



ANNUAL REPORT

2017

LAPORAN TAHUNAN

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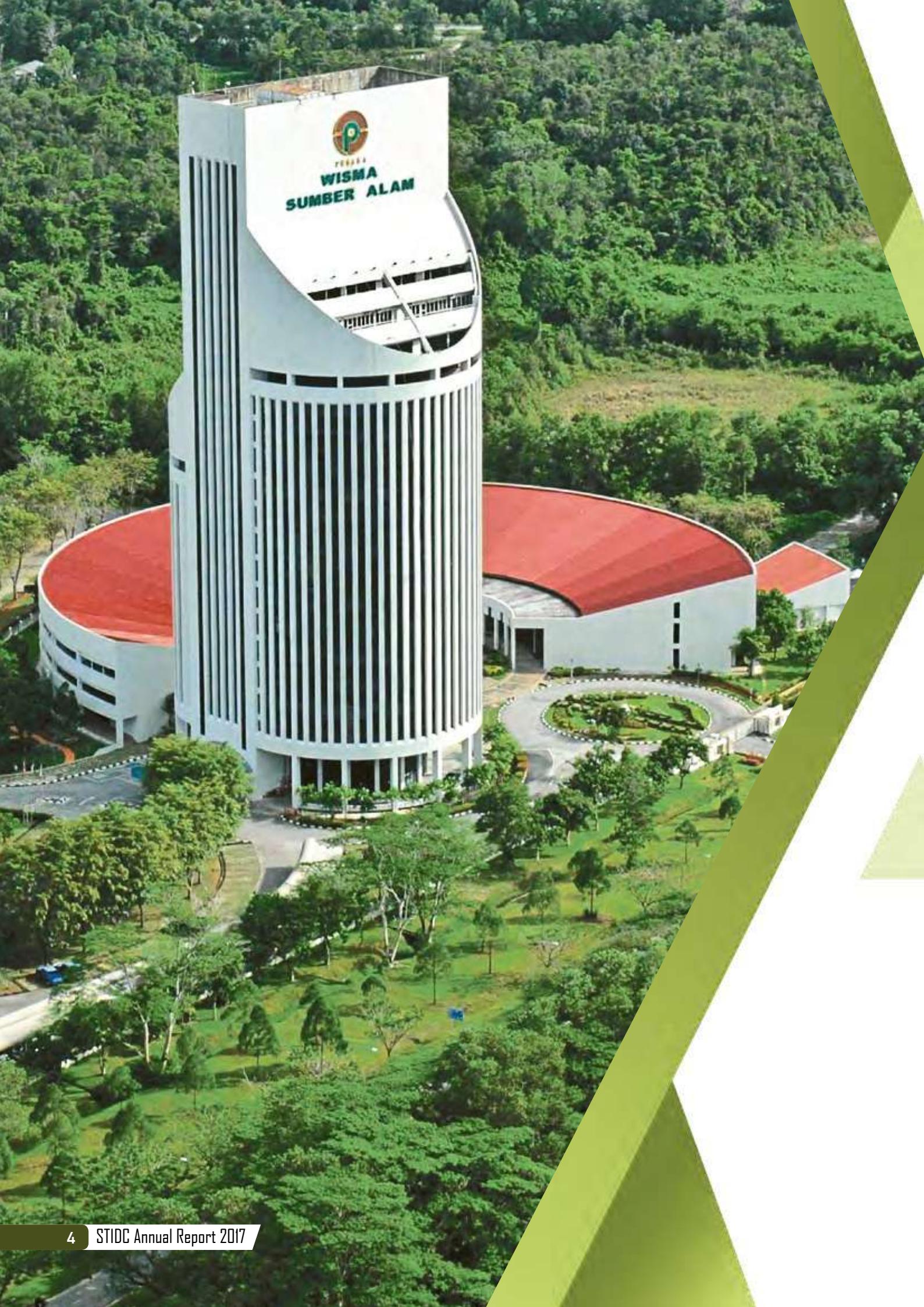


Background

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.





CORPORATE Vision

Spearheading the Advancement of
Timber Industry

CORPORATE Mission

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

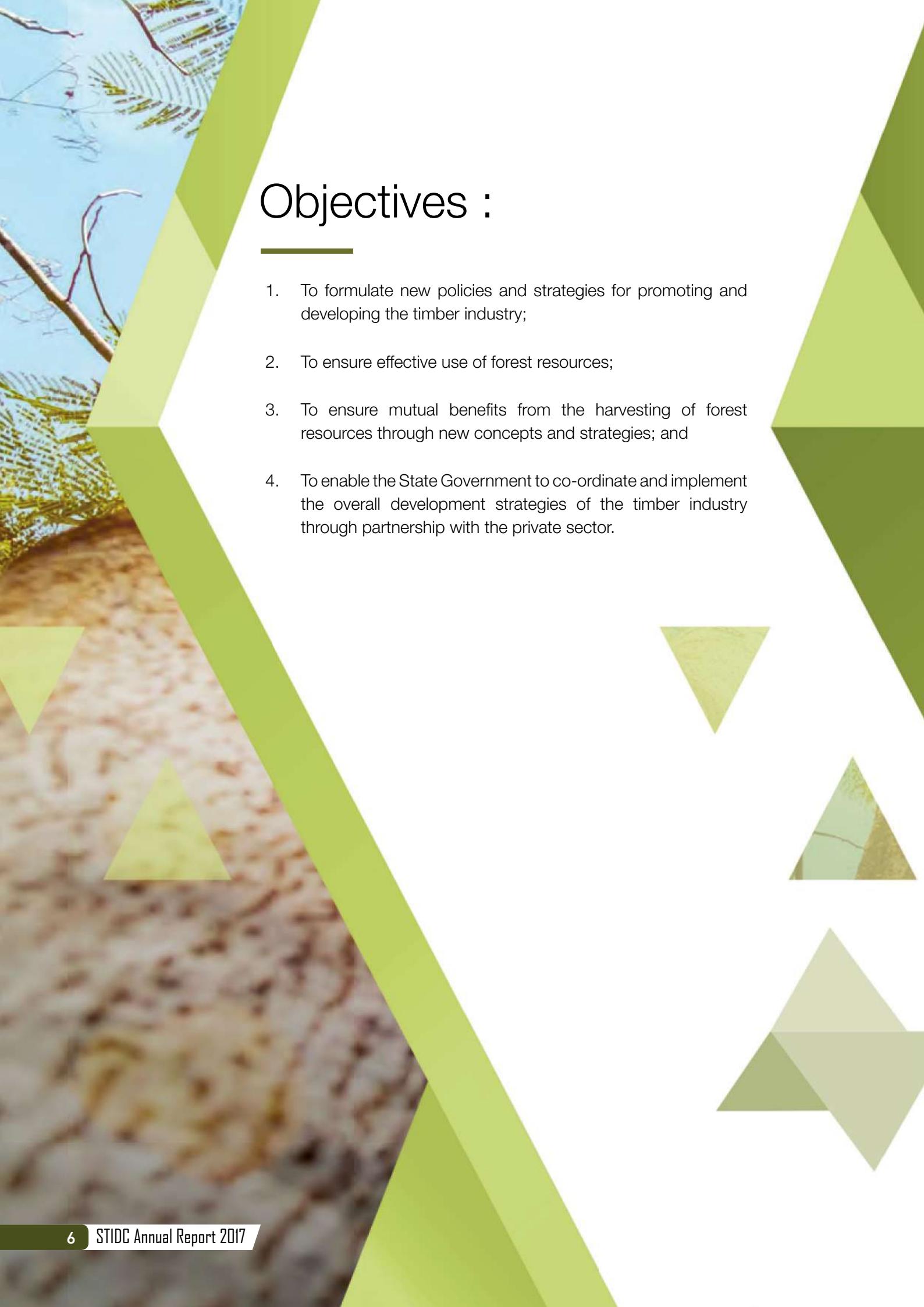
Quality Policy

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

Corporate 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.



Objectives :

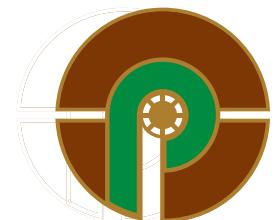
1. To formulate new policies and strategies for promoting and developing the timber industry;
2. To ensure effective use of forest resources;
3. To ensure mutual benefits from the harvesting of forest resources through new concepts and strategies; and
4. To enable the State Government to co-ordinate and implement the overall development strategies of the timber industry through partnership with the private sector.



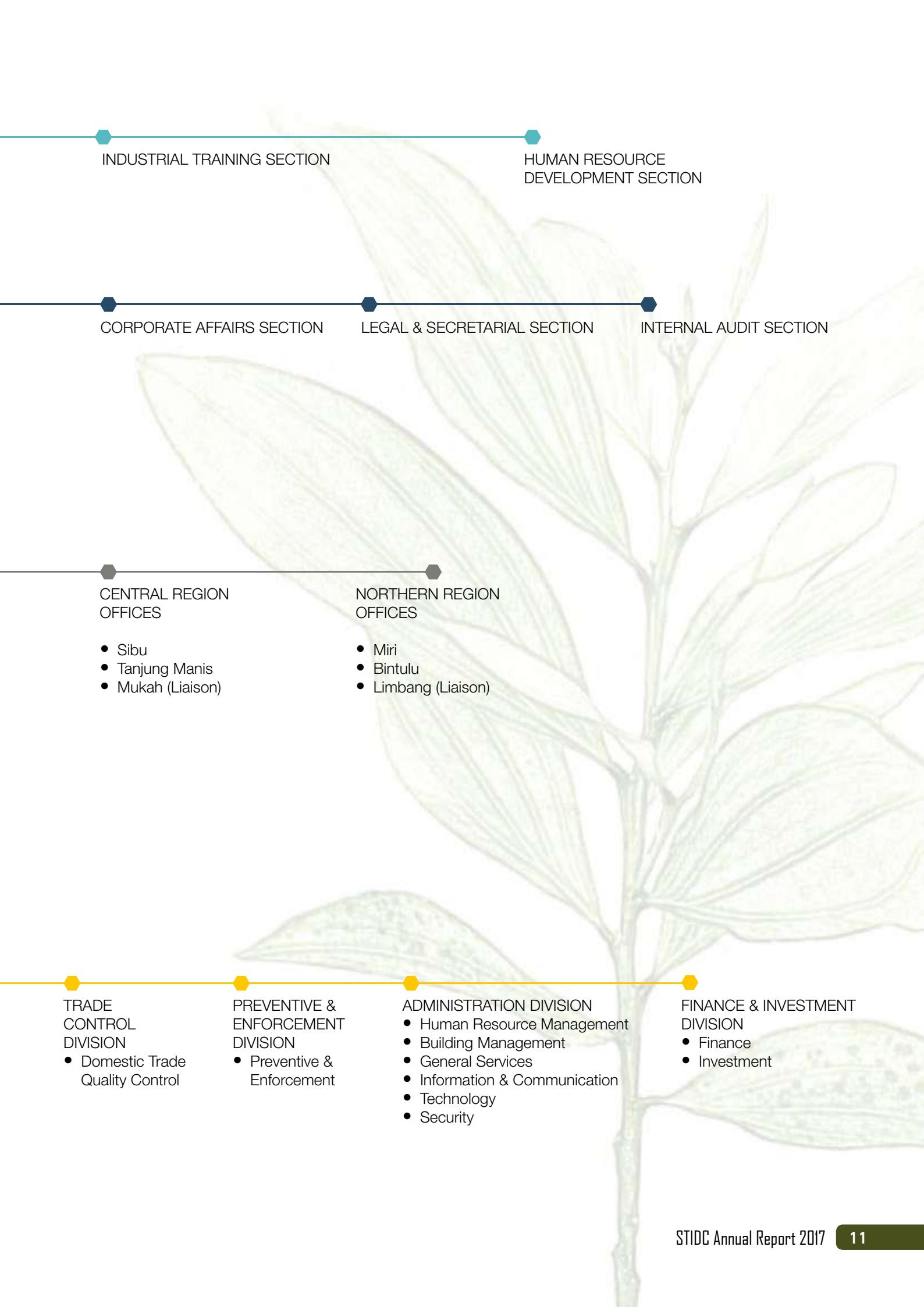




CORPORATE STRUCTURE



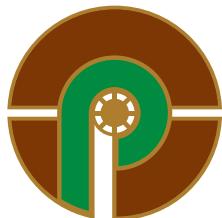








CORPORATE **MANAGEMENT**





Board of Management



Chairman

YB Datuk Amar Haji Awang Tengah bin Ali Hasan

Deputy Chief Minister

Minister for Industrial and Entrepreneur Development

Second Minister for Urban Development and Natural Resources



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



YB Datuk Haji Julaihi bin Haji
Narawi

Assistant Minister for Coastal Road



YB Datu Haji Len Talif Salleh

*Assistant Minister for Urban Planning,
Land Administration and Environment*



YBhg Datu Sudarsono Osman

*Permanent Secretary
Ministry of Education, Science and
Technological Research*



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



YBhg Dato Sri Ahmad Tarmizi
bin Haji Sulaiman

Sarawak State Financial Secretary



YBhg Datuk Dr Yusuf Hadi





General Manager

Datu 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 Haluyah Awi

Senior Assistant General Manager (Administration)



YBhg Datin Catherine Sng Bee Seio

Assistant General Manager (Finance and Investment)



Puan Suraya Haji Mohamad Ali

Assistant General Manager (Registration and Licencing)



Encik Jerry Mawan Lading

Assistant General Manager (Trade Control)



Encik Paul Lau Ngie Hung

Assistant General Manager (Resource Development)



Encik Hamzah Morshidi

Acting Regional Manager (Northern Region)



Encik Johari Zainuddin

Acting Regional Manager (Central Region)



Encik Bill Ensol Anak Abang

Assistant General Manager (Project Planning)



Puan Roseleenda Sayumi Binti Ismail

Legal & Secretarial Manager



Puan Ruth Sibat @ Nur Mithali

Assistant General Manager (Human Resource Management)





Chairman's Statement



STIDC's performance in 2017 demonstrates both the strength and potential of timber industry. The export value of logs and timber products increased by 3.5% to RM6.1 billion in 2017 compared to RM5.9 billion in 2016.

