088	1.49	(100.00)	(100.00)
INDIA	-	-	-	34	98	0.05	(100.00)	(100.00)
TOTAL	161,789	239,231	100	153,621	206,944	100	5.32	15.60

EXPORT VALUE (%) OF VENEER TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

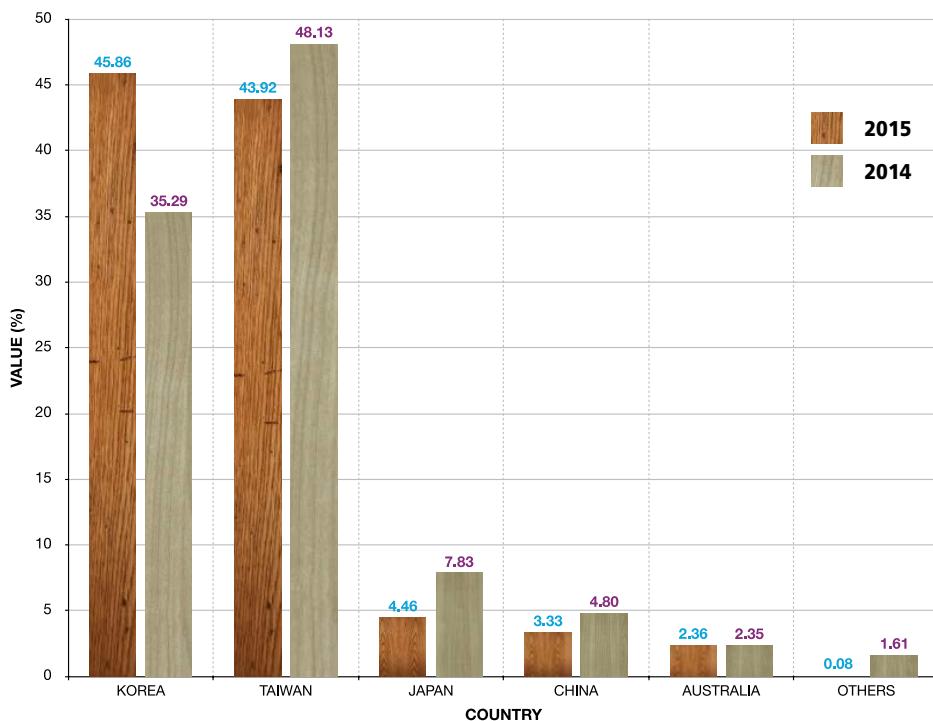


TABLE 6

EXPORT OF LAMINATED BOARD/FLOORING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	4,029	16,304	42.36	5,302	18,041	45.43	(24.00)	(9.63)
TAIWAN	2,755	4,704	12.22	4,357	5,276	13.28	(36.76)	(10.84)
VIETNAM	2,367	8,363	21.73	1,944	5,648	14.22	21.75	48.07
KOREA	1,901	3,446	8.95	1,246	1,703	4.29	52.57	102.35
INDONESIA	1,032	2,433	6.32	1,010	2,539	6.39	2.17	(4.17)
BRUNEI DARUSSALAM	551	1,672	4.34	1,798	4,991	12.57	(69.37)	(66.50)
CHINA	110	176	0.46	47	81	0.20	135.63	117.28
MIDDLE EAST	88	172	0.45	44	70	0.18	99.98	145.71
CANADA	84	316	0.82	26	81	0.20	222.14	290.12
EU	66	339	0.88	101	366	0.92	(34.92)	(7.38)
OTHER*	131	567	1.47	280	920	2.32	(53.33)	(38.37)
TOTAL	13,114	38,492	100	16,154	39,716	100	(18.82)	(3.08)

***OTHER DESTINATIONS:**

- AUSTRALIA
- JAPAN
- MALDIVES
- PHILIPPINES
- SINGAPORE

EXPORT VALUE OF LAMINATED BOARD / FLOORING TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

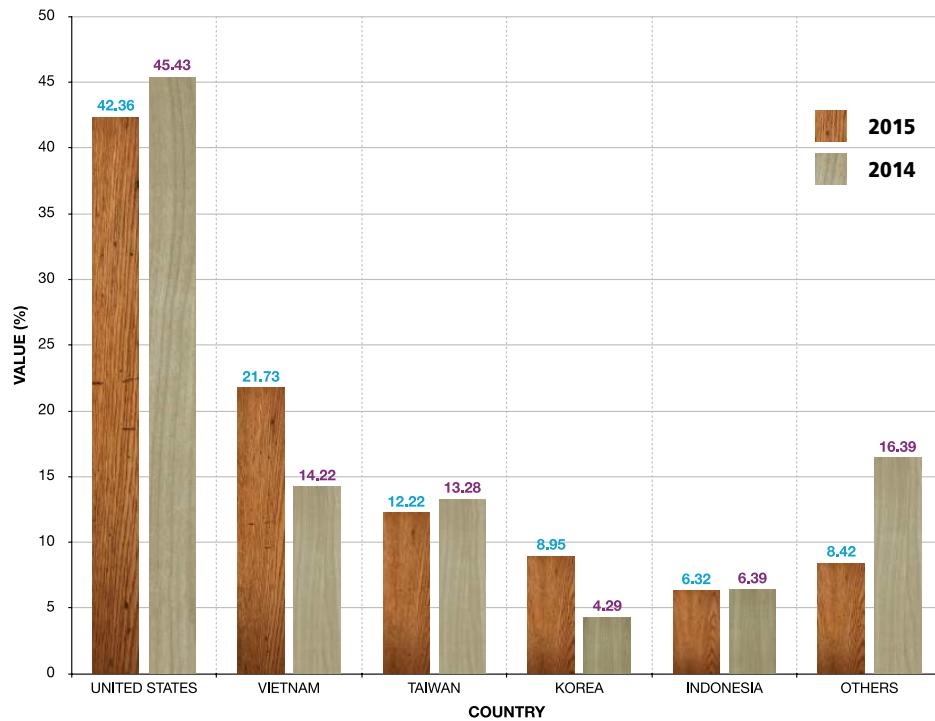


TABLE 7
EXPORT OF MOULDING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^a January - December			2014 ^a January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	3,882	8,183	36.73	4,313	8,965	34.85	(9.98)	(8.72)
KOREA	2,344	5,356	24.04	2,636	5,526	21.48	(11.08)	(3.08)
AUSTRALIA	1,582	7,096	31.85	1,891	8,644	33.61	(16.31)	(17.91)
UNITED STATES	333	520	2.33	362	798	3.10	(7.94)	(34.84)
TAIWAN	131	521	2.34	210	640	2.49	(37.63)	(18.59)
SINGAPORE	94	185	0.83	283	486	1.89	(66.90)	(61.93)
SOUTH AFRICA	75	138	0.62	74	233	0.91	1.22	(40.77)
SEYCHELLES	33	136	0.61	30	27	0.10	12.48	403.70
EU	23	77	0.35	3	17	0.07	621.12	352.94
BRUNEI DARUSSALAM	8	35	0.16	-	-	-	100.00	100.00
OTHER*	5	31	0.14	189	385	1.50	(97.61)	(91.95)
TOTAL	8,510	22,278	100	9,990	25,721	100	(14.82)	(13.39)

***OTHER DESTINATIONS:**

- BRUNEI DARUSSALAM
- VIETNAM

EXPORT VALUE OF MOULDING TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

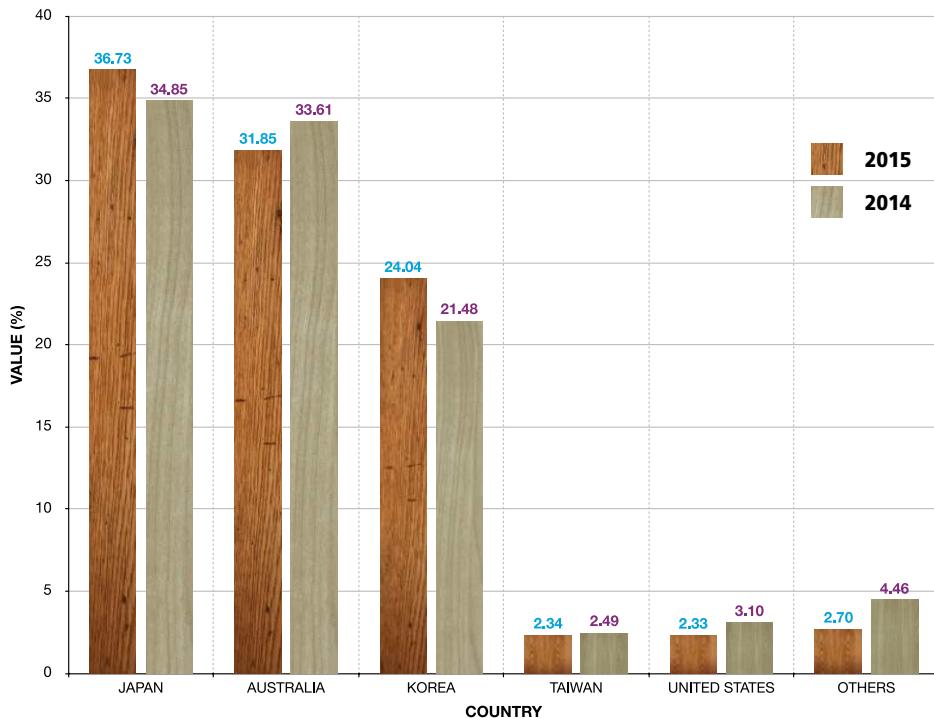


TABLE 8
EXPORT OF DOWEL BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
SOUTH AFRICA	243	802	35.79	269	659	23.63	(9.64)	21.70
UNITED STATES	145	687	30.66	216	785	28.15	(32.72)	(12.48)
EU	55	239	10.66	121	507	18.18	(54.22)	(52.86)
AUSTRALIA	45	94	4.19	147	285	10.22	(69.16)	(67.02)
JAPAN	42	229	10.22	56	296	10.61	(24.46)	(22.64)
INDIA	37	167	7.45	55	213	7.64	(32.54)	(21.60)
TAIWAN	16	23	1.03	18	44	1.58	(10.29)	(47.73)
TOTAL	585	2,241	100	882	2,789	100	(33.69)	(19.65)

EXPORT VALUE OF DOWEL TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

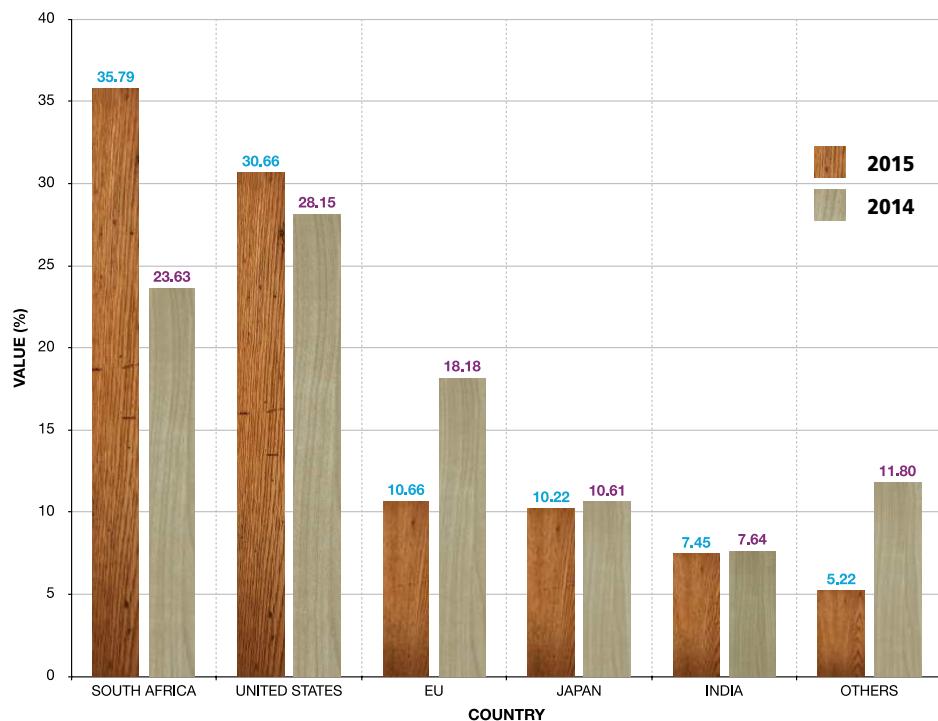


TABLE 9
EXPORT OF FIBREBOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2015 ^P January - December			2014 ^P January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	137,612	209,600	80.78	131,301	193,341	80.55	4.81	8.41
PHILIPPINES	10,456	13,916	5.36	13,632	16,392	6.83	(23.30)	(15.10)
INDONESIA	6,823	10,584	4.08	8,391	11,225	4.68	(18.69)	(5.71)
VIETNAM	5,689	9,849	3.80	3,613	5,785	2.41	57.45	70.25
TAIWAN	5,116	12,249	4.72	5,241	8,457	3.52	(2.38)	44.84
BRUNEI DARUSSALAM	1,195	1,030	0.40	2,226	1,827	0.76	(46.34)	(43.62)
KOREA	790	709	0.27	434	258	0.11	81.97	174.81
THAILAND	293	422	0.16	188	227	0.09	55.99	85.90
CHINA	271	498	0.19	526	852	0.35	(48.52)	(41.55)
EU	227	572	0.22	640	1,470	0.61	(64.49)	(61.09)
OTHER*	28	33	0.01	199	201	0.08	(86.15)	(83.58)
TOTAL	168,499	259,462	100	166,392	240,035	100	1.27	8.09

***OTHER DESTINATIONS:**

- AUSTRALIA
- OMAN
- SINGAPORE
- UNITED STATES
- YEMEN

EXPORT VALUE OF FIBREBOARD TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014

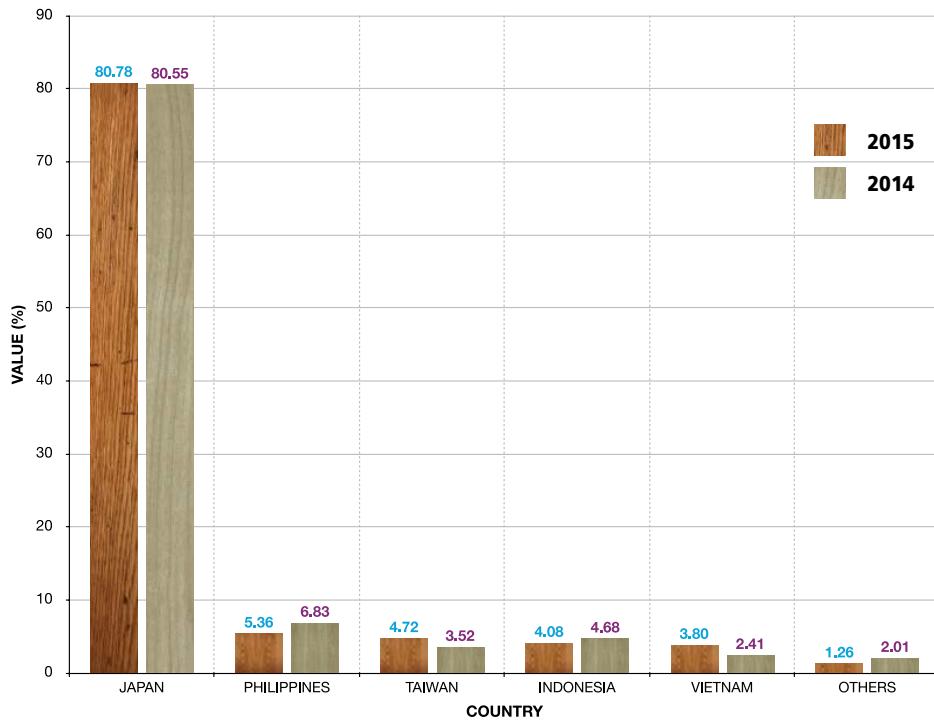


TABLE 10
EXPORT OF PARTICLE BOARD BY COUNTRY OF DESTINATIONS

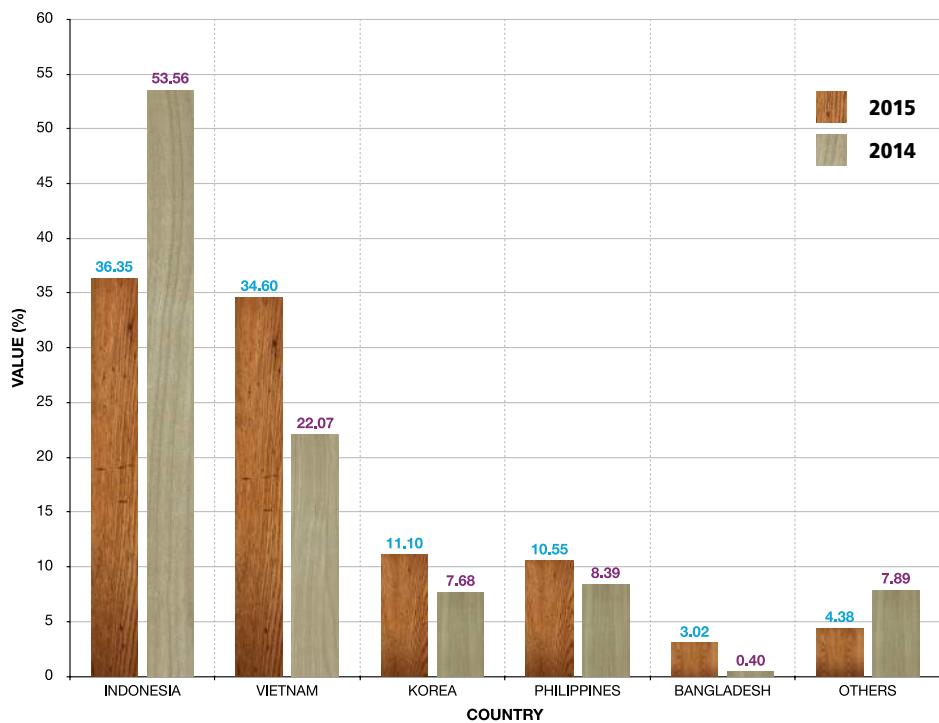
DESTINATIONS	2015 ^p January - December			2014 ^p January - December			% Change 2015 / 2014	
	Volume (M ³)	FOB Value (RM'000)	Value %	Volume (M ³)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	31,376	18,195	36.35	67,389	34,375	53.56	(53.44)	(47.07)
VIETNAM	28,587	17,319	34.60	27,311	14,161	22.07	4.67	22.30
KOREA	9,572	5,559	11.10	8,080	4,931	7.68	18.47	12.74
PHILIPPINES	8,852	5,283	10.55	10,558	5,387	8.39	(16.16)	(1.93)
BANGLADESH	2,622	1,513	3.02	857	258	0.40	205.92	486.43
JAPAN	1,479	848	1.69	1,286	646	1.01	15.00	31.27
INDIA	1,263	657	1.31	3,907	1,848	2.88	(67.66)	(64.45)
BRUNEI DARUSSALAM	1,090	554	1.11	944	467	0.73	15.53	18.63
CHINA	107	73	0.15	159	88	0.14	(32.78)	(17.05)
NEW ZEALAND	43	28	0.06	21	11	0.02	100.00	154.55
OTHER*	43	31	0.06	4,516	2,004	3.12	(99.05)	(98.45)
TOTAL	85,034	50,060	100	125,028	64,176	100	(31.99)	(22.00)