This was attributed to the increase in export value of various timber products such as block board (53%), moulding (15%), plywood (12%), laminated board/flooring (6%), fibreboard (3%) and sawn-timber (2%).

On the other hand, weaker export value was recorded for particle board (5%), woodchips (6%), logs (14%), veneer (15%) and dowels (36%).

Plywood being the major contributor accounted for 53% of the total export value at RM3.3 billion. This was followed by logs (20% at RM1.2 billion) and sawn-timber (13% at RM511 million).

Other timber products included veneer, dowels, moulding, particleboard, fibreboard, block board, laminated board, woodchips and others accounted for RM846 million or 14% of the overall export value of timber and timber products in 2017.

The surge in export earnings in 2017 was attributed to the increase in export value of plywood from RM2.9 billion in 2016 to RM3.4 billion in 2017. Similarly, the export value of sawn-timber also grew by 2% from RM785 million in 2016 to RM803 million in 2017.

The timber market outlook is still promising due to steady demand from traditional markets including Japan, Korea and China.

The State Government is focusing on sustainable forest management to ensure that industry players comply with international market standards and at the same time implementing the Sarawak Timber Legality Verification System (STLVS) based on the Inter Agency Standard Operating Procedure. STLVS allows third-party audit verification.

A handwritten signature in black ink, appearing to read 'Tengah Ali Hasan'.

DATUK AMAR HAJI AWANG TENGAH ALI HASAN

*Deputy Chief Minister,
Second Minister of Urban Development & Natural Resources and
Minister of Industrial & Entrepreneur Development/
Chairman of STIDC Board of Management Sarawak.*



General Manager's Message





STIDC remained steadfast to its vision 'Spearheading the Advancement of Timber Industry' of Sarawak.

With the guidance of the board of management and the undivided support of the management members, staff and subsidiaries, STIDC continued to play its roles effectively in terms of forest resource management, industrial manpower supply, trade development, industrial planning, entrepreneur development, project planning, engineering, domestic trade, quality control, mill registration as well as preventive and enforcement.

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, Poverty Eradication Programme (1Azam) and many more.

To get closer to the industry, STIDC continued to serve through its offices in Kuching, Miri, Sibu, Tanjung Manis, Bintulu, Limbang and Mukah. Staff were also stationed at 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.

Apart from serving the timber industry, STIDC also played pivotal role in promoting Tanjung Manis as the preferred investment hub of the central region of Sarawak through smart partnership with the related government agencies. Basic infrastructure such as roads, bridges, water and electricity supply, airport and telecommunication were provided to facilitate and meet investors' needs.

Through these initiatives, we hope to generate significant multiplier effects such as business and employment opportunities in order to raise the living standard of the people besides making Tanjung Manis a resilient business centre on par with other growth nodes in the Sarawak Corridor of Renewable Energy (SCORE).

DATU HAJI SARUDU HAJI HOKLAI

*General Manager
Sarawak Timber Industry Development Corporation*





2017
ACTIVITIES



2017 Activities

20 - 25 February 2017 — Bombay Timber Merchants Associations (BTMA) on Business Visit To Sarawak to strengthen bilateral trade of timber and timber products between India and Sarawak.



8 - 11 March 2017 — STIDC and UNIMAS Institute of Design and Innovation embarked on formal collaboration for research and development (R&D) on wood-based products particularly furniture.

24 March 2017 — Palm Oil Bulking Facilities Launched. The facilities will catalyse the development of palm oil industry particularly in the central region of Sarawak.



19 - 20 April 2017 — The two-day Occupational Safety and Health (OSH) Campaign concluded on a high note as reflected by the positive comments from some of the participants.

4 May 2017 — Sarawak Timber Association (STA) contributed RM73,000.00 to SK. Kampung Buda rebuilding fund. The cheque was presented by Datu Haji Sarudu Haji Hoklai, General Manager of STIDC to the School Headmaster, Mr. Kon @ Sapawi Bin Yahu.



5 - 7 May 2017 — The annual Tanjung Manis Fishing Safari has entered its 14th edition in STIDC's calendar of events. It was part of STIDC's corporate social responsibility to encourage the people to participate in the development of Tanjung Manis New Township. This year's event was graced by Tanjung Manis Member of Parliament, Datuk Hajjah Norah Tun Abdul Rahman and Kuala Rajang State Assemblyman, Datu Len Talif Salleh.

18 - 21 May 2017 — The 3rd Edition of Sarawak Timber & SMEs Expo held at Borneo Convention Centre, Kuching, provided a platform for local wood-based industry players and SMEs to expand their market through business networking.





16 June 2017 — A sum of RM266,000.00 was donated to 59 charitable organisations from across Sarawak by STIDC and its subsidiaries. The donation was presented by the Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management, Datuk Amar Haji Awang Tengah Ali Hasan (front row : second left).



18 June 2017 — Breaking of fast at Borneo Convention Centre, Kuching.



9 July 2017 — A Memorandum of Understanding (MoU) was signed between Redeems Centre and STIDC to develop the Bamboo and Sarawak Timber Tree Park. A 40 acre site was earmarked at the Redeems Centre in Kampung Apar Singai, Bau and a technical team was formed to implement the project.

12 July 2017 — STIDC held Hari Raya Aidilfitri open house at Wisma Sumber Alam in Kuching, Sarawak. The open house was a show of appreciation to relevant government agencies, industry players, contractors and service providers for their continuous support in realising STIDC's objectives. In addition, it also aimed to promote good rapport and encourage peace, harmony and unity.



24 - 28 July 2017 — STIDC in collaboration with Universiti Putra Malaysia (UPM) conducted a study on the wood-based Small and Medium Entrepreneurs (SMEs) in Sarawak. The course covered several technical aspects of furniture engineering.

29 July 2017 — The annual STIDC Golf tournament came back at Kelab Golf Sarawak in Kuching. This year's tournament featured 240 golfers contesting under five categories – VIPs, Invited Guests, STIDC and Subsidiaries, Men's Open and Women's Open.





29 July 2017 — Assistant Minister of Corporate Affairs, The Honourable Abdullah Saidol (left) and Datu Sarudu (second left) posing with the Men Open Nett and Ladies Open Nett categories winners in conjunction with STIDC Golf 2017. Also seen is KGS captain, Dr. David Sylvester Ling Sheng Tee (second right).

5 August 2017 — Datuk Amar Haji Awang Tengah Ali Hasan (centre) presenting the Excellence Cooperative Award (Wholesale and Retail Category) 2016 to the Chairman of KoPUSAKA and STIDC Deputy General Manager, Tuan Haji Hashim Haji Bojet in conjunction with the State Level Cooperative Day.



7 - 11 August 2017 — STIDC in collaboration with the Furniture Industry Technology Centre (FITEC) organised the Vehicle Cushion Making Course at STIDC Furniture Industrial Complex, Kota Samarahan. The course was attended by STIDC furniture vendors and staff.

18 August 2017 — Sarawak is practising Sarawak Timber Legality Verification System (STLVS) covering the process of licensing, harvesting, transporting, manufacturing and trading of logs and timber products in accordance with the existing laws, regulations and procedures governing forests and timber trade.



19 August 2017 — The Right Honourable Chief Minister of Sarawak, Datuk Amar Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg (second right) was on working visit to Tanjung Manis District, accompanied by his wife, Datin Amar Dato Juma'ani Tuanku Bujang, State Secretary The Honourable Tan Sri Datuk Amar Mohamad Morshidi Abdul Gani, Assistant Minister of Urban Planning, Land Administration and Environment The Honourable Datu Len Talif Salleh and Assistant Minister of Corporate Affairs Mr. Abdullah Saidol.

18 - 20 October 2017 — STIDC Participated in State Level ICC Convention. Both Macrophylla and The Hummer won the 4-Star Award. Agathis and BML V2, on the other hand, won the 3-Star and 2-Star Award respectively.





21 August 2017 — Sarawak Timber Association (STA) through its subsidiary, STA Mutual Sendirian Berhad and STIDC play pivotal role in helping the rural schools by allocating financial assistance amounting to RM100,000.00 to SK. Kampung Buda rebuilding fund.

29 August 2017 — Datu Haji Sarudu (centre) launching the STIDC Facebook while his Deputy, Tuan Haji Hashim Haji Bojet (fourth left), the management members and staff of STIDC look on. This serves as a platform to foster rapport and to receive feedback from stakeholders particularly industry players.

The facebook link is
www.facebook.com/swktimber



5 September 2017 — Mr. Paul Lau Ngee Hung, Senior Assistant General Manager of STIDC Resource Development Division (front fifth left) together with recipients of monetary assistance in Kapit Division and Song District.

13 - 14 September 2017 —

The seventh edition of Occupational Safety & Health (OSH) Campaign was held at Berkakap Camp, Solid Hartabina Sendirian Berhad, Kapit.



15 September 2017 —

Companies Act 2016 (Act 777) was gazetted to provide a regulatory framework to facilitate starting a business and to accord protection to corporate directors and other stakeholders of a company.

25 - 26 October 2017 —

Recognising the importance of OSH, STIDC in collaboration with DOSH and Sarawak Timber Association (STA) had organised the OSH Campaign at Kastima Logging Sendirian Berhad, Bintulu.





19 November 2017 — The signing of Bitumen Business Collaboration between PETRONAS Dagangan Berhad and PUSAKA Capital Sendirian Berhad marked a new milestone in the business endeavour of both parties. This initiative will pave the way for PUSAKA Capital to be directly involved in bitumen business by trading and distributing bitumen throughout the state. It also manifested PETRONAS' confidence in the local company to undertake its bitumen business in Sarawak.



23 November 2017 — A Memorandum of Understanding (MoU) on the handling of removal of timber and timber products at Immigration Customs Quarantine Security Checkpoint (ICQS), Merapok/Sindumin was signed by the Chief Conservator of Forests of Sabah, Datuk Sam Mannan and the General Manager of STIDC, Datu Haji Sarudu Haji Hoklai.

27 - 29 November 2017—

STIDC is committed to its vision 'Spearheading the Advancement of Timber Industry'. In tandem with this vision, a strategic planning retreat was held to revisit the future direction of STIDC in striving to regulate and facilitate the advancement of an innovative timber industry of Sarawak.



27 - 30 November 2017— The Creative Finishing Course was jointly organised by the Wood Industry Skills Development Centre (WISDEC) and STIDC on 27-30 November 2017 at the STIDC Furniture Industrial Complex, Kota Samarahan.

8 December 2017 — CEO Talks were jointly organised by the Malaysia Productivity Corporation (MPC) and STIDC to promote business excellence. The talks augured well with the government's aspiration to inculcate business excellence culture to deliver best services to the people. It featured a topic on Leadership for Business Excellence: Issues and Challenges by Associate Professor Dr Azmawani Abdul Rahman, Deputy Director of Research, Universiti Putra Malaysia (UPM).





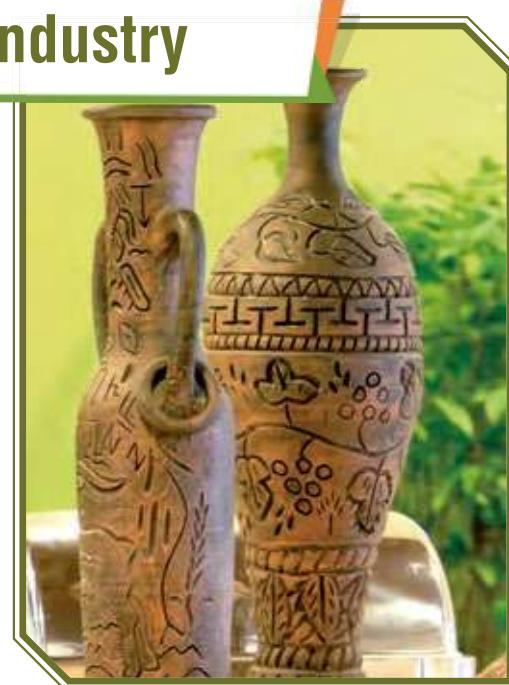
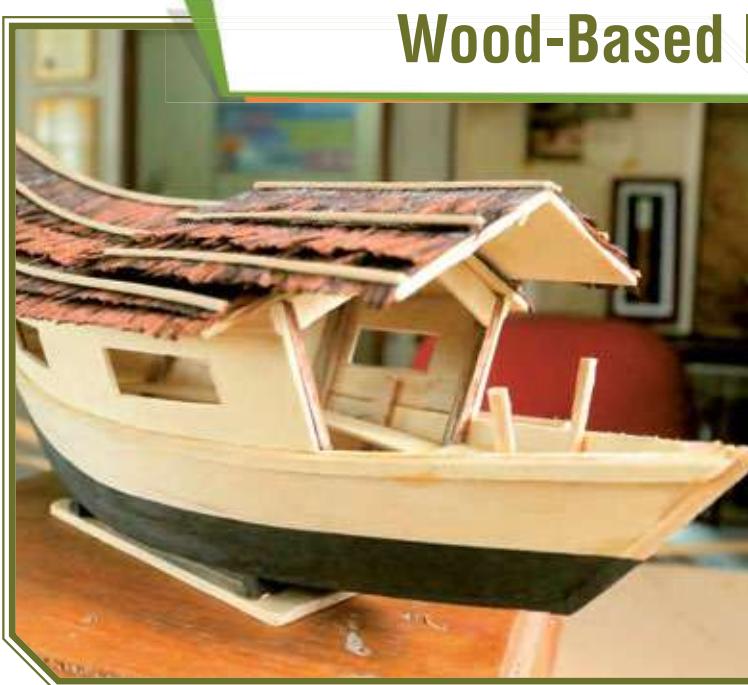
13 December 2017 — STIDC General Manager, Datu Haji Sarudu Haji Hoklai (second right) receiving the 5-STAR Rating Award (Accountability Index) from the Deputy Chief Minister of Sarawak, Datuk Amar Douglas Uggah Embas. The award came from the Audit Department of Malaysia.

13 December 2017 — STIDC emerged champion - Piala Setiausaha Persekutuan Negeri Sarawak (Kategori Agensi Utama Negeri) 2017.



23 December 2017 — STIDC-Media Bowling friendly competition at Megalanes Bowling Centre, Batu Kawah.

Wood-Based Industry







2017 vs 2016
TRADE STATISTICS



TABLE 1
EXPORT SUMMARY OF TIMBER AND TIMBER PRODUCTS FROM SARAWAK

PRODUCTS	2017 ^p January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
LOG	2,238,278	1,208,083	19.67	2,455,678	1,400,927	23.61	(8.85)	(13.77)
SAWNTIMBER	510,514	803,329	13.08	521,538	785,146	13.23	(2.11)	2.32
PLYWOOD	1,742,251	3,283,950	53.47	1,701,813	2,926,335	49.31	2.38	12.22
VENEER	116,181	175,224	2.85	140,405	205,329	3.46	(17.25)	(14.66)
LAMINATED BOARD / FLOORING	10,049	38,192	0.62	9,834	36,031	0.61	2.19	6.00
MOULDING	5,756	12,580	0.20	4,513	10,909	0.18	27.53	15.32
DOWELS	280	1,096	0.02	388	1,720	0.03	(27.67)	(36.28)
FIBREBOARD	173,624	308,220	5.02	167,505	297,827	5.02	3.65	3.49
BLOCKBOARD	3,067	4,083	0.07	2,240	2,672	0.05	36.88	52.81
PARTICLE BOARD	66,308	43,779	0.71	78,514	46,247	0.78	(15.55)	(5.34)
OTHER PRODUCTS*	111,054	144,588	2.35	84,636	100,660	1.70	31.21	43.64
OTHER PRODUCTS**[Units]	667,795	46,628	0.76	27,660	43,570	0.73	2314.30	7.02
WOODCHIP [Tonne]	182,840	72,074	1.17	202,955	77,072	1.30	(9.91)	(6.48)
TOTAL (m³) (RM)		6,141,826	100		5,934,445	100		3.49

***OTHER TIMBER PRODUCTS:**

- Charcoal
- Core Plugs
- Chopping Board
- Densified wood
- Door Skin
- Door & door frames
- Finger jointed
- Laminated beams
- Laminated post
- Railways sleepers
- Shuttering Board
- Laminated Veneer Lumber (LVL)
- Wooden Fences
- Wooden Frames
- Wooden Lattice
- Wooden Stakes
- Wooden pellet

****OTHER TIMBER PRODUCTS:**

- Door & door frames
- Furniture & Furniture Parts

Notes:

> Fibreboard include MDF and HDF

> Total of volume (m³) does not include 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) : 2017 / 2016**



TABLE 2
EXPORT OF LOGS BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	1,128,392	203,075	16.81	875,141	166,864	11.91	28.94	21.70
INDIA	858,665	799,850	66.21	1,184,587	932,841	66.59	(27.51)	(14.26)
TAIWAN	93,946	84,201	6.97	173,371	142,845	10.20	(45.81)	(41.05)
VIETNAM	81,273	56,727	4.70	135,251	87,675	6.26	(39.91)	(35.30)
JAPAN	40,543	40,456	3.35	53,499	47,147	3.37	(24.22)	(14.19)
CHINA	24,958	17,192	1.42	18,199	12,649	0.90	37.14	35.92
KOREA	10,474	6,535	0.54	15,629	10,906	0.78	(32.98)	(40.08)
UNITED STATES	27	48	0.00	-	-	-	100.00	100.00
TOTAL	2,238,278	1,208,083	100	2,455,678	1,400,927	100	(8.85)	(13.77)

EXPORT VALUE (%) OF LOGS TO MAJOR DESTINATIONS: 2017 / 2016



TABLE 3
EXPORT OF SAWNTIMBER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^a January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
PHILIPPINES	172,502	254,785	31.72	170,261	226,898	28.90	1.32	12.29
MIDDLE EAST	114,350	217,254	27.04	135,619	256,479	32.67	(15.68)	(15.29)
THAILAND	84,221	108,609	13.52	72,276	87,172	11.10	16.53	24.59
TAIWAN	53,980	69,768	8.68	54,183	59,896	7.63	(0.37)	16.48
KOREA	20,689	35,820	4.46	25,273	41,189	5.25	(18.14)	(13.04)
JAPAN	17,086	39,564	4.92	19,346	41,539	5.29	(11.68)	(4.75)
CHINA	16,366	19,995	2.49	10,172	11,577	1.47	60.90	72.71
INDIA	9,559	17,197	2.14	2,796	5,171	0.66	241.93	232.58
SRI LANKA	5,813	12,527	1.56	10,949	19,813	2.52	(46.90)	(36.77)
MALDIVES	3,724	9,047	1.13	3,141	7,222	0.92	18.54	25.26
OTHERS*	12,222	18,764	2.34	17,524	28,190	3.59	(30.25)	(33.44)
TOTAL	510,514	803,329	100	521,538	785,146	100	(2.11)	2.32

***OTHER DESTINATIONS:**

- AUSTRALIA
- BRUNEI DARUSSALAM
- HONG KONG
- MALAYSIA (Peninsular or Sabah-free zone)
- MAURITIUS
- PAKISTAN
- REUNION
- SEYCHELLES
- SINGAPORE
- SOUTH AFRICA
- UNITED STATES
- VIETNAM

**EXPORT VALUE (%) OF SAWNTIMBER TO MAJOR DESTINATIONS:
2017 / 2016**

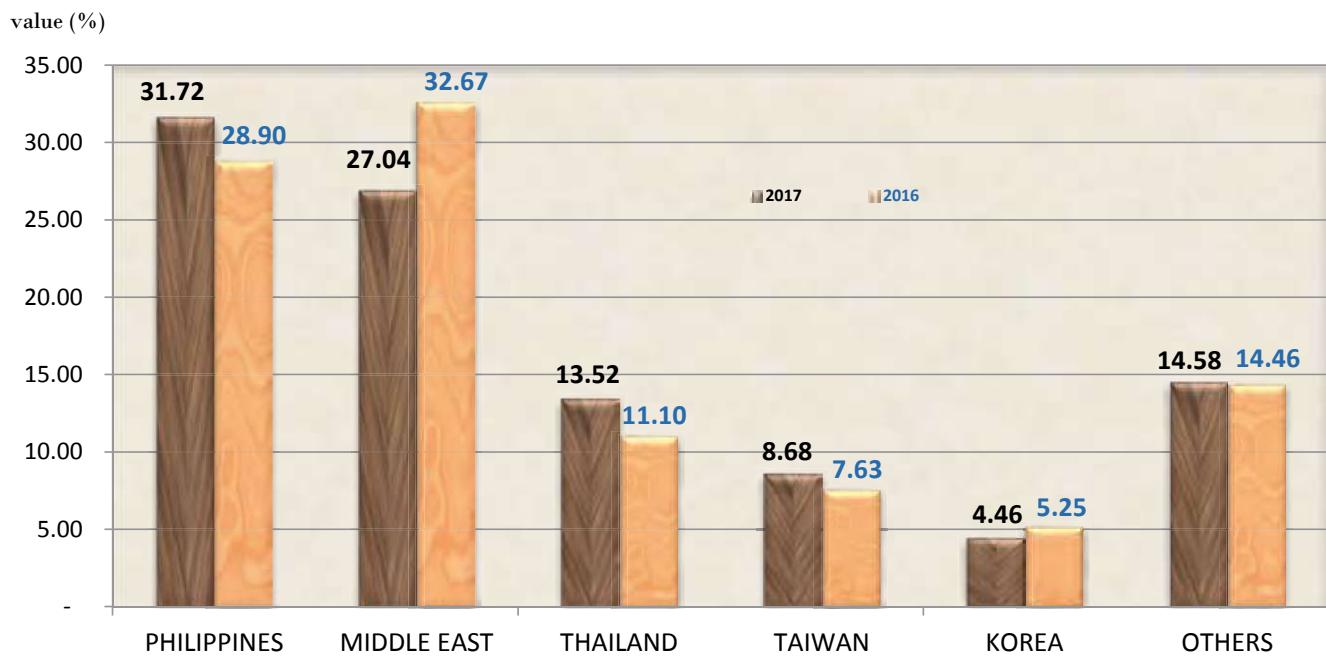


TABLE 4
EXPORT OF PLYWOOD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	1,051,262	2,096,187	63.83	963,284	1,753,361	59.92	9.13	19.55
KOREA	231,437	391,219	11.91	210,002	318,245	10.88	10.21	22.93
MIDDLE EAST	181,172	280,340	8.54	221,138	316,677	10.82	(18.07)	(11.47)
TAIWAN	128,191	207,497	6.32	142,019	217,715	7.44	(9.74)	(4.69)
CHINA	26,193	48,509	1.48	24,635	44,933	1.54	6.33	7.96
HONG KONG	25,406	47,412	1.44	33,209	59,685	2.04	(23.50)	(20.56)
UNITED STATES	22,578	46,355	1.41	8,649	16,970	0.58	161.06	173.16
INDIA	14,724	35,946	1.09	9,831	23,767	0.81	49.77	51.25
AUSTRALIA	14,440	36,107	1.10	17,640	42,622	1.46	(18.14)	(15.28)
BRUNEI DARUSSALAM	9,444	15,640	0.48	11,831	19,199	0.66	(20.17)	(18.54)
OTHERS	37,401	78,739	2.40	59,575	113,161	3.87	(37.22)	(30.42)
TOTAL	1,742,251	3,283,950	100	1,701,813	2,926,335	100	2.38	12.22

***OTHER DESTINATIONS:**

<input type="checkbox"/> BANGLADESH	<input type="checkbox"/> MALDIVES	<input type="checkbox"/> SINGAPORE
<input type="checkbox"/> CANADA	<input type="checkbox"/> MEXICO	<input type="checkbox"/> SOLOMON ISLANDS
<input type="checkbox"/> COMOROS	<input type="checkbox"/> MYANMAR	<input type="checkbox"/> SOMALIA
<input type="checkbox"/> DJIBOUTI	<input type="checkbox"/> NEW ZEALAND	<input type="checkbox"/> SOUTH AFRICA
<input type="checkbox"/> EGYPT	<input type="checkbox"/> NORTHERN MARIANA ISLAND	<input type="checkbox"/> SRI LANKA
<input type="checkbox"/> EU	<input type="checkbox"/> PAKISTAN	<input type="checkbox"/> THAILAND
<input type="checkbox"/> FIJI	<input type="checkbox"/> PAPUA NEW GUINEA	<input type="checkbox"/> TURKEY
<input type="checkbox"/> INDONESIA	<input type="checkbox"/> PHILIPPINES	<input type="checkbox"/> VIETNAM
<input type="checkbox"/> MALAYSIA (Peninsular or Sabah-free zone)	<input type="checkbox"/> SEYCHELLES	

**EXPORT VALUE (%) OF PLYWOOD TO MAJOR DESTINATIONS:
2017 / 2016**

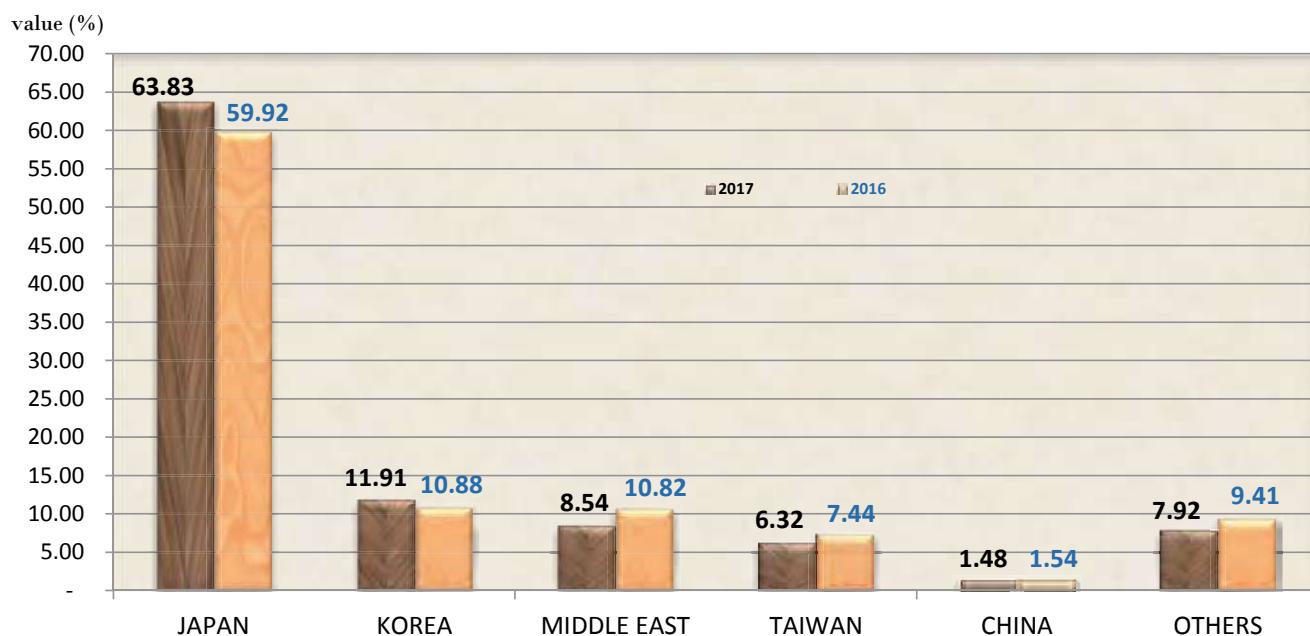


TABLE 5
EXPORT OF VENEER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	53,854	87,076	49.69	62,526	97,484	47.48	(13.87)	(10.68)
TAIWAN	48,448	62,629	35.74	65,784	84,379	41.09	(26.35)	(25.78)
CHINA	6,020	7,773	4.44	4,699	5,695	2.77	28.11	36.48
JAPAN	4,414	10,069	5.75	4,997	11,141	5.43	(11.66)	(9.62)
PHILIPPINES	1,711	2,106	1.20	620	1,234	0.60	176.08	70.60
AUSTRALIA	1,465	5,495	3.14	1,746	5,351	2.61	(16.10)	2.70
BRUNEI DARUSSALAM	269	77	0.04	11	28	0.01	2358.42	179.90
SINGAPORE	-	-	-	22	17	0.01	(100.00)	(100.00)
TOTAL	116,181	175,224	100	140,405	205,329	100	(17.25)	(14.66)