***OTHER DESTINATIONS:**

- EGYPT
- HONG KONG
- ITALY
- OMAN
- SINGAPORE

EXPORT VALUE OF PARTICLE BOARD TO MAJOR DESTINATIONS

(RM'000) : 2015 / 2014







STATEMENTS

2015 financial



SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

31 December 2015

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

contents

BOARD MEMBERS, OFFICERS AND PROFESSIONAL ADVISORS	54
STATEMENT BY CHAIRMAN AND A BOARD MEMBER	55
STATUTORY DECLARATION	56
AUDITORS' REPORT	57
BALANCE SHEETS	59
INCOME STATEMENTS	61
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	62
STATEMENT OF CHANGES IN EQUITY	63
CASH FLOW STATEMENTS	64
NOTES TO THE FINANCIAL STATEMENTS	66

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Board Members, Officers and Professional Advisors

Chairman	:	YB Datuk Amar Haji Awang Tengah Ali Hasan
Board Members	:	YB Datu Haji Len Talif Salleh
	:	YB Datuk Haji Julaihi bin Haji Narawi
	:	YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani
	:	YBhg. Dato Sri Ahmad Tarmizi bin Haji Sulaiman
	:	YBhg. Datu Sudarsono Osman
	:	YBhg. Tan Sri Datuk Amar (Dr) Hj Abdul Aziz bin Dato Hj Husain
	:	YBhg. Datuk Dr. Yusuf Hadi
General Manager	:	YBhg. Datu Haji Sarudu bin Haji Hoklai
Address	:	Wisma Sumber Alam Jalan Stadium, Petra Jaya 93050 Kuching Sarawak, Malaysia.
Auditor	:	Auditor-General, Malaysia
Bankers	:	Malayan Banking Berhad
	:	CIMB Bank Berhad
	:	RHB Bank Berhad

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

PENYATA PENGERUSI DAN SEORANG AHLI LEMBAGA PENGARAH (AKAUN KUMPULAN)

Kami, **YB DATUK AMAR HAJI AWANG TENGAH ALI HASAN** dan **YBHG DATO SRI AHMAD TARMIZI BIN HAJI SULAIMAN**, yang merupakan Pengurus dan salah seorang Ahli Lembaga Pengarah PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbang, 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 KEMAJUAN PERUSAHAAN KAYU SARAWAK pada 31 Disember 2015 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



**YB DATUK AMAR HAJI AWANG TENGAH
ALI HASAN**
Pengerusi

Kuching, Sarawak, Malaysia

Tarikh : **15 JUL 2016**

Bagi pihak Lembaga,



**YBHG DATO SRI AHMAD TARMIZI
BIN HAJI SULAIMAN**
Ahli Lembaga

Kuching, Sarawak, Malaysia

Tarikh : **15 JUL 2016**

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

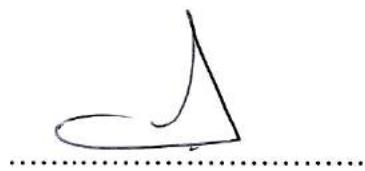
PENGAKUAN OLEH PEGAWAI UTAMA YANG BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

Saya, **DATU HAJI SARUDU BIN HAJI HOK LAI** pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK**, dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Pendapatan dan Keuntungan Terkumpul, Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akaun Berkanun, 1960.

Sebenarnya dan sesungguhnya diakui oleh

DATU HAJI SARUDU BIN HAJI HOKLAI

di Kuching, Sarawak pada 13 April 2017



SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)



LAPORAN KETUA AUDIT NEGARA MENGENAI PENYATA KEWANGAN PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK BAGI TAHUN BERAKHIR 31 DISEMBER 2015

Laporan Mengenai Penyata Kewangan

Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan bagi tahun berakhir 31 Disember 2015 telah diaudit oleh wakil saya yang merangkumi Lembaran Imbangan pada 31 Disember 2015 dan Penyata Pendapatan, Penyata Perubahan Dalam Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota penjelasan lain.

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan dan persembahan penyata kewangan tersebut yang saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan), 1995. Lembaga Pengarah juga bertanggungjawab terhadap kawalan dalaman yang ditetapkan perlu oleh pengurusan bagi membolehkan penyediaan penyata kewangan yang bebas daripada salah nyata yang ketara sama ada disebabkan oleh fraud atau kesilapan.

Tanggungjawab Juruaudit

Tanggungjawab saya adalah memberi pendapat terhadap penyata kewangan tersebut berdasarkan pengauditan yang dijalankan. Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan piawaian pengauditan yang diluluskan di Malaysia. Piawaian tersebut menghendaki saya mematuhi keperluan etika serta merancang dan melaksanakan pengauditan untuk memperoleh jaminan yang munasabah sama ada penyata kewangan tersebut bebas daripada salah nyata yang ketara.

Pengauditan meliputi pelaksanaan prosedur untuk memperoleh bukti audit mengenai amaun dan pendedahan dalam penyata kewangan. Prosedur yang dipilih bergantung kepada pertimbangan juruaudit, termasuk penilaian risiko salah nyata yang ketara pada penyata kewangan sama ada disebabkan oleh fraud atau kesilapan. Dalam membuat penilaian risiko tersebut, juruaudit mempertimbangkan kawalan dalaman yang bersesuaian dengan entiti dalam penyediaan dan persembahan penyata kewangan yang memberi gambaran yang benar dan saksama bagi tujuan

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

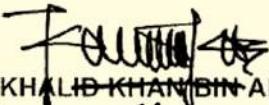
merangka prosedur pengauditan yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalam entiti tersebut. Pengauditan juga termasuk menilai kesesuaian polisi perakaunan yang digunakan dan kemunasabahan anggaran perakaunan yang dibuat oleh pengurusan serta persembahan penyata kewangan secara menyeluruh.

Saya percaya bahawa bukti audit yang saya peroleh adalah mencukupi dan bersesuaian untuk dijadikan asas bagi pendapat audit saya.

Pendapat

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan pada 31 Disember 2015 dan prestasi kewangan serta aliran tunainya bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia.

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. Saya berpuas hati bahawa penyata kewangan berkenaan telah disatukan dengan Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dalam bentuk dan kandungan yang sesuai dan wajar bagi tujuan penyediaan penyata kewangan. 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 menjelaskan penyata kewangan.


(KHALID KHAN BIN ABDULLAH KHAN)
b.p. KETUA AUDIT NEGARA
MALAYSIA

KUCHING
TARIKH: 29 AUG 2016



SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Balance Sheets As at 31 December 2015

	Note	Group		Corporation	
		2015 RM	2014 RM	2015 RM	2014 RM
Financed by:					
Property, plant and equipment	3	415,030,735	447,070,840	136,866,470	140,747,662
Investment in subsidiaries	4	-	-	155,628,130	155,628,130
Investment in associates	5	134,283,373	131,909,319	23,260,000	23,260,000
Other investments	6	193,334,879	196,238,974	108,618,998	110,454,851
Project development expenditure	7	157,792,771	249,782,728	156,995,923	249,782,728
Plantation development expenditure	8	557,573	443,909	-	-
Long term loan receivables	9	9,346,437	9,346,437	35,342,164	49,345,124
Deposits	21	53,949	47,888	-	-
Deferred tax assets	20	124,000	1,825,000	-	1,717,000
Goodwill on consolidation		1,767,000	1,767,000	-	-
		<u>912,290,717</u>	<u>1,038,432,095</u>	<u>616,711,685</u>	<u>730,935,495</u>
Current assets					
Inventories	10	155,173,321	155,010,892	133,987,498	133,987,498
Trade receivables	11	68,014,626	69,442,503	27,968,736	28,258,054
Other receivables	12	17,528,078	41,406,510	17,131,801	28,785,272
Short term loan receivables	9	-	-	21,360,173	9,000,000
Cash and cash equivalents	13	<u>349,483,690</u>	<u>306,873,767</u>	<u>268,663,646</u>	<u>257,231,493</u>
		<u>590,199,715</u>	<u>572,733,672</u>	<u>469,111,854</u>	<u>457,262,317</u>
Current liabilities					
Borrowings	14	45,350,855	9,039,988	19,358,608	-
Trade payables		9,543,576	15,527,384	-	-
Other payables	16	98,624,736	145,783,518	100,555,322	125,946,157
Tax payable		633,498	477,883	-	-
		<u>154,152,665</u>	<u>170,828,773</u>	<u>119,913,930</u>	<u>125,946,157</u>
Net current assets		436,047,050	401,904,899	349,197,924	331,316,160
		<u>1,348,337,767</u>	<u>1,440,336,994</u>	<u>965,909,609</u>	<u>1,062,251,655</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Balance Sheets As at 31 December 2015 (contd.)