EXPORT VALUE(%) OF VENEER TO MAJOR DESTINATIONS:
2017/ 2016

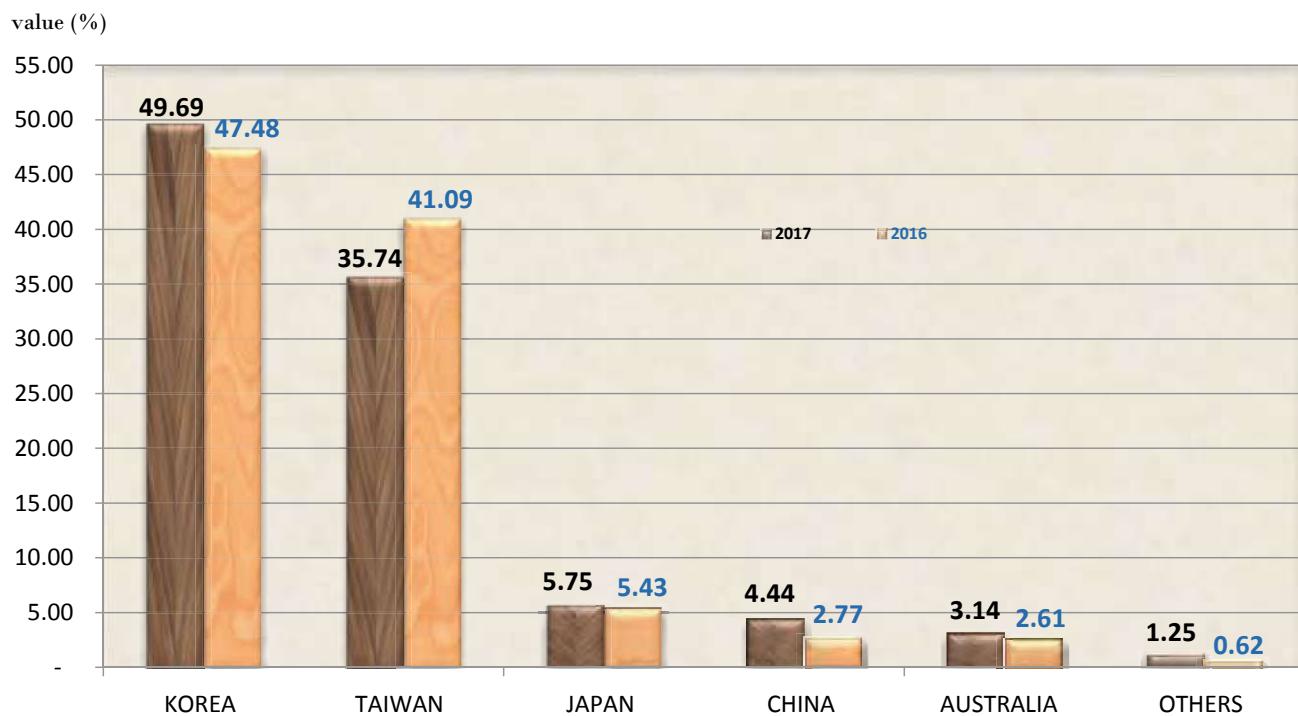


TABLE 6
EXPORT OF LAMINATED BOARD/FLOORING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	4,201	18,624	48.76	4,377	19,777	54.89	(4.02)	(5.83)
VIETNAM	2,809	10,925	28.60	2,596	9,195	25.52	8.21	18.82
TAIWAN	1,315	3,350	8.77	1,231	3,081	8.55	6.81	8.70
INDONESIA	667	1,951	5.11	416	982	2.73	60.15	98.70
KOREA	354	857	2.24	822	1,639	4.55	(56.97)	(47.72)
BRUNEI DARUSSALAM	255	845	2.21	163	652	1.81	55.91	29.57
MYANMAR	131	733	1.92	-	-	-	100.00	100.00
MIDDLE EAST	115	235	0.61	91	226	0.63	26.81	3.98
SINGAPORE	100	290	0.76	20	37	0.10	386.46	689.39
EU	68	275	0.72	-	-	-	100.00	100.00
OTHERS*	35	107	0.28	117	442	1.23	(70.14)	(75.76)
TOTAL	10,049	38,192	100	9,834	36,031	100	2.19	6.00

***OTHER DESTINATIONS:**

- AUSTRALIA
- CANADA
- CHINA
- JAPAN

**EXPORT VALUE (%) OF LAMINATED BOARD/ FLOORING TO MAJOR DESTINATIONS :
2017 / 2016**

value (%)

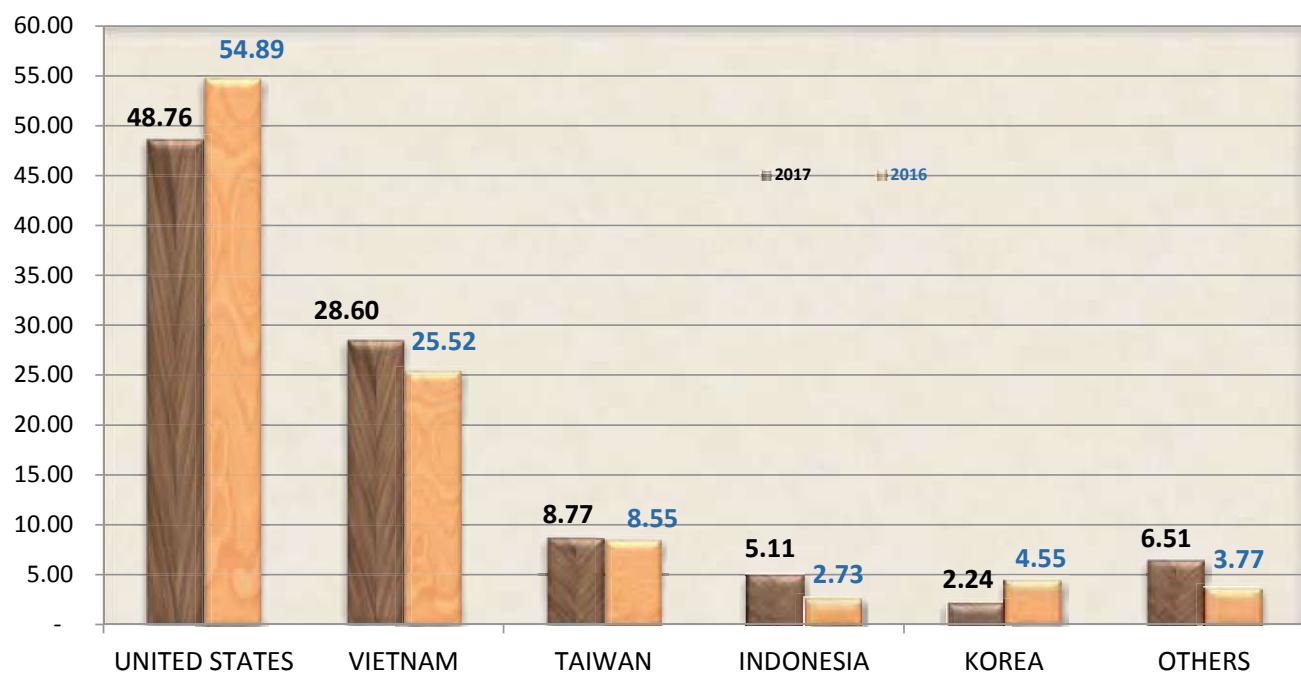


TABLE 7
EXPORT OF MOULDING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^p January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	3,432	8,354	66.41	3,435	8,025	73.56	(0.10)	4.10
CHINA	1,286	1,282	10.19	-	-	-	100.00	100.00
KOREA	435	1,085	8.63	601	1,472	13.49	(27.73)	(26.26)
UNITED STATES	305	869	6.91	122	159	1.46	150.50	447.37
SOUTH AFRICA	120	388	3.08	44	138	1.27	174.90	180.48
AUSTRALIA	101	408	3.25	146	599	5.49	(30.80)	(31.84)
TAIWAN	52	94	0.74	89	334	3.06	(41.29)	(72.01)
OTHERS*	25	99	0.79	76	182	1.67	(66.72)	(45.34)
TOTAL	5,756	12,580	100	4,513	10,909	100	27.53	15.31

*OTHER DESTINATIONS:

- BRUNEI DARUSSALAM
- EU
- MALDIVES
- MAURITIUS
- SEYCHELLES
- SINGAPORE

EXPORT VALUE (%) OF MOULDING TO MAJOR DESTINATIONS:
2017 / 2016

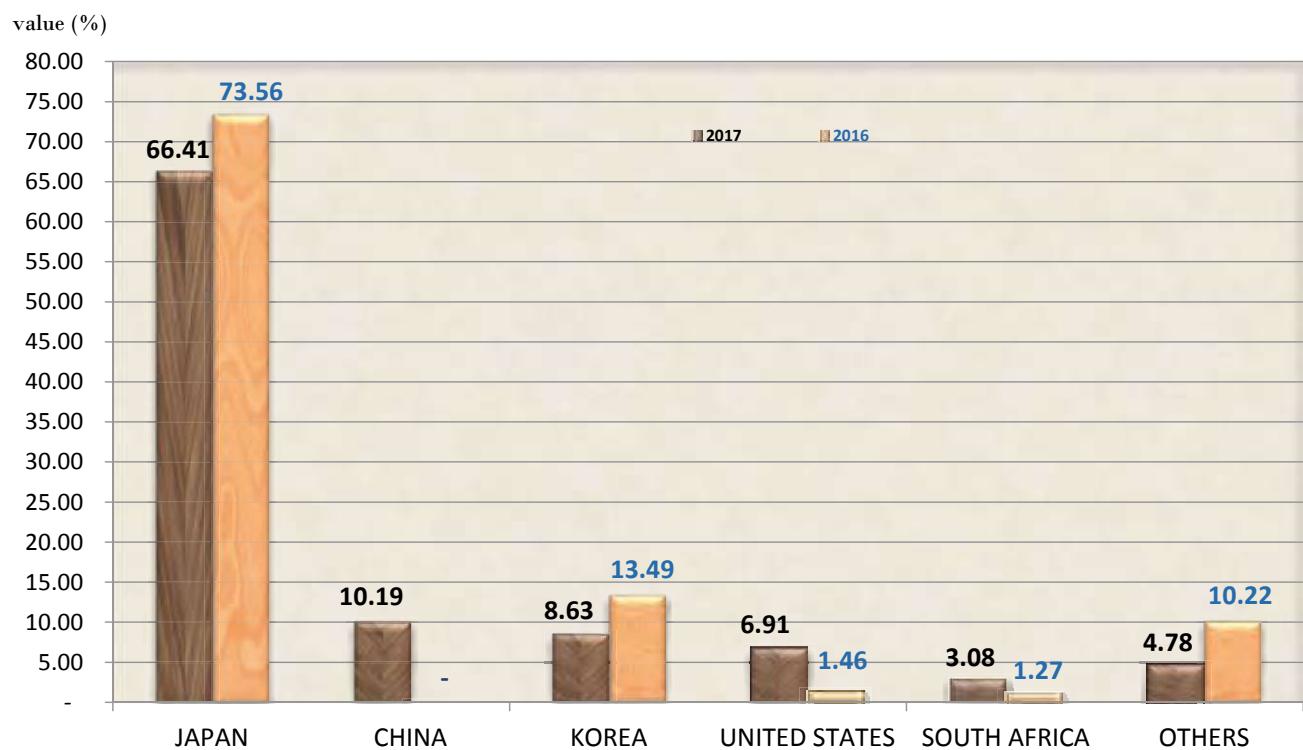


TABLE 8
EXPORT OF DOWEL BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^p January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
SOUTH AFRICA	151	538	49.09	156	497	28.92	(2.88)	8.21
UNITED STATES	72	357	32.59	97	464	26.95	(26.15)	(22.91)
INDIA	45	114	10.43	18	100	5.80	145.02	14.69
EU	9	71	6.47	99	557	32.38	(90.68)	(87.26)
JAPAN	3	15	1.41	17	102	5.95	(83.89)	(84.89)
TOTAL	280	1,096	100	388	1,720	100	(27.67)	(36.25)

EXPORT VALUE(%) OF DOWEL TO MAJOR DESTINATIONS: 2017 / 2016

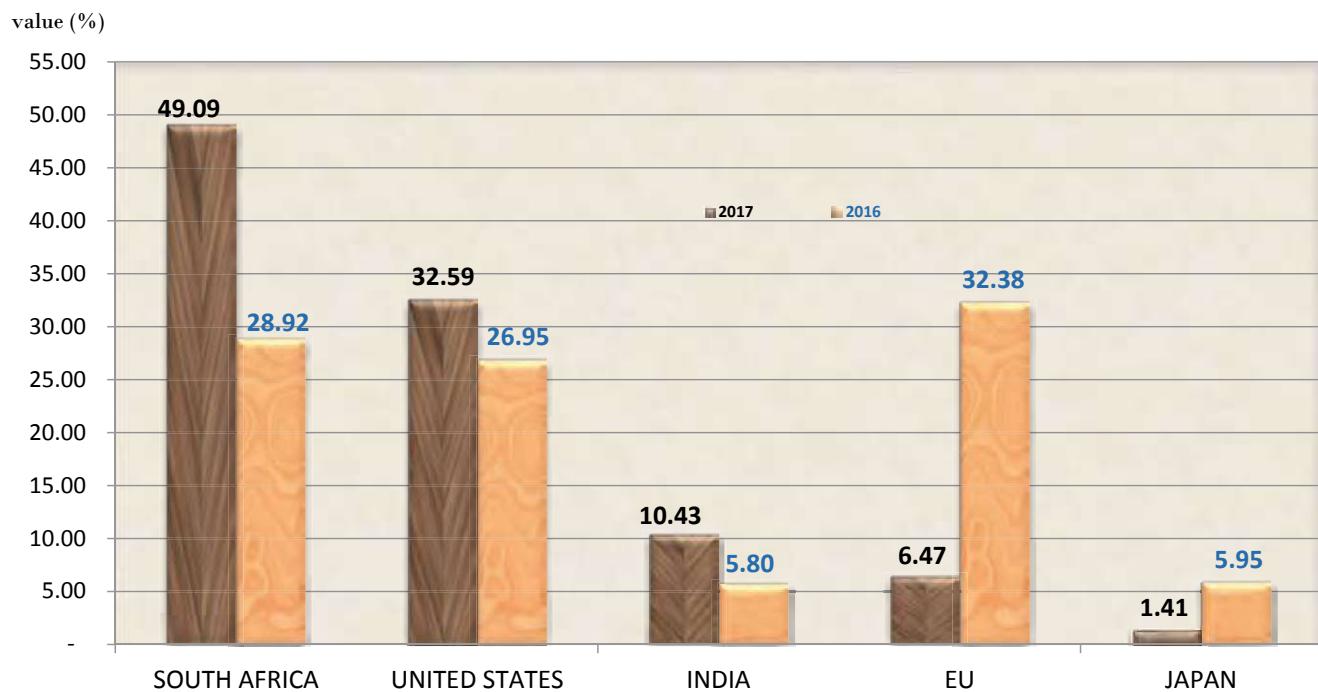


TABLE 9
EXPORT OF FIBREBOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	135,985	244,796	79.42	130,690	240,097	80.62	4.05	1.96
PHILIPPINES	12,418	18,945	6.15	12,470	16,698	5.61	(0.42)	13.46
INDONESIA	7,857	12,364	4.01	6,804	10,635	3.57	15.47	16.26
VIETNAM	6,395	12,418	4.03	6,787	13,152	4.42	(5.77)	(5.58)
KOREA	4,596	8,382	2.72	3,888	7,270	2.44	18.19	15.30
TAIWAN	2,649	4,762	1.55	3,802	7,276	2.44	(30.32)	(34.54)
INDIA	1,734	2,159	0.70	2,114	1,172	0.39	(17.96)	84.19
PAKISTAN	1,291	2,763	0.90	-	-	-	100.00	100.00
SOUTH AFRICA	553	1,417	0.46	-	-	-	100.00	100.00
BRUNEI DARUSSALAM	97	96	0.03	395	271	0.09	(75.46)	(64.47)
OTHERS*	48	116	0.04	555	1,256	0.42	(91.35)	(90.75)
TOTAL	173,624	308,220	100	167,505	297,827	100	3.65	3.49

*OTHER DESTINATIONS:

- EU
- CHINA
- THAILAND

EXPORT VALUE(%) OF FIBREBOARD TO MAJOR DESTINATIONS:
2017 / 2016

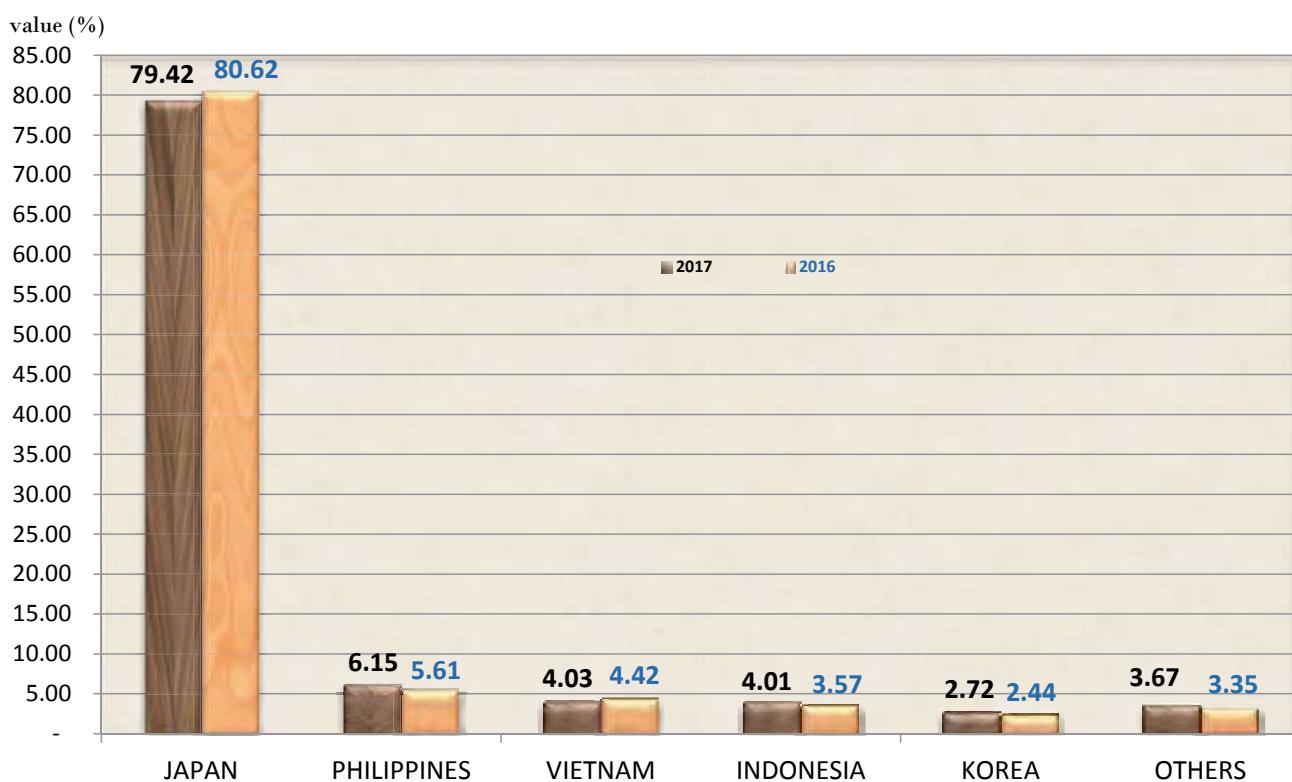


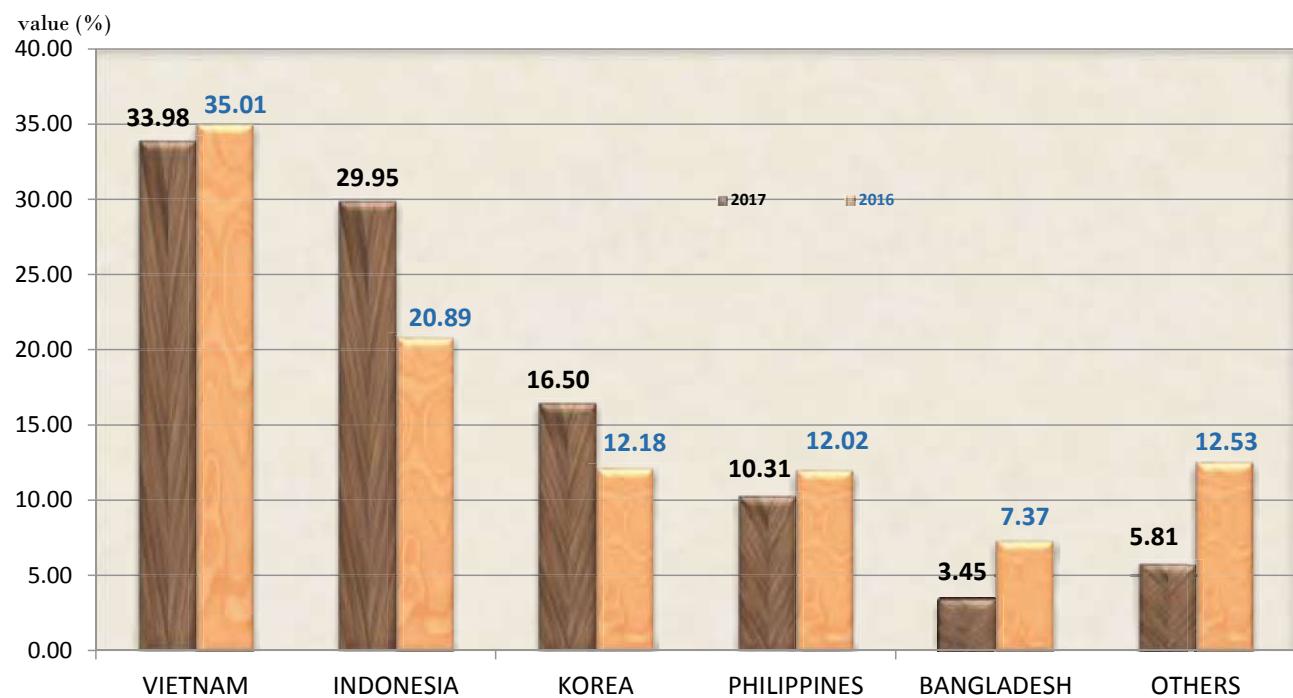
TABLE 10
EXPORT OF PARTICLE BOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2017 ^b January - December			2016 ^a January - December			% Change 2017/2016	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
VIETNAM	22,494	14,877	33.98	26,693	16,190	35.01	(15.73)	(8.11)
INDONESIA	20,047	13,111	29.95	16,497	9,661	20.89	21.52	35.70
KOREA	10,143	7,225	16.50	9,046	5,634	12.18	12.13	28.25
PHILIPPINES	7,223	4,515	10.31	9,902	5,557	12.02	(27.05)	(18.75)
BANGLADESH	2,507	1,510	3.45	5,947	3,410	7.37	(57.84)	(55.73)
JAPAN	2,036	1,355	3.09	1,736	1,040	2.25	17.28	30.26
CHINA	900	598	1.37	1,132	636	1.38	(20.48)	(6.03)
BRUNEI DARUSSALAM	343	207	0.47	653	327	0.71	(47.49)	(36.73)
INDIA	217	141	0.32	5,615	3,062	6.62	(96.13)	(95.39)
SINGAPORE	214	127	0.29	214	108	0.23	(0.03)	17.39
OTHERS	182	115	0.26	1,077	622	1.34	(83.09)	(81.54)
TOTAL	66,308	43,779	100	78,514	46,247	100	(15.55)	(5.34)

***OTHER DESTINATIONS:**

- MIDDLE EAST NEW ZEALAND
- SRI LANKA TAIWAN
- THAILAND

EXPORT VALUE (%) OF PARTICLE BOARD TO MAJOR DESTINATIONS :
2017 / 2016



SUMMARY ALL PRODUCTS

SUMMARY ALL PROD. (1) JAN-DEC

	2017	2016
PLYWOOD	53.47	49.31
LOG	19.67	23.61
SAWNTIMBER	13.08	13.23
FIBREBOARD	5.02	5.02
VENeer	2.85	3.46
OTHERS	5.91	5.37
	100.00	100.00

LAMINATED BOARD/ FLOORING (6) JAN-DEC

	2017	2016
UNITED STATES	48.76	54.89
VIETNAM	28.60	25.52
TAIWAN	8.77	8.55
INDONESIA	5.11	2.73
KOREA	2.24	4.55
OTHERS	6.51	3.77
	100.00	100.00

LOGS (2) JAN-DEC

	2017	2016
INDIA	66.21	66.59
INDONESIA	16.81	11.91
TAIWAN	6.97	10.20
VIETNAM	4.70	6.26
JAPAN	3.35	3.37
OTHERS	1.97	1.68
	100.00	100.00

MOULDING (7) JAN-DEC

	2017	2016
JAPAN	66.41	73.56
CHINA	10.19	-
KOREA	8.63	13.49
UNITED STATES	6.91	1.46
SOUTH AFRICA	3.08	1.27
OTHERS	4.78	10.22
	100.00	100.00

SAWNTIMBER (3) JAN-DEC

	2017	2016
PHILIPPINES	31.72	28.90
MIDDLE EAST	27.04	32.67
THAILAND	13.52	11.10
TAIWAN	8.68	7.63
KOREA	4.46	5.25
OTHERS	14.58	14.46
	100.00	100.00

DOWELS (8) JAN-DEC

	2017	2016
SOUTH AFRICA	49.09	28.92
UNITED STATES	32.59	26.95
INDIA	10.43	5.80
EU	6.47	32.38
JAPAN	1.41	5.95
	100.00	100.00