	Note	Group		Corporation	
		2015 RM	2014 RM	2015 RM	2014 RM
Financed by:					
Government's contribution		5,257,200	5,257,200	5,257,200	5,257,200
Donated funds	17	363,502	363,502	363,502	363,502
Revolving funds	18	416,588	416,588	416,588	416,588
Capital reserve		183,882	183,882	-	-
Retained profits		918,100,082	905,583,247	661,939,729	655,277,378
Accumulated funds					
Minority interests		57,855,332	56,175,228	-	-
		982,176,586	967,979,647	667,977,019	661,314,668
Non-current liabilities					
Government grants	19	210,794,546	265,226,727	210,794,546	265,226,727
Borrowings	14	143,264,843	185,785,896	87,138,044	125,855,260
Deferred tax liabilities	20	12,101,792	21,344,724	-	9,855,000
		366,161,181	472,357,347	297,932,590	400,936,987
		1,348,337,767	1,440,336,994	965,909,609	1,062,251,655

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Income Statements For the financial year ended 31 December 2015

	Note	Group		Corporation	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	22	211,942,912	244,989,210	40,347,080	74,404,502
Cost of sales	23	(121,448,748)	(123,971,558)	-	-
Gross profit		90,494,164	121,017,652	40,347,080	74,404,502
Administrative and other operating expenditure		(93,213,158)	(103,129,829)	(52,598,138)	(50,218,897)
(Loss)/profit from operations	24	(2,718,994)	17,887,823	(12,251,058)	24,185,605
Finance costs	25	(5,471,259)	(6,761,807)	(695,786)	(709,104)
Amortisation of grant		959,526	959,526	959,526	959,526
Grant received		11,500,000	9,000,000	11,500,000	9,000,000
Share of results of associates		7,726,808	12,504,955	-	-
Profit/(loss) before tax		11,996,081	33,590,497	(487,318)	33,436,027
Extraordinary items		-	250,917	-	250,917
Income tax expense	26	2,470,858	(4,052,871)	7,149,669	(51,000)
Corporation and subsidiaries		3,460,337	(3,009,231)	7,149,669	(51,000)
Associates		(989,479)	(1,043,640)	-	-
Profit after tax and extraordinary items		14,466,939	29,788,543	6,662,351	33,635,944
Minority interests		(1,950,104)	(1,001,039)	-	-
Profit for the year		<u>12,516,835</u>	<u>28,787,504</u>	<u>6,662,351</u>	<u>33,635,944</u>

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Consolidated Statement of Changes in Equity For the financial year ended 31 December 2015

Group	Government's contribution	Donated funds	Revolving funds	Capital reserve	Retained profits	Total
	RM	RM	RM	RM	RM	RM
At 1 January 2014	5,257,200	363,502	416,588	135,000	884,772,476	890,944,766
Utilised during the year	-	-	-	48,882	-	48,882
Prior year adjustment	-	-	-	-	(7,976,733)	(7,976,733)
Profit for the year	-	-	-	-	28,787,504	28,787,504
At 31 December 2014	5,257,200	363,502	416,588	183,882	905,583,247	911,804,419
Profit for the year	-	-	-	-	12,516,835	12,516,835
At 31 December 2015	5,257,200	363,502	416,588	183,882	918,100,082	924,321,254

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statement of Changes in Equity For the financial year ended 31 December 2015

	Government's contribution RM	Donated funds RM	Revolving funds RM	Retained profits RM	Total RM
Corporation					
At 1 January 2014	5,257,200	363,502	416,588	629,618,167	635,655,457
Prior year adjustment	-	-	-	(7,976,733)	(7,976,733)
Profit for the year	-	-	-	33,635,944	33,635,944
At 31 December 2014	5,257,200	363,502	416,588	655,277,378	661,314,668
Profit for the year	-	-	-	6,662,351	6,662,351
At 31 December 2015	<u>5,257,200</u>	<u>363,502</u>	<u>416,588</u>	<u>661,939,729</u>	<u>667,977,019</u>

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Cash Flow Statements For the financial year ended 31 December 2015

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from operating activities				
Profit (loss) before tax	11,996,081	33,590,497	(487,318)	33,436,027
Adjustments for:				
Amortisation of government grant	(959,526)	(959,526)	(959,526)	(959,526)
Bad debts written off	743	1,222	743	1,222
Creditors written off	(227,960)	(3,065,766)	-	-
Bad debts recovered	-	(52,492)	-	-
Provision for doubtful debts no longer required	(190,165)	(40,918)	(9,246)	-
Provision for diminution in value of investments	-	50,174	-	-
Inventories written off	85,988	22,849	-	-
Depreciation of property, plant and equipment	39,230,096	39,493,182	4,506,485	4,563,209
Distribution investment written off	-	104,453	-	-
Gain on disposal of property, plant and equipment	(210,643)	(994,187)	-	(24,285)
Gain on disposal of investments	(60,805)	(34,954,089)	-	(34,362,515)
Property, plant and equipment written off	15,878	17,792	-	-
Provision for doubtful debts	46,861	180,919	-	-
Reversal of provision for diminution in value of investments	(67,841)	(89,223)	-	-
Unrealised loss/(gain) on foreign exchange	15,599	(6,983)	-	-
Interest expense	5,457,116	6,749,091	695,786	709,104
Interest income	(11,463,700)	(12,122,502)	(9,271,847)	(10,608,067)
Gross dividends	(4,833,538)	(5,864,568)	(8,036,174)	(9,515,956)
Share of results in associates	(7,726,808)	(12,504,955)	-	-
Operating profit (loss) before working capital changes	31,107,376	9,554,970	(13,561,097)	(16,760,787)
Increase in inventories	(248,417)	(8,075,866)	-	(4,998,559)
Decrease/(increase) in receivables	29,790,485	(13,368,572)	5,102,172	38,779,043
(Decrease)/increase in payables	(52,914,630)	29,977,792	(25,390,835)	15,067,963
Cash generated from/(used in) operations	7,734,814	18,088,324	(33,849,760)	32,087,660
Interest paid	(5,457,116)	(6,749,091)	(695,786)	(709,104)
Taxes paid, net of tax refunded	(3,925,980)	(9,969,369)	7,503,576	(7,125,336)
Net cash (used in)/generated from operations	(1,648,282)	1,369,864	(27,041,970)	24,253,220

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Cash Flow Statements For the financial year ended 31 December 2015 (contd.)

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from investing activities				
Purchase of investments	(65,200)	(2,418,744)	(164,147)	-
Interest received	11,463,700	12,122,502	9,271,847	10,608,067
Net dividends received	4,833,538	5,864,568	8,036,174	9,515,956
Decrease in project development expenditure	91,989,957	100,703,430	92,786,805	109,703,647
Decrease in plantation development expenditure	(113,664)	(372,889)	-	-
Acquisition of property, plant and equipment	(7,205,869)	(72,063,240)	(625,293)	(13,105,930)
Proceeds from disposal of property, plant and equipment	210,643	1,395,403	-	24,332
Proceeds from disposal of investments	3,097,941	45,106,998	2,000,000	58,061,753
Acquisition of subsidiary	-	2	-	(101,398,317)
Net cash generated from investing activities	<u>104,211,046</u>	<u>90,338,030</u>	<u>111,305,386</u>	<u>73,409,508</u>
Cash flows from financing activities				
Government grant received, net of utilisation and reclassification	(53,472,655)	(102,894,918)	(53,472,655)	(102,894,918)
Net repayment of hire purchase financing	(717,388)	(424,977)	-	-
Net repayment of term loans	(25,163,450)	(32,131,637)	(19,358,608)	(19,358,609)
Revolving credit obtained	20,000,000	-	-	-
Dividend paid to minority interests	(270,000)	-	-	-
(Increase)/decrease in fixed deposits pledged	(16,303)	26,233	-	-
Net cash used in financing activities	<u>(59,639,796)</u>	<u>(135,425,299)</u>	<u>(72,831,263)</u>	<u>(122,253,527)</u>
Net increase/(decrease) in cash and cash equivalents	42,922,968	(43,717,405)	11,432,153	(24,590,799)
Cash and cash equivalents at beginning of year	<u>304,276,265</u>	<u>347,993,670</u>	<u>257,231,493</u>	<u>281,822,292</u>
Cash and cash equivalents at end of year (Note 13)	<u>347,199,233</u>	<u>304,276,265</u>	<u>268,663,646</u>	<u>257,231,493</u>

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

1. Corporate information

The Corporation is a Sarawak State Government-owned statutory body incorporated in 1973 with the following objectives:

- To formulate new policies and strategies to promote and develop the timber industry;
- To develop efficient and economical utilisation of the forest resources.
- To create new concepts and strategies in the timber industry so as to ensure that benefits from the harvesting of the state's forest resources will be shared holistically; and
- To enable the State Government to coordinate and implement the overall timber industry development strategies through private sector involvement to encourage new industry.

The principal income comprises premium collected from timber operations, registration fees on timber and timber related activities, inspection and grading fees and interest from fixed deposits with financial institutions.

The principal activities of the subsidiaries are shown in Note 4.

There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Group and in the Corporation at the end of the financial year were 893 (2014: 897) and 413 (2014: 417) respectively. The principal place of business of the Corporation is located at Wisma Sumber Alam, Jalan Stadium, Petra Jaya, 93702 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Management on 25th March 2016.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies

(a) (i) Basis of preparation

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

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

(ii) Malaysian Private Entities Reporting Standards

On 14 February 2014, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Private Entities Reporting Standards ("MPERS").

The Company will be required to prepare financial statements using the MPERS in its first MPERS financial statements for the year ending 31 December 2016.

In presenting its first MPERS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MPERS. The adjustments required on transition will be made, retrospectively, against opening retained profits. The financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MPERS.

At the date of these financial statements, the Company has not completed its quantification of the financial effects of the differences between Private Entities Reporting Standards and accounting standards under the MPERS due to the ongoing assessment by the Company. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MPERS.

The Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MPERS for the financial year ending 31 December 2016.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Corporation and all its subsidiaries. Subsidiaries are those entities in which the Group 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. Negative goodwill is recognised in the income statement immediately.

Intragroup 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 company 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.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(b) Basis of consolidation (contd.)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decision of the entities.

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 profits less losses of associates during the 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 retained profits or accumulated losses and other reserves.

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

(iii) Goodwill

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

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates.

(c) Investments in subsidiaries, associates and other non-current investments

The Corporation's investments in subsidiaries, associates and other non-current investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

Long leasehold land and construction-in-progress are not depreciated. However, the non-depreciation on long leasehold land does not have any material effect on the financial statements. Short leasehold land is depreciated over the period of the respective leases which range from 20 years to 50 years.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2% - 25%
Aircraft and spare engines	10%
Aircraft components	10%
Office furniture, fittings and equipment	10% - 25%
Plant and machinery	10% - 20%
Transportation equipment and motor vehicles	15% - 25%

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 carrying amount is recognised in the income statement.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the following methods:

Aircraft spares	- specific identification and weighted average
Finished goods, timber logs and work-in-progress	- weighted average
Consumables	- first-in, first-out

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(e) Inventories (contd.)

For processed timber and work-in-progress, cost includes raw material, direct labour and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Industrial land lots including infrastructure works thereon held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

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

(f) Cash and cash equivalents

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

(g) 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.

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 Company's incremental borrowing rate is used.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(g) 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 consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(h) 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 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 charged or credited 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.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(i) 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 are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(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 State Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.

(j) Revenue recognition

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

- (i) Revenue relating to sale of goods is measured at the fair value of the consideration receivable and is recognised net of sales taxes and discounts when the transfer of risks and rewards have been completed.
- (ii) Revenue from services rendered is recognised in the income statement in proportion to the stage of completion is assessed by reference to services performed to date as a percentage to total services to be performed.
- (iii) Commission on insurance policies written is recognised as income in full upon the issuance of the policies. No part of the commission is deferred to match possible subsequent cancellation of policies or reduction of sum insured.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(j) Revenue recognition (contd.)

- (iv) Revenue from property development is accounted for by the percentage of completion method on properties sold. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.
- (v) Revenue from aviation services is recognised when services are rendered.
- (vi) Dividend income is recognised when the right to receive payment is established.
- (vii) Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.
- (viii) Income from timber premium is recognised on accrual basis.

(k) Foreign currencies

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially determined in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date used are as follows:

	2015	2014
	RM	RM
United States Dollars	4.292	3.495
European Dollars	4.269	4.251
Singapore Dollars	3.035	2.645

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(l) 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 revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available 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.

(m) Project development expenditure

Project development expenditure comprises all costs that are directly attributable to the project. The costs will be matched against government grants when the related project is completed.

(n) Donated funds

Shares donated to the Corporation are taken up in the financial statements at their par value.

(o) Government grants

Government grants are recognised initially at their fair value in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match that grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

Funds received from the Government for the operation or maintenance of the Corporation's activities are credited to Government's Contribution Account.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

2. Significant accounting policies (contd.)

(p) Other non-current investments

Non-current investments other than 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(1). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(q) 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.

(r) 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.

(s) Interest-bearing borrowings

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

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

3. Property, plant and equipment

Group	Land and buildings*	Office furniture, fittings and equipment	Plant and machinery	Aircraft spare engines and aircraft components	Transportation equipment and motor vehicles	Construction in progress	Total
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 January 2015	325,157,526	14,501,876	62,690,730	305,777,729	12,688,019	-	720,815,880
Additions	129,744	3,253,735	1,065,742	-	548,650	2,207,998	7,205,869
Disposals	(3,086,077)	(2,400)	-	-	(259,737)	-	(3,348,214)
Written off	(103,830)	(69,427)	(6,025,715)	-	(20,582)	-	(6,219,554)
Reclassification	(142,890)	-	98,952	-	43,938	-	-
At 31 December 2015	<u>321,954,473</u>	<u>17,683,784</u>	<u>57,829,709</u>	<u>305,777,729</u>	<u>13,000,288</u>	<u>2,207,998</u>	<u>718,453,981</u>
Accumulated depreciation							
Depreciation charge for 2014	<u>5,801,037</u>	<u>773,741</u>	<u>2,082,571</u>	<u>29,706,021</u>	<u>1,129,812</u>	<u>-</u>	<u>39,493,182</u>
At 1 January 2015	83,497,525	10,473,457	33,954,030	136,284,904	9,535,124	-	273,745,040
Depreciation charge for the year	6,377,166	868,825	1,888,649	29,023,900	1,071,556	-	39,230,096
Disposals	(3,086,077)	(2,400)	-	-	(259,737)	-	(3,348,214)
Written off	(103,830)	(60,227)	(6,021,188)	-	(18,431)	-	(6,203,676)
Reclassification	(109,809)	-	69,438	-	40,371	-	-
At 31 December 2015	<u>86,574,975</u>	<u>11,279,655</u>	<u>29,890,929</u>	<u>165,308,804</u>	<u>10,368,883</u>	<u>-</u>	<u>303,423,246</u>
Net book value							
At 31 December 2015	<u>235,379,498</u>	<u>6,404,129</u>	<u>27,938,780</u>	<u>140,468,925</u>	<u>2,631,405</u>	<u>2,207,998</u>	<u>415,030,735</u>
At 31 December 2014	<u>241,660,00</u>	<u>4,028,419</u>	<u>28,736,700</u>	<u>169,492,825</u>	<u>3,152,895</u>	<u>-</u>	<u>447,070,840</u>
At 1 January 2014							
Cost	260,684,842	13,428,418	62,259,826	302,870,264	12,192,664	(195,789)	651,240,225
Accumulated depreciation	<u>77,982,521</u>	<u>9,990,644</u>	<u>32,356,676</u>	<u>106,578,883</u>	<u>9,411,711</u>	<u>-</u>	<u>236,320,435</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

3. Property, plant and equipment (contd.)

* Land and buildings

	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
Cost				
At 1 January 2015	25,665,360	14,372,873	285,119,293	325,157,526
Additions	-	-	129,744	129,744
Disposal	-	-	(3,086,077)	(3,086,077)
Written off	-	-	(103,830)	(103,830)
Reclassification	-	-	(142,890)	(142,890)
At 31 December 2015	<u>25,665,360</u>	<u>14,372,873</u>	<u>281,916,240</u>	<u>321,954,473</u>
Accumulated depreciation				
Depreciation charge for 2014	<u>360,140</u>	<u>333,588</u>	<u>5,107,309</u>	<u>5,801,037</u>
At 1 January 2015	3,758,428	6,436,314	73,302,783	83,497,525
Depreciation charge for the year	360,140	345,361	5,671,665	6,377,166
Disposal	-	-	(3,086,077)	(3,086,077)
Written off	-	-	(103,830)	(103,830)
Reclassification	-	-	(109,809)	(109,809)
At 31 December 2015	<u>4,118,568</u>	<u>6,781,675</u>	<u>75,674,732</u>	<u>86,574,975</u>
Net book value				
At 31 December 2015	<u>21,546,792</u>	<u>7,591,198</u>	<u>206,241,508</u>	<u>235,379,498</u>
At 31 December 2014	<u>21,906,932</u>	<u>7,936,559</u>	<u>211,816,510</u>	<u>241,660,001</u>
At 1 January 2014				
Cost	25,665,360	14,782,873	220,236,609	260,684,842
Accumulated depreciation	<u>3,398,288</u>	<u>6,260,077</u>	<u>68,324,156</u>	<u>77,982,521</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