PLYWOOD (4) JAN-DEC

	2017	2016
JAPAN	63.83	59.92
KOREA	11.91	10.88
MIDDLE EAST	8.54	10.82
TAIWAN	6.32	7.44
CHINA	1.48	1.54
OTHERS	7.92	9.41
	100.00	100.00

FIBREBOARD (9) JAN-DEC

	2017	2016
JAPAN	79.42	80.62
PHILIPPINES	6.15	5.61
VIETNAM	4.03	4.42
INDONESIA	4.01	3.57
KOREA	2.72	2.44
OTHERS	3.67	3.35
	100.00	100.00

VENEER (5) JAN-DEC

	2017	2016
KOREA	49.69	47.48
TAIWAN	35.74	41.09
JAPAN	5.75	5.43
CHINA	4.44	2.77
AUSTRALIA	3.14	2.61
OTHERS	1.25	0.62
	100.00	100.00

PARTICLEBOARD (10) JAN-DEC

	2017	2016
VIETNAM	33.98	35.01
INDONESIA	29.95	20.89
KOREA	16.50	12.18
PHILIPPINES	10.31	12.02
BANGLADESH	3.45	7.37
OTHERS	5.81	12.53
	100.00	100.00

2017 FINANCIAL STATEMENTS

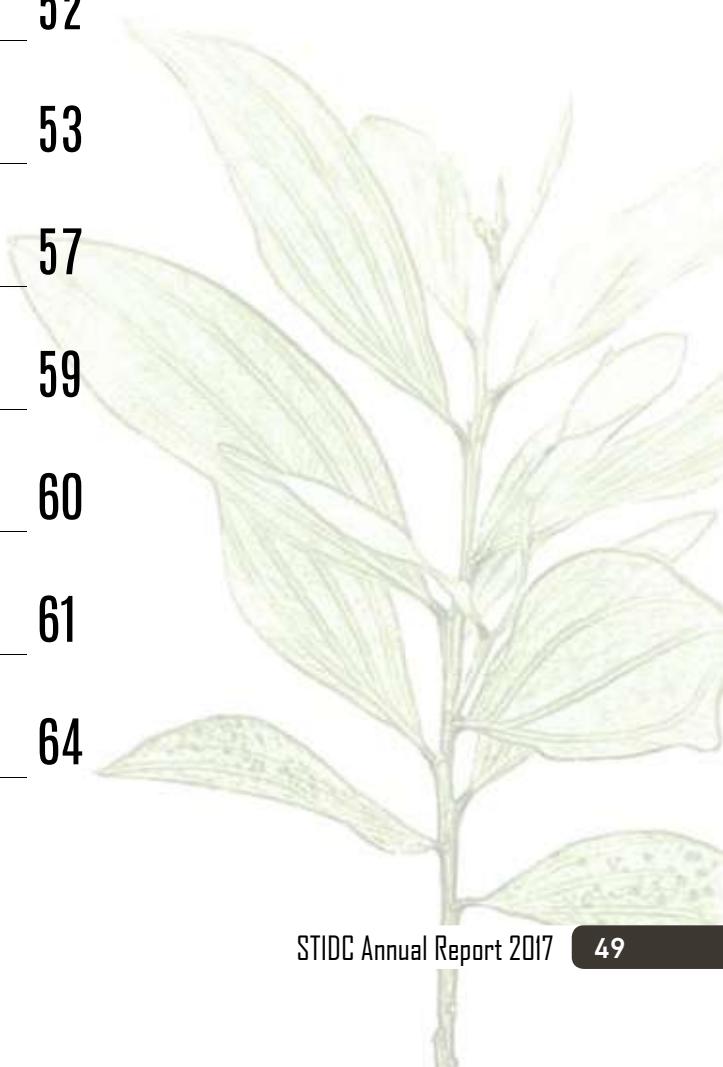
Sarawak Timber Industry Development Corporation

31 DECEMBER 2017

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

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**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 Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani

: YB Datu Haji Len Talif Salleh

: YB Datuk Haji Julaihi Bin Haji Narawi (until 21 May 2017)

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

: YBhg. Dato Sri Ahmad Tarmizi bin Haji Sulaiman

: YBhg. Datuk Dr. Yusuf Hadi (until 21 May 2017)

: YBhg. Datu Haji Mohamad Abu Bakar Bin Marzuki
(appointed on 22 May 2017)

: YBhg. Dr Wan Lizozman Bin Wan Omar (appointed on 22 May 2017)

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

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 Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK pada 31 Disember 2017 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,

Bagi pihak Lembaga,



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

Kuching, Sarawak, Malaysia

Tarikh : **27 JUL 2018**



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

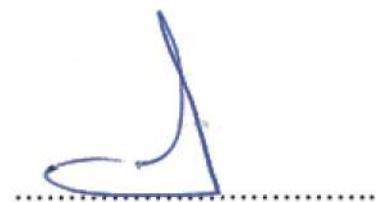
Kuching, Sarawak, Malaysia

Tarikh : **27 JUL 2018**

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

Saya, **DATU HAJI SARUDU BIN HAJI HOKLAI** 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 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 03 April 2018



D S Law Centre
Ground Floor, Lot 564
Lorong Rubber 6
93400 Kuching, Sarawak





**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2017**

Laporan Mengenai Penyata Kewangan

Pendapat

Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2017 dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 57 hingga 102.

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 2017 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan *Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995* serta *The Sarawak Timber Industry Development Corporation Ordinance, 1973*.

Asas Kepada Pendapat

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

Kebebasan dan Tanggungjawab Etika Lain

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

Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya

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

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia and *Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance*, 1973. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakan sebagai asas perakaunan.

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

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

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

- a. Mengenal pasti dan menilai risiko salah nyata ketara dalam penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersesuaian untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, gambaran yang salah, atau mengatasi kawalan dalaman.
- b. Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanannya kawalan dalaman Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan.
- c. Menilai kesesuaian dasar perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.
- d. Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperoleh, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Perbadanan Kemajuan Perusahaan Kayu Sarawak atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Laporan Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperoleh sehingga tarikh Laporan Juruaudit.
- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

Saya telah berkomunikasi dengan Lembaga Pengarah, antaranya mengenai skop dan tempoh pengauditan yang dirancang serta penemuan audit yang signifikan termasuk kelemahan kawalan dalaman yang dikenal pasti semasa pengauditan.

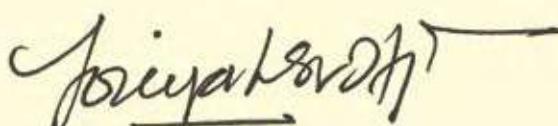
Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan *Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance*, 1973, saya juga melaporkan perkara berikut:

- a. Pada pendapat saya, rekod perakaunan dan rekod lain yang dikehendaki Ordinan untuk disimpan oleh Perbadanan Kemajuan Perusahaan Kayu Sarawak dan subsidiarinya yang mana kami telah bertindak sebagai juruaudit telah disimpan dengan sempurna menurut peruntukan Ordinan.
- b. Saya telah mempertimbangkan akaun dan Laporan Juruaudit bagi semua subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota 1 kepada penyata kewangan yang telah dimasukkan dalam akaun disatukan.
- c. Saya berpuas hati bahawa akaun subsidiari yang disatukan dengan Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dalam bentuk dan kandungan yang sesuai dan teratur bagi tujuan penyediaan penyata kewangan Kumpulan dan saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.
- d. Laporan Juruaudit ke atas akaun subsidiari tidak mengandungi sebarang teguran atau pemerhatian yang boleh menjelaskan penyata kewangan.

Hal-hal Lain

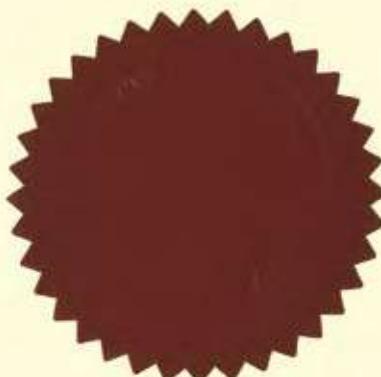
Laporan ini dibuat untuk Lembaga Pengarah dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan laporan ini.



(TOEYAH BINTI HAJI TIOH)

b.p. KETUA AUDIT NEGARA
MALAYSIA

KUCHING
TARIKH: 23 AUG 2018



Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statements of Financial Position
As at 31 December 2017

Note	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
NON-CURRENT ASSETS				
Property, plant and equipment	5	485,429,129	487,527,530	204,481,450
Investment in subsidiaries	6	-	-	276,267,127
Investment in associates	7	216,734,767	144,612,257	88,233,039
Other investments	8	275,578,491	211,878,618	101,761,873
Property development expenditure	9	154,848,264	144,389,547	154,848,264
Plantation development expenditure	10	602,896	602,896	-
Tree planting expenditure	11	359,589,527	334,551,954	-
Long term loan receivables	12	-	32,059,504	-
Deferred tax assets	20	4,815,908	7,873,467	3,750,206
Goodwill on consolidation	13	1,236,900	1,413,600	-
Total Non-current Assets		1,498,835,882	1,364,909,373	829,341,959
				816,173,855
CURRENT ASSETS				
Inventories	14	155,920,150	161,325,327	133,659,269
Trade and other receivables	15	149,212,056	125,066,384	103,153,373
Cash and cash equivalents	16	223,868,260	325,619,858	160,772,632
Total Current Assets		529,000,466	612,011,569	250,056,001
				424,073,401
TOTAL ASSETS		2,027,836,348	1,976,920,942	1,226,927,233
				1,240,247,256

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statements of Financial Position (contd.)
As at 31 December 2017

	Note	Group		Corporation	
		2017 RM	2016 RM	2017 RM	2016 RM
EQUITY					
Retained earnings	17	<u>1,322,508,816</u>	<u>1,252,289,415</u>	<u>817,712,080</u>	<u>805,734,507</u>
		<u>1,322,508,816</u>	<u>1,252,289,415</u>	<u>817,712,080</u>	<u>805,734,507</u>
Accumulated funds					
Non-controlling interests		<u>62,728,969</u>	<u>55,233,229</u>	<u>-</u>	<u>-</u>
		<u>62,728,969</u>	<u>55,233,229</u>	<u>-</u>	<u>-</u>
		<u>1,385,237,785</u>	<u>1,307,522,644</u>	<u>817,712,080</u>	<u>805,734,507</u>
NON-CURRENT LIABILITIES					
Deferred income	18	115,037,588	112,645,105	115,037,588	112,645,105
Deferred tax liabilities	20	30,085,350	16,977,158	-	-
Borrowings	19	210,817,805	225,752,283	114,024,104	148,335,594
Retirement benefit obligations	21	<u>4,605,841</u>	<u>4,205,683</u>	<u>-</u>	<u>-</u>
Total Non-current Liabilities		<u>360,546,584</u>	<u>359,580,229</u>	<u>229,061,692</u>	<u>260,980,699</u>
CURRENT LIABILITIES					
Trade and other payables	22	175,849,187	154,717,204	112,374,025	100,300,969
Retirement benefit obligations	21	<u>56,687</u>	<u>51,938</u>	<u>-</u>	<u>-</u>
Borrowings	19	105,152,347	154,838,814	67,779,436	73,231,081
Tax payable		<u>993,758</u>	<u>210,113</u>	<u>-</u>	<u>-</u>
Total Current Liabilities		<u>282,051,979</u>	<u>309,818,069</u>	<u>180,153,461</u>	<u>173,532,050</u>
TOTAL LIABILITIES		<u>642,598,563</u>	<u>669,398,298</u>	<u>409,215,153</u>	<u>434,512,749</u>
TOTAL EQUITY AND LIABILITIES		<u>2,027,836,348</u>	<u>1,976,920,942</u>	<u>1,226,927,233</u>	<u>1,240,247,256</u>

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statements of Comprehensive Income
For the year ended 31 December 2017

Note	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Continuing Operations				
Revenue	23 558,177,345	476,642,696	72,319,743	111,090,105
Cost of sales	24 (339,346,106)	(239,330,439)	(339,961)	-
Gross profit	218,831,239	237,312,257	71,979,782	111,090,105
Administration expenses	(119,345,243)	(154,665,227)	(60,683,550)	(58,955,926)
Finance costs	25 (17,869,432)	(11,097,971)	(5,275,241)	(5,057,970)
Others	(261,501)	169,350,639	-	-
Share of results of associates	4,899,474	8,184,030	-	-
Profit before tax	26 86,254,537	249,083,728	6,020,991	47,076,209
Tax expenses	27 (16,035,136)	(8,525,890)	5,956,582	(538,157)
Profit for the financial year	70,219,401	240,557,838	11,977,573	46,538,052
Retained profits brought forward:				
As previously reported	1,252,289,415	1,011,731,577	805,734,507	758,933,537
Effects of adopting MPERS	-	-	-	262,918
As restated	1,252,289,415	1,011,731,577	805,734,507	759,196,455
Available for appropriations	1,322,508,816	1,252,289,415	817,712,080	805,734,507
Profit for the year attributable to:				
Non-controlling interests	7,495,740	7,500,991	-	-
Owners of the parents	62,723,661	233,056,847	11,977,573	46,538,052
	70,219,401	240,557,838	11,977,573	46,538,052
Profit for the year attributable to:				
Non-controlling interests	7,495,740	7,500,991	-	-
Owners of the parents	1,315,013,076	1,244,788,424	817,712,080	805,734,507
	1,322,508,816	1,252,289,415	817,712,080	805,734,507

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
 (Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statements of Changes in Equity
 For the year ended 31 December 2017