3. Property, plant and equipment (contd.)

Corporation	Long term leasehold land	Buildings	Office furniture, fittings & equipment	Plant & machinery	Transportation equipment & motor vehicles	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 1 January 2015	14,914,450	169,085,878	7,715,404	1,374,744	5,949,887	199,040,363
Additions	-	-	348,193	-	277,100	625,293
At 31 December 2015	<u>14,914,450</u>	<u>169,085,878</u>	<u>8,063,597</u>	<u>1,374,744</u>	<u>6,226,987</u>	<u>199,665,656</u>
Accumulated depreciation						
Depreciation charge for 2014	298,289	3,214,985	402,250	27,577	620,108	4,563,209
At 1 January 2015	2,760,892	42,961,661	6,275,102	1,291,296	5,003,750	58,292,701
Depreciation charge for the year	298,289	3,381,652	383,093	22,977	420,474	4,506,485
At 31 December 2015	<u>3,059,181</u>	<u>46,343,313</u>	<u>6,658,195</u>	<u>1,314,273</u>	<u>5,424,224</u>	<u>62,799,186</u>
Net book value						
At 31 December 2015	<u>11,855,269</u>	<u>122,742,565</u>	<u>1,405,402</u>	<u>60,471</u>	<u>802,763</u>	<u>136,866,470</u>
At 31 December 2014	<u>12,153,558</u>	<u>126,124,217</u>	<u>1,440,302</u>	<u>83,448</u>	<u>946,137</u>	<u>140,747,662</u>
At 1 January 2014						
Cost	14,914,450	156,585,878	7,314,956	1,374,744	6,111,296	186,301,324
Accumulated depreciation	2,462,603	39,746,676	5,908,592	1,263,719	4,714,746	54,096,336

- (a) Net book values of motor vehicles of the Group held under hire purchase arrangements are RM293,423 (2014: RM386,083).
- (b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM7,205,869 (2014: RM72,063,240) of which RM Nil (2014: 39,542,241) were acquired by means of hire purchase arrangements.
- (c) Net book values of property, plant and equipment of the Group that were pledged to banks for borrowings as referred to in Note 14 are as follows:

	Group	
	2015	2014
	RM	RM
Aircraft	140,468,925	169,492,825

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

3. Property, plant and equipment (contd.)

- (d) The title deeds to certain leasehold land and buildings with net book value amounted to RM4,999,004 (2014: RM5,105,366) are in the process of being transferred or issued to one of the subsidiary.
- (e) The title deeds to the leasehold land and buildings acquired by the Corporation with net book value amounted to RM5,382,969 (2014: RM5,497,500) are in the process of being transferred or issued to the Corporation.

4. Investment in subsidiaries

	Corporation	
	2015 RM	2014 RM
Unquoted shares at cost	56,479,843	56,479,843
Acquisition of a subsidiary	101,398,317	101,398,317
Less: Accumulated impairment losses	(2,250,030)	(2,250,030)
	<u>155,628,130</u>	<u>155,628,130</u>

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Effective interests held (%)		Principal activities
	2015	2014	
PUSAKA Capital Sdn. Bhd.	100	100	Investment holding
Harwood Timber Sdn. Bhd.	100	100) Timber trading
STIDC Belian Holdings Sdn. Bhd.	100	100)
Hillog Sdn. Bhd.	100	100	Woodworking and related timber-processing services
Tanjong Manis Furniture Sdn. Bhd.	100	100	Furniture manufacturer
Tanjong Manis Sawmill Sdn. Bhd.	100	100	Log trading
Saratim Insurance Agency Services Sdn. Bhd.	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd.	60	60	Production of wood chip
Hornbill Skyways Sdn. Bhd.	67	67	Aviation services

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

4. Investment in subsidiaries (contd.)

Name of subsidiaries	Effective interests held (%)		Principal activities
	2015	2014	
Sarawak Planted Forest Sdn Bhd#	100	-	Planted forest
Selah Timber Sdn. Bhd.	75	75))
Amra Timbers Sdn. Bhd.	100	100))
Kestrel Sdn. Bhd.	100	100))
Tinamou Sdn. Bhd.	100	100))
Balamra Sdn. Bhd.	100	100))
Teratim Sdn. Bhd.	100	100)	Dormant
Elmhurst Sdn. Bhd.®	75	75))
Tanjung Manis Timber Training Centre Sdn. Bhd.	100	100))
PUSAKA KS Pulp Sdn. Bhd. *	-	100))
Tanjong Manis Enterprise Sdn. Bhd.	100	100))
Tanjong Manis Construction Sdn. Bhd.	100	100)	

Note: #Refer Note No. 28

@Under winding up process

*PUSAKA KS Pulp Sdn. Bhd., former subsidiary of STIDC became an associate in the current financial year after the issuance of 1 new ordinary share of RM1 to Samling Plantation Industries Sdn. Bhd. and the disposal of 1 ordinary share of RM1 to KTS Timber Industries Berhad.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

4. Investment in subsidiaries (contd.)

Name of subsidiaries	Effective interests held (%)		Principal activities
	2015	2014	
Subsidiaries of PUSAKA Capital Sdn. Bhd.			
PUSAKA Timber Industries Sdn. Bhd.	100	100	Investment holding, operating and management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd.	100	100	Investment holding, operating and management of palm oil industry related business
PUSAKA Realty & Construction Sdn. Bhd.	100	100	Property development and construction work
PUSAKA Logistics & Services Sdn. Bhd.	100	100	Investment holding, management of port and shipping operation and other logistic related business
Subsidiary of PUSAKA Palm Oil Industry Sdn. Bhd.			
Tanjung Manis Bulkers Sdn. Bhd.	70	-	Own and manage crude palm oil bulking installation and dry bulk facilities
Subsidiaries of PUSAKA Realty & Construction Sdn. Bhd.			
Tanjong Manis Development Sdn. Bhd.	100	100	Provision of general repairs and maintenance and supervision work
Tanjong Manis Realty Sdn. Bhd.	100	100	Planning, operating, maintenance and marketing of realty projects

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

4. Investment in subsidiaries (contd.)

Name of subsidiaries	Effective interests held (%)		Principal activities
	2015	2014	
Subsidiaries of PUSAKA Logistics & Services Sdn. Bhd.			
Tanjung Manis Integrated Port Sdn. Bhd.	100	100	General port management
Tanjong Manis Shipping Sdn. Bhd.	100	100	Provision of transportation and wharfing services, trading in construction materials, renting of barges, speed boat and supplying of port handling equipment
Subsidiaries of Harwood Timber Sdn. Bhd.			
Bigwood Sdn. Bhd.	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd.	66	66	Assembly, importing and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd.	100	100	Production and sale of sawn timber and moulding products

All the subsidiary companies are not audited by Jabatan Audit Negara.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

5. Investment in associates

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares at cost	26,771,907	26,771,904	23,260,000	23,260,000
Share of post-acquisition retained profits	107,511,466	105,137,415	-	-
	<u>134,283,373</u>	<u>131,909,319</u>	<u>23,260,000</u>	<u>23,260,000</u>

	Group	
	2015	2014
	RM	RM
Represented by:		
Share of net tangible assets	131,962,830	129,588,776
Goodwill on acquisition	2,320,543	2,320,543
	<u>134,283,373</u>	<u>131,909,319</u>

Details of associates, all of which are incorporated in Malaysia, are as follows:

Name of associates	Effective interests held (%)		Principal activities
	2015	2014	
Bintulu Adhesive & Chemical Sdn. Bhd.	30	30	Manufacturing of adhesives and chemicals
Houting Sdn. Bhd.	30	30) Timber extraction and sale
Shin Yang Industries (Bintulu) Sdn. Bhd.	30	30)
Shin Yang Plywood (Bintulu) Sdn. Bhd.	21	21	Plywood manufacturing and trading
Tanjong Manis Moulding Industries Sdn. Bhd.	30	30	Manufacturing of wood plastic composite product
PUSAKA KTS Forests Plantation Sdn. Bhd.	30	30	Reforestation and oil palm plantation
PUSAKA KS Pulp Sdn. Bhd.	33	-	Dormant
Associate of PUSAKA Capital Sdn. Bhd.			
Green Pellet (Sarawak) Sdn. Bhd.	30	30	Compressed wood processing

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

5. Investment in associates

Name of associates	Effective interests held (%)		Principal activities
	2015	2014	
Associate of STIDC Belian Holdings Sdn. Bhd.			
KTS Timber Processing Sdn. Bhd.	30	30	Processing and sale of sawn timber

6. Other investments

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
(i) Quoted unit trusts at cost	142,161,344	143,148,559	60,405,127	60,240,980
Less: Accumulated impairment losses	(730,175)	(798,012)	-	-
	<u>141,431,169</u>	<u>142,350,547</u>	<u>60,405,127</u>	<u>60,240,980</u>
(ii) Unquoted shares at cost	79,849,891	79,899,808	77,932,677	77,932,677
Less: Accumulated impairment losses	(43,622,918)	(43,622,918)	(42,121,537)	(42,121,537)
	<u>36,226,973</u>	<u>36,276,890</u>	<u>35,811,140</u>	<u>35,811,140</u>
(iii) Quoted shares at cost	14,500,451	14,455,894	13,928,556	13,928,556
Less: Accumulated impairment losses	(5,712,408)	(5,712,408)	(5,710,956)	(5,710,956)
	<u>8,788,043</u>	<u>8,743,486</u>	<u>8,217,600</u>	<u>8,217,600</u>
(iv) Investments managed by ASSAR Asset Management Sdn. Bhd.	10,784,661	10,764,018	7,556,026	7,556,026
Less: Accumulated impairment losses	(3,901,795)	(3,901,795)	(3,376,723)	(3,376,723)
	<u>6,882,866</u>	<u>6,862,223</u>	<u>4,179,303</u>	<u>4,179,303</u>
(v) Structured investment	5,828	2,005,828	5,828	2,005,828
Total	<u>193,334,879</u>	<u>196,238,974</u>	<u>108,618,998</u>	<u>110,454,851</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