	Group			
	Capital reserve RM	Available-for sale-reserve RM	Retained profits RM	Total RM
At 1 January 2016	183,882	1,432,720	1,010,848,120	1,012,464,722
Transfer for the year	-	(733,145)	-	(733,145)
Profit for the year	-	-	240,557,838	240,557,838
At 31 December 2016	183,882	699,575	1,251,405,958	1,252,289,415
Allocation for the year	-	823,618	(823,618)	-
Transfer for the year	(183,882)	(1,523,193)	1,707,075	-
Profit for the year	-	-	70,219,401	70,219,401
At 31 December 2017	-	-	1,322,508,816	1,322,508,816
 Corporation				
			Total	
			RM	
At 1 January 2016			758,933,537	
Profit for the year			46,538,052	
Effects of adopting MPERS			262,918	
At 31 December 2016			805,734,507	
Profit for the year			11,977,573	
At 31 December 2017			817,712,080	

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statement of Cash Flows
For the financial year ended 31 December 2017

Note	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flow From Operating Activities				
Profit before tax	86,254,537	249,083,728	6,020,991	47,076,209
Adjustments for:				
Amortisation of goodwill	176,700	176,700	-	-
Bad debts written off	-	13,596	-	2,000,000
Provision for doubtful debts no longer required	-	(476,095)	-	-
Depreciation of property, plant and equipment	39,395,598	50,678,468	4,171,490	4,406,324
Finance costs	17,869,432	11,097,971	5,275,241	5,057,970
Grant amortised	(10,417,517)	(57,176,470)	(10,417,517)	(57,176,470)
Gross dividend:				
- Other investment	(8,140,695)	(6,704,122)	(8,140,695)	(3,940,571)
- Subsidiaries	(1,414,626)	-	(1,414,626)	(3,367,254)
Impairment loss on property, plant and equipment	51,082	48,008	-	-
Interest income	(12,307,211)	(12,121,766)	(5,656,435)	(10,745,862)
Property, plant and equipment written off	3,698	1,657	-	-
Provision for doubtful debts	-	2,083,724	-	2,000,000
Profit / (loss) from disposal of property, plant and equipment	336,871	(631,123)	336,871	628,993
Loss on disposal of investment	(19,677)	(169,422,258)	-	-
Retirement benefit obligations	4,749	-	-	-
Reversal of provision for diminution in value of investment	133,035	(40,063,945)	-	-
Share of results in associates	(4,899,474)	(8,184,030)	-	-
Operating profit / (loss) before changes in working capital	107,026,502	18,404,043	(9,824,680)	(14,060,661)
(Increase) / decrease in:				
Inventories	5,405,177	(6,140,273)	339,962	-
Trade and other receivables	7,913,832	84,702,518	(315,440)	22,442,541
Trade and other payables	29,027,881	35,250,218	12,073,056	(230,353)
Cash flow from operations	149,373,392	132,216,506	2,272,898	8,151,527
Interest paid	(17,869,432)	(11,097,971)	(5,275,241)	(5,057,970)
Tax paid, net of tax refunded	914,260	(3,068,491)	2,206,376	-
Net cash generated from operating activities	132,418,220	118,050,044	(795,967)	3,093,557

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statement of Cash Flows (contd.)
For the financial year ended 31 December 2017 (contd.)

Note	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flow From Investing Activities				
Additional investment in associate	(67,223,036)	(3,900,001)	(66,723,036)	-
Increase in tree planting expenditure	(25,037,573)	(334,551,954)	-	-
Purchase of property, plant and equipment	(40,954,610)	(61,204,333)	(18,608,659)	(134,251)
Increase in investment, net	(63,813,231)	(30,897,337)	16,773,392	(137,844,375)
Decrease in project development expenditure	-	9,274,926	-	9,523,097
Increase in plantation development expenditure	(10,458,717)	(45,323)	(11,503,736)	-
Proceed from property, plant and equipment	3,265,762	1,063,107	3,316,016	-
Proceed from disposal of investments	-	47,425,820	-	-
Gross dividends:				
- Other investment	8,140,695	6,704,122	8,140,695	3,940,571
- Subsidiaries	1,414,626	-	1,414,626	3,367,254
Interest income	12,307,211	12,121,766	5,656,435	10,745,862
Net cash used in investing activities	(182,358,873)	(354,009,207)	(61,534,267)	(110,401,842)
Cash Flow From Financing Activities				
Government grant received, net	12,810,000	1,108,217	12,810,000	1,108,217
Increase on loan	-	232,004,923	-	130,000,000
Repayment of finance lease	(1,305,339)	(656,759)	-	-
Repayment of loan	(67,063,124)	(19,358,608)	(39,763,135)	(42,407,577)
Revolving credit obtained, net	3,000,000	(733,145)	-	-
Increase in fixed deposits pledged and fixed deposits with maturity more than 3 months	(746,537)	(2,087,217)	-	-
Net cash (used in) / generated from investing activities	(53,305,000)	210,277,411	(26,953,135)	88,700,640

The accompanying notes form an integral part of financial statements.

Sarawak Timber Industry Development Corporation
(Incorporated under the Sarawak State Ordinance No. 3 of 1973)

Statement of Cash Flows
For the financial year ended 31 December 2017 (contd.)

Note	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Net movement in cash and cash equivalents	(103,245,653)	(25,681,752)	(89,283,369)	(18,607,645)
Cash and cash equivalents:				
- at beginning of year	321,431,652	347,113,404	250,056,001	268,663,646
- at end of year	16 218,185,999	321,431,652	160,772,632	250,056,001

The accompanying notes form an integral part of 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 2017**

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 utilization 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.

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

The principal place of business of the Corporation is located at Wisma Sumber Alam, Jalan Stadium, Petra Jaya, 93702 Kuching, Sarawak.

The functional currency of the Corporation is Ringgit Malaysia ('RM') as the sales and purchases are mainly denominated in RM, receipts from operations are usually retained in RM and funds from financing activities are mainly generated in RM.

For the purpose of the consolidated financial statements, the financial statements of each entity within the Group are expressed in Ringgit Malaysia ('RM') which is the functional currency of the corporation and the presentation currency for the consolidated financial statements.

The principal activities of the subsidiaries are shown in Note 1.1.

The financial statements were authorised for issue by the Board of Management on 3 April 2018.

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 2017

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

The Group comprises the parent, the Corporation, twenty active and significant direct subsidiaries (including a consolidated structured entity) and nine indirect subsidiaries as at the end of the current financial year.

	Principal place of business	Parent's effective ownership		Principal activities
		2017 %	2016 %	
Direct subsidiaries:				
PUSAKA Capital Sdn. Bhd.	Malaysia	100	100	Investment holding
Harwood Timber Sdn. Bhd.	Malaysia	100	100	Timber trading
STIDC Belian Holdings Sdn. Bhd.	Malaysia	100	100	Timber trading
Hillog Sdn. Bhd.	Malaysia	100	100	Woodworking and related timber-processing services
Tanjong Manis Furniture Sdn. Bhd.	Malaysia	100	100	Furniture manufacturer
Tanjong Manis Sawmill Sdn. Bhd.	Malaysia	100	100	Log trading
Saratim Insurance Agency Services Sdn. Bhd.	Malaysia	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd.	Malaysia	60	60	Production of wood chip
Hornbill Skyways Sdn. Bhd.	Malaysia	67	67	Aviation services
Sarawak Planted Forest Sdn. Bhd.	Malaysia	100	100	Planted forest
Selah Timber Sdn. Bhd.	Malaysia	75	75	Dormant
Amra Timbers Sdn. Bhd.	Malaysia	100	100	Dormant
Kestrel Sdn. Bhd.	Malaysia	100	100	Dormant
Tinamou Sdn. Bhd.	Malaysia	100	100	Dormant
Balamra Sdn. Bhd.	Malaysia	100	100	Dormant
Teratim Sdn. Bhd.	Malaysia	100	100	Dormant
Elmhurst Sdn. Bhd.	Malaysia	75	75	Under winding up process
Tanjung Manis Timber Training Centre Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Construction Sdn. Bhd.	Malaysia	100	100	Dormant

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 2017

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

	Principal place of business	Parent's effective ownership		Principal activities
		2017 %	2016 %	
Indirect subsidiaries				
Held by PUSAKA Capital Sdn. Bhd.				
PUSAKA Timber Industries Sdn. Bhd.	Malaysia	100	100	Investment holding, operating of management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd.	Malaysia	100	100	
PUSAKA Realty & Construction Sdn. Bhd.	Malaysia	100	100	Property development and construction work
PUSAKA Logistics & Services Sdn. Bhd.	Malaysia	100	100	Investment holding, management of port and shipping operation and other logistic related business
Held by PUSAKA Palm Oil Industry Sdn. Bhd.				
Tanjung Manis Bulkers Sdn. Bhd.	Malaysia	70	70	Own and manage crude palm oil bulking installation and dry bulk facilities
Held by PUSAKA Realty & Construction Sdn. Bhd.				
Tanjong Manis Development Sdn. Bhd.	Malaysia	100	100	Provision of general repairs and maintenance and supervision work
Tanjong Manis Realty Sdn. Bhd.	Malaysia	100	100	Planning, operating, maintenance and marketing of realty projects
Held by PUSAKA Logistics & Services Sdn. Bhd.				
Tanjung Manis Integrated Port Sdn. Bhd.	Malaysia	100	100	General port management
Tanjong Manis Shipping Sdn. Bhd.	Malaysia	100	100	Provision of transportation and wharfing services, trading in construction materials, renting of barges, speed boat and supplying of port handling equipment
PUSAKA Pratama Sdn Bhd	Malaysia	50	-	Wholesale of liquefied

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 2017

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

	Principal place of business	Parent's effective ownership		Principal activities
		2017 %	2016 %	
Held by Harwood Timber Sdn. Bhd.				
Bigwood Sdn. Bhd.	Malaysia	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd.	Malaysia	66	66	Assemblying, importing and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd.	Malaysia	100	100	Production and sale of sawn timber and moulding products

2. Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies that have been used in the preparation of the financial statements are set out below.

The financial statements of the Group and of the Corporation have been prepared using the historical cost basis other than as disclosed in the accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

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

Investment in subsidiaries are accounted for in the Corporation's separate financial statements at cost less any accumulated impairment losses.

**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 2017**

3. Significant accounting policies

(a) Basis of consolidation (contd.)

(i) Subsidiaries (contd.)

The income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the parent ceases to control the subsidiary. When a parent ceases to control a subsidiary, any difference between the proceeds from the disposal of a subsidiary and the carrying amount as at the date that control is lost is recognised in profit or loss in the consolidated statement of comprehensive income as gain or loss on the disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Non-controlling interests are also separately disclosed in the consolidated statement of comprehensive income.

All intragroup balances, transactions, including income and expenses are eliminated in full.

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 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 a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated statement of financial position. 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 statement of financial position as goodwill or negative goodwill arising on consolidation.

Intergroup 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 which were not previously recognised in the consolidated income statement.

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**Notes to the Financial Statements
For the financial year ended 31 December 2017**

3. Significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

(i) Subsidiaries (contd.)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

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 statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

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.

The Corporation's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

(b) Goodwill

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

Purchased goodwill, including goodwill on acquisition of an interest in an associate or joint venture, is amortised on a straight-line basis over 10 years and is subject to impairment test whenever there is any indication of impairment.

**Notes to the Financial Statements
For the financial year ended 31 December 2017**

3. Significant accounting policies (contd.)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses are in accordance with Note 3(h).

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Corporation and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land and buildings.

After recognition as an asset, freehold land and buildings (excluding the building referred to above) are carried at their revalued amount, being their fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period.

A revaluation increase arising from a revaluation is recognised in other comprehensive income and accumulated in equity under the heading of property revaluation surplus, except when the increase is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease arising from a revaluation is recognised in profit or loss, except when the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the property revaluation surplus in respect of that asset. The decrease recognised on other comprehensive income reduces the amount accumulated in equity under the heading of property revaluation surplus.

Leasehold land is depreciated over the period of the lease which ranges from 30 years to 250 years.

Except for freehold land and properties under construction which are not depreciated, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

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**Notes to the Financial Statements
For the financial year ended 31 December 2017**

3. Significant accounting policies (contd.)

(c) Property, plant and equipment (contd.)

Buildings	2% - 100%
Office furniture, fittings and equipment	10% - 40%
Plant and machinery	10% - 20%
Aircraft spare engines and aircraft components	10%
Transportation equipment and motor vehicles	20%
Plant and machinery	10% - 20%
Renovation	10%

Depreciation of an asset begins when it is ready for its intended use.

Construction-in-progress is not depreciated until the property, plant and equipment is fully completed and brought into use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

(d) 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 3(h).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(e) 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.

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**Notes to the Financial Statements
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3. Significant accounting policies (contd.)

(f) Plantation development expenditure

New planting expenditure incurred on land clearing, planting, upkeep of immature rubber trees, direct administrative expenses and financing costs up to maturity are capitalised under plantation development expenditure and is amortised on a straight-line basis over 10 years, the expected useful life of rubber trees. Rubber trees are considered mature 60 months after the month of planting. Upon maturity, all subsequent maintenance expenditure is charged to the statement of comprehensive income.

Replanting expenditure is also capitalised as plantation development expenditure and amortised on the same basis.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h).

(g) Tree planting expenditure

Expenditure on planted forest in the form of land clearing, planting and upkeep of trees up to the time of harvest is capitalised as tree planting expenditure and will only be charged to profit or loss at the time of harvest in proportion of the trees harvested. Tree planting expenditure also includes borrowing costs which are capitalised in accordance with the Group's accounting policy.

(h) Impairment of assets, other than goodwill, inventories and financial assets

At each reporting date, the Group and the Corporation assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Group and the Corporation estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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**Notes to the Financial Statements
For the financial year ended 31 December 2017**

3. Significant accounting policies (contd.)

(h) Impairment of assets, other than goodwill, inventories and financial assets (contd.)

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in which case it is treated as a revaluation increase.