6. Other investments (contd.)

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Market value of:				
(i) Quoted unit trusts	137,809,265	140,550,102	57,208,779	59,247,685
(ii) Quoted shares	31,987,013	26,177,769	30,652,510	24,927,957
(iii) Investments managed by ASSAR Assets Management Sdn. Bhd.	7,475,469	7,781,769	4,530,745	4,809,459

7. Project development expenditure

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	249,782,728	350,486,158	249,782,728	359,486,375
Addition	17,385,320	63,265,858	16,588,472	63,265,858
Adjustment	(109,375,277)	(159,492,576)	(109,375,277)	(168,492,793)
Transferred to inventory	-	(4,476,712)	-	(4,476,712)
At 31 December	157,792,771	249,782,728	156,995,923	249,782,728

8. Plantation development expenditure

	Group	
	2015	2014
	RM	RM
At 1 January	443,909	71,020
Addition	113,664	372,889
At 31 December	557,573	443,909

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

9. Short term loan receivables

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Hombill Skyways Sdn. Bhd.	-	-	21,360,173	9,000,000

Long term loan receivables

(i) Tanjong Manis Food & Industrial Park Sdn. Bhd.	2,000,000	2,000,000	2,000,000	2,000,000
(ii) Hombill Skyways Sdn. Bhd.	-	-	15,995,727	39,998,687
(iii) PUSAKA KTS Forest Plantation Sdn. Bhd.	7,346,437	7,346,437	7,346,437	7,346,437
(iv) PUSAKA Capital Sdn. Bhd.	-	-	10,000,000*	-
	<u>9,346,437</u>	<u>9,346,437</u>	<u>35,342,164</u>	<u>49,345,124</u>
Total	<u>9,346,437</u>	<u>9,346,437</u>	<u>56,702,337</u>	<u>58,345,124</u>

*The loan receivable from PUSAKA Capital Sdn. Bhd. has the following principal features:

- (i) The loan will be issued in bearer form in denominations of RM1.00 and multiples thereof and has nominal value of 10 years 4% coupon.
- (ii) The loan shall bear a coupon rate of 4% per annum on cumulative basis based on the nominal value of the loan then outstanding. Interest is receivable in arrears on an annual basis.
- (iii) The loan shall be convertible into new shares on any market day at any time during the tenure of the loan commencing from the issue date up to and including the Maturity Date.
- (iv) The Corporation has the right to convert the loan into PUSAKA Capital Sdn. Bhd.'s new shares at the conversion price of RM1.20 at any time during the Conversion Period.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

10. Inventories

	Group		Corporation	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost:				
Processed timber				
- plywood and sawn timber	4,706,644	4,298,695	-	-
Timber logs	370,686	737,245	-	-
Consumables	461,079	471,653	-	-
Industrial land lots	133,987,498	133,987,498	133,987,498	133,987,498
Work-in-progress	14,612	14,690	-	-
	<u>139,540,519</u>	<u>139,509,781</u>	<u>133,987,498</u>	<u>133,987,498</u>
At net realisable value:				
Aircraft spares	3,632,802	3,260,042	-	-
Processed timber				
- plywood and sawn timber	-	51,069	-	-
Industrial land lots	12,000,000	12,000,000	-	-
Condominium	-	190,000	-	-
	<u>155,173,321</u>	<u>155,010,892</u>	<u>133,987,498</u>	<u>133,987,498</u>

Industrial land lots were revalued in May 2005 based on valuation carried out by CH Williams Talhar Wong & Yeo to reflect market value of existing use. The market value of industrial land lots revalued were RM30,146,671 (2014: RM30,146,671).

11. Trade receivables

	Group		Corporation	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables	79,174,151	80,555,167	38,437,699	38,727,017
Due from subsidiaries	-	-	52,000	52,000
	<u>79,174,151</u>	<u>80,555,167</u>	<u>38,489,699</u>	<u>38,779,017</u>
Less: Provision for doubtful debts	(11,159,525)	(11,112,664)	(10,520,963)	(10,520,963)
	<u>68,014,626</u>	<u>69,442,503</u>	<u>27,968,736</u>	<u>28,258,054</u>

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

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

12. Other receivables

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Due from subsidiaries	-	-	12,053,679	11,755,894
Due from associates	96,501	136,501	96,501	136,501
Due from related companies	1,251,088	1,402,085	1,183,125	1,263,886
Dividend receivable	-	3,622,928	-	2,870,350
Tax refundable	6,512,917	15,017,338	6,102,436	14,594,343
Deposits	1,251,931	1,146,618	789,298	677,449
Prepayments	1,961,567	3,768,980	155,593	347,579
Sundry receivables	13,018,414	23,066,565	14,770,509	15,167,856
	24,092,418	48,161,015	35,151,141	46,813,858
Less: Provision for doubtful debts	(6,564,340)	(6,754,505)	(18,019,340)	(18,028,586)
	17,528,078	41,406,510	17,131,801	28,785,272

The amounts due from subsidiaries, associates and related companies are unsecured, interest-free and have no fixed terms of repayments.

13. Cash and cash equivalents

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash on hand and at banks	26,598,414	14,617,832	7,748,083	4,184,021
Deposits with licensed banks	322,885,276	292,255,935	260,915,563	253,047,472
Cash and bank balances	349,483,690	306,873,767	268,663,646	257,231,493
Bank overdraft (Note 14)	(346,574)	(675,922)	-	-
Fixed deposits pledged	(1,937,883)	(1,921,580)	-	-
Cash and cash equivalents	347,199,233	304,276,265	268,663,646	257,231,493

The interest rates of deposits during the financial year were 1.90%- 4.55% (2014: 1.90%-5.47%) per annum.

The fixed deposits of the Group amounting to RM1,937,883 (2014: RM1,921,580) are pledged to the banks to secure banking facilities granted as referred to in Note 14.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

14. Borrowings

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 13)	346,574	675,922	-	-
Term loans	4,893,864	7,634,542	-	-
Revolving credit	20,000,000	-	-	-
Hire purchase payables (Note 15)	751,809	729,524	-	-
	<u>25,992,247</u>	<u>9,039,988</u>	<u>-</u>	<u>-</u>
Unsecured:				
Loan payable to the State Government of Sarawak with interest at 6.5% p.a.	19,358,608	-	19,358,608	-
	<u>45,350,855</u>	<u>9,039,988</u>	<u>19,358,608</u>	<u>-</u>
Long term borrowings				
Secured:				
Term loans	54,749,789	57,813,953	-	-
Hire purchase payables (Note 15)	1,377,010	2,116,683	-	-
	<u>56,126,799</u>	<u>59,930,636</u>	<u>-</u>	<u>-</u>
Unsecured:				
Loan payable to the State Government of Sarawak with interest at 6.5% p.a.	87,138,044	125,855,260	87,138,044	125,855,260
	<u>143,264,843</u>	<u>185,785,896</u>	<u>87,138,044</u>	<u>125,855,260</u>
Total borrowings				
Bank overdrafts	346,574	675,922	-	-
Term loans	59,643,653	65,448,495	-	-
Revolving credit	20,000,000	-	-	-
Hire purchase payables	2,128,819	2,846,207	-	-
Loan payable to the State Government of Sarawak with interest at 6.5% p.a.	106,496,652	125,855,260	106,496,652	125,855,260
	<u>188,615,698</u>	<u>194,825,884</u>	<u>106,496,652</u>	<u>125,855,260</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

14. Borrowings (contd.)

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Maturity of borrowings (excluding hire purchase):				
Within one year	44,599,046	134,165,724	19,358,608	125,855,260
More than 1 year and less than 2 years	43,867,729	24,389,322	19,358,608	-
More than 2 years and less than 5 years	38,803,565	2,160,000	19,358,608	-
More than 5 years	59,216,539	31,264,631	48,420,828	-
	<hr/>	<hr/>	<hr/>	<hr/>
	186,486,879	191,979,677	106,496,652	125,855,260

The banks' term loans interests range between 3.75% to 7.80% (2014: 3.75% to 7.80%) per annum.

The term loans are secured by the following:

- (a) Leasehold land and buildings, plant and machinery and aircraft as referred to in Note 3;
- (b) Fixed deposits as referred to in Note 13;
- (c) Guarantee by the directors of a subsidiary.

* The bank overdraft is secured by way of a subsidiary's fixed deposits. Interest is charged at 1.0% to 1.5% (2014: 1.0% to 1.5%) per annum above the base lending rate of the bank.

15. Hire purchase payables

	Group	
	2015	2014
	RM	RM
Minimum lease payments:		
Not later than 1 year	873,178	879,775
Later than 1 year and not later than 2 years	905,799	2,267,842
Later than 2 years and not later than 5 years	560,368	43,411
	<hr/>	<hr/>
Less: Future finance charges	(210,526)	(344,821)
Present value of finance lease liabilities	<hr/>	<hr/>
	2,128,819	2,846,207
Analysed as:		
Due within 12 months (Note 14)	751,809	729,524
Due after 12 months (Note 14)	1,377,010	2,116,683
	<hr/>	<hr/>
	2,128,819	2,846,207

The hire purchase bore interest from 5.00% to 8.00% (2014: 5.00% to 8.00%) per annum.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

16. Other payables

	Group		Corporation	
	2015 RM	2014 RM	2015 RM	2014 RM
Due to subsidiaries	-	-	2,043,165	1,733,625
Due to associates	522,278	622,000	-	-
Due to a director	803	16,500	-	-
Sundry payables	98,101,655	145,145,018	98,512,157	124,212,532
	<u>98,624,736</u>	<u>145,783,518</u>	<u>100,555,322</u>	<u>125,946,157</u>

The amounts due to subsidiaries/associates/a director are/is unsecured, interest-free and have/has no fixed terms of repayment.

17. Donated funds

Donated funds comprise surplus arising on valuation of free shares received by the Corporation. These shares are revalued to their par values. The fund is transferred to the income statement on the disposal of these shares.

18. Revolving funds

The revolving funds represent funds received from the Ministry of Industrial Development allocated for the development of small to medium scale industries in Sarawak.

19. Government grants

	Group	
	2015 RM	2014 RM
At 1 January	265,226,727	369,081,171
Received during the year	45,000,000	25,000,000
Utilised for project	(98,472,655)	(127,894,918)
	<u>211,754,072</u>	<u>266,186,253</u>
Amortisation	(959,526)	(959,526)
At 31 December	<u>210,794,546</u>	<u>265,226,727</u>

The government grants received are for the purpose of project development as disclosed in Note 7.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

20. Deferred tax

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	(19,519,724)	(19,462,019)	(8,138,000)	(9,107,000)
Recognised in the income statement (Note 26)	7,541,932	(57,705)	8,138,000	969,000
At 31 December	<u>(11,977,792)</u>	<u>(19,519,724)</u>	<u>-</u>	<u>(8,138,000)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	124,000	1,825,000	-	1,717,000
Deferred tax liabilities	(12,101,792)	(21,344,724)	-	(9,855,000)
	<u>(11,977,792)</u>	<u>(19,519,724)</u>	<u>-</u>	<u>(8,138,000)</u>

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances
	RM
At 1 January 2015	(44,472,744)
Recognised in the income statement	7,525,932
At 31 December 2015	<u>(36,946,812)</u>
2014	
At 1 January 2014	(44,298,039)
Recognised in the income statement	(174,705)
At 31 December 2014	<u>(44,472,744)</u>

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances
	RM
At 1 January 2015	24,953,020
Recognised in the income statement	16,000
At 31 December 2015	<u>24,969,020</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

20. Deferred tax (contd.)

Deferred tax assets of the Group (contd.):

	Tax losses and unabsorbed capital allowances	RM
2014		
At 1 January 2014	24,836,020	
Recognised in the income statement	117,000	
At 31 December 2014	<u>24,953,020</u>	

Deferred tax liabilities of the Corporation:

	Accelerated capital allowances	RM
2014		
At 1 January 2014	8,138,000	
Recognised in the income statement	<u>(8,138,000)</u>	
At 31 December 2015	-	
2014		
At 1 January 2014	9,107,000	
Recognised in the income statement	<u>(969,000)</u>	
At 31 December 2014	<u>8,138,000</u>	

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015	2014
	RM	RM
Accelerated capital allowances	387,000	387,000
Unused tax losses	2,456,000	9,745,000
Unabsorbed capital allowances	<u>11,619,000</u>	<u>6,033,000</u>
At 31 December	<u>14,462,000</u>	<u>16,165,000</u>

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the authority.

21. Deposits

Deposits are for the progress payments on modification of helicopters.

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

22. Revenue

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Aviation services	72,084,418	74,028,301	-	-
Bad debts recovered	-	52,492	-	-
Commission income	1,799,632	1,547,380	-	-
Gain on disposal of investments	60,805	34,954,089	-	34,362,515
Gain on disposal of investment property	-	340,000	-	-
Gain on disposal of property, plant and equipment	210,643	740,576	-	24,285
Gain on disposal of subsidiary	79,259	-	-	-
Gain on foreign exchange				
- realised	122,575	80,073	-	-
- unrealised	-	6,983	-	-
General repair and maintenance services	5,187,814	4,452,615	-	-
Gross dividends				
- other investments	4,833,538	5,864,568	6,954,134	4,628,081
- subsidiaries	-	-	1,082,040	4,887,875
Government grant	-	169,077	-	-
Interest income	11,463,700	12,122,502	9,271,847	10,608,067
Management fees	684,222	462,466	654,222	462,466
Other operating income	2,530,700	3,727,354	1,535,448	1,472,823
Revenue on project development	(227,092)	(1,462,745)	(227,092)	(1,462,745)
Other services	24,530,485	44,188,289	683,755	1,278,259
Provision for doubtful debts no longer required	190,165	40,918	9,246	-
Registration fees	627,246	646,425	627,246	646,425
Rental income	798,445	1,247,953	-	-
Sale of construction, furniture and hardware materials	967,322	240,882	-	-
Sale of woodchips, timber logs, sawn timber and peat swamp logs	42,870,709	44,042,561	-	-
Timber premium	19,756,234	17,496,451	19,756,234	17,496,451
Wharfage, stevedorage, barging and other port users' services	23,372,092	-	-	-
	<u>211,942,912</u>	<u>244,989,210</u>	<u>40,347,080</u>	<u>74,404,502</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

23. Cost of sales

Cost of sales of the Group and of the Corporation consists of the following:

	Group		Corporation	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost of construction, furniture and hardware materials sold	962,406	428,320	-	-
Cost of woodchips, timber logs, sawn timber and peat swamp logs sold	38,820,179	39,359,671	-	-
Cost of aviation services	63,366,802	64,825,258	-	-
Cost of other services	6,725,347	19,358,309	-	-
Wharfage, stevedorage, barging and other port users' services	11,574,014	-	-	-
	<u>121,448,748</u>	<u>123,971,558</u>	<u>-</u>	<u>-</u>

24. Profit/(loss) from operations

	Group		Corporation	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit / (loss) from operations is stated after charging:				
Staff costs	80,877,875	73,613,523	30,266,599	29,303,154
Auditors' remuneration				
- current year	172,200	156,800	18,000	18,000
- underprovision in prior years	-	10,700	-	-
Bad debts written off	743	1,222	743	1,222
Depreciation of property, plant and equipment	39,230,096	39,493,182	4,506,485	4,563,209
Directors' remuneration				
- fees	1,566,917	1,034,314	357,700	30,600
- other emoluments	342,566	662,519	-	-
Distribution investment written off	-	104,453	-	-
Inventory written off	85,988	22,849	-	-
Lease rental of equipment	866,205	712,170	454,603	366,065
Interest expense	<u>5,457,116</u>	<u>6,749,091</u>	<u>695,786</u>	<u>709,104</u>

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

24. Profit/(loss) from operations (contd.)

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit/(loss) from operations is stated after charging: (contd.)				
Loss on foreign exchange				
- realised	554,350	43,590	-	-
- unrealised	15,599	-	-	-
Property, plant and equipment written off	15,878	17,792	-	-
Provision for diminution in value of investments	-	50,174	-	-
Provision for doubtful debts	46,861	180,919	-	-
Rental of aircraft	448,433	1,722,211	-	-
Office rental	819,713	688,030	323,250	297,750

And crediting:

Bad debts recovered	-	52,492	-	-
Provision for doubtful debts no longer required	190,165	40,918	9,246	-
Creditors written off	227,960	3,065,766	-	-
Dividend income	4,833,538	5,864,568	8,036,174	9,515,956
Gain on disposal of investment	60,805	34,954,089	-	34,362,515
Gain on disposal of property, plant and equipment	210,643	740,576	-	24,285
Interest income	11,463,700	12,122,502	9,271,847	10,608,067
Rental income	798,445	1,247,953	-	-
Provision for diminution in value of investment no longer required	-	89,223	-	-
Gain on foreign exchange				
- realised	122,575	80,073	-	-
- unrealised	-	6,983	-	-

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Notes to the Financial Statements For the financial year ended 31 December 2015

25. Finance costs

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense	5,457,116	6,749,091	695,786	709,104
Others	14,143	12,716	-	-
	5,471,259	6,761,807	695,786	709,104
	=====	=====	=====	=====

26. Income tax expense

	Group		Corporation	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax expense for the year	3,967,158	2,661,605	988,331	1,020,000
Under provided in prior years	114,437	289,921	-	-
	4,081,595	2,951,526	988,331	1,020,000
	=====	=====	=====	=====
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	854,423	476,921	-	(428,000)
Over provided in prior years	(8,396,355)	(419,216)	(8,138,000)	(541,000)
	(7,541,932)	57,705	(8,138,000)	(969,000)
	=====	=====	=====	=====
Share of taxation of associates	989,479	1,043,640	-	-
	(2,470,858)	4,052,871	(7,149,669)	51,000
	=====	=====	=====	=====

Income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25% effective year of assessment 2016.

Sarawak Timber Industry Development Corporation (STIDC)
Perbadanan Kemajuan Perusahaan Kayu Sarawak (PUSAKA)

Wisma Sumber Alam, Petra Jaya, 93050 Kuching
P.O. Box 194, 93702 Kuching, Sarawak, Malaysia.
Tel: 6082-473 000 Fax: 6082-442 691
E-mail: stidc@pusaka.gov.my

www.sarawaktimber.gov.my