(i) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Corporation become a party to the contractual provision of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of the three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

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Notes to the Financial Statements
For the financial year ended 31 December 2017

3. Significant accounting policies (contd.)

(i) Financial assets (contd.)

i Financial assets measured at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

ii Financial assets that are debt instruments measured at amortised cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

iii Financial assets that are equity instruments measured at cost less impairment

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

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3. Significant accounting policies (contd.)

(j) Inventories

Inventories are stated at the lower of cost (determined on a first in, first-out basis) and net realisable value.

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Group and the Corporation make a new assessment of selling price less cost to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

(k) 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.

(l) Marketable securities

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

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3. Significant accounting policies (contd.)

(m) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition.

(n) Liabilities and equity

i. Classification of liabilities and equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

ii. Equity Instruments

Ordinary shares are classified as equity.

The Corporation accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

iii. Financial liabilities

Financial liabilities are recognised in the statements of financial position when the Group and the Corporation become a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Group and the Corporation to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

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**Notes to the Financial Statements
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3. Significant accounting policies (contd.)

(n) Liabilities and equity (contd.)

iv. Financial liabilities measured at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

v. Financial liabilities measured at amortised cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any differences between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

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3. Significant accounting policies (contd.)

(o) Provisions

A provision is recognised when the Group and the Corporation have an obligation at the reporting date as a result of a past event. It is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

(p) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(q) Leases- as lessee

i. Finance leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risk and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group and the Corporation.

The Group and the Corporation initially recognise its rights of use and obligations under finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

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

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3. Significant accounting policies (contd.)

(q) Leases- as lessee (contd.)

i. Finance leases (contd.)

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group and the Corporation will obtain ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Group and the Corporation assess whether the assets leased under the finance lease are impaired.

ii Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risk and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(r) Deferred income

Deferred income are recognised initially at their fair value in the statement of financial position as deferred income where 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 the 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.

(s) 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.

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Notes to the Financial Statements
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3. Significant accounting policies (contd.)

(s) 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.

(t) 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 statement of financial position 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 statement of financial position date used are as follows:

	2017 RM	2016 RM
United States Dollars	4.059	4.486
European Dollars	4.873	4.720
Singapore Dollars	3.024	3.099
	=====	=====

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Notes to the Financial Statements
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3. Significant accounting policies (contd.)

(u) Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position 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.

(v) Employee benefits

(i) Short term benefits

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Group and the Corporation.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

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**Notes to the Financial Statements
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3. Significant accounting policies (contd.)

(v) Employee benefits (contd.)

(i) Short term benefits (contd.)

The expected cost of profit-sharing and bonus payments are recognised when the Group and the Corporation have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Corporation have no realistic alternative but to make the payments.

(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.

(w) Borrowing costs

All interest incurred in connection with borrowings are expensed as incurred.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the accounting policies

The judgment, apart from those involving estimations described below, that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

(a) Measurement of a provision

The Group and the Corporation uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Corporation's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers, a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price is used as the best estimate.

If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

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**Notes to the Financial Statements
For the financial year ended 31 December 2017**

4. Critical accounting judgements and key sources of estimation uncertainty (contd.)

Key sources of estimation uncertainty (contd.)

(b) Determining the value-in-use

The Group and the Corporation allocates goodwill to cash-generating units for the purpose of impairment testing. In determining the value-in-use of cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future rate(s). The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's and the Corporation's financial position and results.

(c) Loss allowances of financial assets

The Group and the Corporation recognize impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flow expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Corporation's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Corporation's financial position and results.

(d) Depreciation of property, plant and equipment

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

(e) Measurement of income taxes

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

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**Notes to the Financial Statements
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5. Property, plant and equipment

	Group					
	Long term leasehold land	Short term leasehold land	Buildings	Office furniture, fittings & equipment	Plant & machinery	Aircraft spare engines and transportation aircraft equipment & motor vehicles
	RM	RM	RM	RM	RM	RM
Cost						
As at 1 January 2017	57,617,457	16,013,953	323,845,894	27,237,597	64,843,350	305,777,729
Additional	-	-	40,130,787	3,880,174	16,739,187	-
Disposal	-	-	(3,878,000)	(493,960)	-	(2,954,253)
Written off	-	-	-	(9,965)	(57,634)	(92,724)
As at 31 December 2017	57,617,457	16,013,953	360,098,681	30,613,846	81,524,903	302,823,476
Accumulated depreciation						
As at 1 January 2017	4,868,884	7,261,362	85,146,385	17,402,598	31,907,891	193,418,322
Additional	573,923	334,728	7,266,700	2,381,056	2,354,586	25,569,549
Disposal	-	-	(232,680)	(485,567)	-	(2,954,252)
Written off	-	-	-	(9,253)	(54,648)	(92,724)
As at 31 December 2017	5,442,807	7,596,090	92,180,405	19,288,834	34,207,829	216,033,619
Net book value						
As at 31 December 2017	52,174,650	8,417,863	267,918,276	11,325,012	47,317,074	86,789,857
As at 31 December 2016	52,748,573	8,752,591	238,699,509	9,834,999	32,935,459	112,359,407
Depreciation charged for 2016	538,518	334,728	9,620,058	6,410,695	2,065,374	28,109,518
						3,599,577
						-
						50,678,468

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Notes to the Financial Statements

For the financial year ended 31 December 2017

5. Property, plant and equipment (contd.)

Corporation								
Cost	Long term leasehold land		Buildings		furniture, fittings & equipment		Transportation equipment & motor vehicles	Total RM
	RM	RM	RM	RM	RM	RM		
As at 1 January 2017	47,059,917	194,121,716	8,101,009	1,790,584	9,547,267	260,620,493		
Additional	-	18,000,000	173,267	-	435,392	18,608,659		
Disposal		(3,878,000)	(440,901)	-	(575,739)	(4,894,640)		
As at 31 December 2017	47,059,917	208,243,716	7,833,375	1,790,584	9,406,920	274,334,512		
Accumulated depreciation								
As at 1 January 2017	3,357,470	49,529,033	6,917,022	1,335,717	5,784,083	66,923,325		
Additional	298,289	3,316,119	309,480	9,300	238,302	4,171,490		
Disposal		(232,680)	(433,334)	-	(575,739)	(1,241,753)		
As at 31 December 2017	3,655,759	52,612,472	6,793,168	1,345,017	5,446,646	69,853,062		
Net book value								
As at 31 December 2017	43,404,158	155,631,244	1,040,207	445,567	3,960,274	204,481,450		
As at 31 December 2016	43,702,447	144,592,683	1,183,987	454,867	3,763,184	193,697,168		
Depreciation charged for 2016	298,289	3,376,569	350,163	21,444	359,859	4,406,324		

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5. Property, plant and equipment (contd.)

The title deeds to the leasehold land and buildings acquired by the Corporation with net book value amounted to RM5,382,969 (2016: RM5,382,969) are in the process of being transferred or issued to the Corporation.

6. Investment in subsidiaries

	Corporation	
	2017 RM	2016 RM
Unquoted shares, at cost	258,501,325	283,516,325
Unquoted shares, at premium	17,765,802	17,765,802
	276,267,127	301,282,127

7. Investment in associates

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost:				
Quoted shares	97,894,941	30,671,905	23,260,001	23,260,001
Additional of associates	-	-	66,723,036	-
Share of post-acquisition retained profits	118,839,826	113,940,352	-	-
Less: Impairment loss	-	-	(1,749,998)	(1,749,998)
	216,734,767	144,612,257	88,233,039	21,510,003

	Group	
	2017 RM	2016 RM
Represented by:		
Share of net tangible assets	214,414,224	142,291,714
Goodwill on acquisition	2,320,543	2,320,543
	216,734,767	144,612,257

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8. Other investments

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
i Quoted unit trusts at cost				
Gross carrying				
amount	169,082,397	139,056,854	52,775,721	57,437,719
Additional	76,431,493	32,363,363	21,806,306	338,002
Disposal /				
Impairment	(5,219,588)	(5,000,000)	(5,000,000)	(5,000,000)
	<u>240,294,302</u>	<u>166,420,217</u>	<u>69,582,027</u>	<u>52,775,721</u>
ii Unquoted shares at cost				
Gross carrying				
amount	32,286,837	78,348,509	32,174,018	77,932,677
Additional	-	5,274,942	-	5,274,942
Disposal	<u>(9,126,518)</u>	<u>(50,977,174)</u>	<u>(9,126,518)</u>	<u>(51,033,601)</u>
	<u>23,160,319</u>	<u>32,646,277</u>	<u>23,047,500</u>	<u>32,174,018</u>
Less: Accumulated				
impairment losses	(91,000)	(91,000)	(91,000)	(91,000)
	<u>23,069,319</u>	<u>32,555,277</u>	<u>22,956,500</u>	<u>32,083,018</u>
Details movement of				
impairment losses:				
Gross carrying				
amount	91,000	42,187,537	91,000	42,187,537
Disposal	-	(42,096,537)	-	(42,096,537)
	<u>91,000</u>	<u>91,000</u>	<u>91,000</u>	<u>91,000</u>
iii Quoted shares at cost				
Gross carrying				
amount	13,928,556	15,219,769	13,928,556	13,928,556
Less: Accumulated				
impairment losses	(7,695,906)	(7,695,906)	(7,695,906)	(7,695,906)
	<u>6,232,650</u>	<u>7,523,863</u>	<u>6,232,650</u>	<u>6,232,650</u>

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8. Other investments (contd.)

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
iv Investments managed by				
ASSAR Asset Management				
Sdn Bhd	11,144,289	10,541,330	8,152,765	7,590,945
Less: Accumulated impairment losses	(5,167,897)	(5,167,897)	(5,167,897)	(5,167,897)
	<u>5,976,392</u>	<u>5,373,433</u>	<u>2,984,868</u>	<u>2,423,048</u>
v Structured investment	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>
Total	<u>275,578,491</u>	<u>211,878,618</u>	<u>101,761,873</u>	<u>93,520,265</u>

9. Property development expenditure

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Development costs brought forward	144,389,547	153,664,473	143,344,528	152,867,625
Development costs incurred in the year	23,675,599	42,421,061	24,720,618	(9,523,097)
Less: Amount contra against government grants				
- Amount recognised in the current year	(13,216,882)	(51,695,987)	(13,216,882)	-
	<u>154,848,264</u>	<u>144,389,547</u>	<u>154,848,264</u>	<u>143,344,528</u>

10. Plantation development expenditure

	Group	
	2017 RM	2016 RM
At 1 January	602,896	557,573
Additional	-	45,323
At 31 December	<u>602,896</u>	<u>602,896</u>

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11. Tree planting expenditure

The tree planting expenditure is incurred under a licence of a subsidiary for planted forest expiring on 21 November 2067. In accordance with the clause of the licence for planted forest, the Group can fell, remove and sell the standing timber in the licensed area and recognised as income.

On 3 January 2012, the Group has entered into an agreement with a planting contractor and a subsidiary to extract all the plantation logs within the contracted area. The planted forest is yet to be transferred to the Group by the Sarawak State Government. The contractor is responsible to sell the plantation logs and in return replant the contracted area at its own costs at the harvesting/replanting ratio of 1:1. The Sarawak State Government has agreed that the replanted forest is to be transferred and accounted for in the tree planting expenditure of the Group.

12. Long term loan receivables

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Long term loan receivables :				
i Tanjong Manis Food & Industrial Park Sdn. Bhd.	-	2,000,000	-	2,000,000
ii Tanjong Manis Integrated Port Sdn. Bhd.	-	-	-	3,810,260
iv Senari Synergy Sdn. Bhd.	-	22,500,000	-	22,500,000
v PUSAKA KTS Forest Plantation Sdn. Bhd.	-	9,059,504	-	9,059,504
vi PUSAKA KS Pulp Sdn. Bhd.	-	500,000	-	500,000
vi PUSAKA Capital Sdn. Bhd.	-	-	-	26,950,000
	-	34,059,504	-	64,819,764
Less: Provision for doubtful debts				
Total	-	32,059,504	-	62,819,764

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13. Goodwill on consolidation

	Group	
	2017	2016
	RM	RM
Balance at 1 January:		
- Gross carrying amount	1,413,600	1,590,300
- Accumulated amortisation and impairment	(353,400)	(176,700)
- Net carrying amount	1,060,200	1,413,600
Amortisation expenses for the year (Note 25)	(176,700)	(176,700)
Balance at 31 December:		
- Gross carrying amount	1,767,000	1,767,000
- Accumulated amortisation and impairment	(530,100)	(353,400)
- Net carrying amount	1,236,900	1,413,600

14. Inventories

	Group		Corporation	
	2017	2016	2017	2016
	RM	RM	RM	RM
Processed timber				
-plywood and sawn timber	4,461,925	10,325,875	-	-
Timber logs	-	676,185	-	-
Consumables	1,483,434	235,100	-	-
Industrial land lots	60,137,869	147,131,964	48,137,869	48,137,869
Ship building lots	79,940,096	-	79,940,096	79,940,096
Shophouses	5,581,304	-	5,581,304	5,921,266
Aircraft spares	5,433,643	4,074,324	-	-
Work-in-progress	14,612	14,612	-	-
	157,052,883	162,458,060	133,659,269	133,999,231
Less: Provision for stock obsolescence	(1,132,733)	(1,132,733)	-	-
	155,920,150	161,325,327	133,659,269	133,999,231

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15. Trade and other receivables

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	71,566,295	80,177,251	32,805,248	34,735,648
Due from:				
- Subsidiaries	-	-	52,000	52,000
Less: Accumulated impairment loss	(10,658,478)	(11,268,424)	(10,120,963)	(10,520,963)
	<u>60,907,817</u>	<u>68,908,827</u>	<u>22,736,285</u>	<u>24,266,685</u>
Details movement of impairment losses:				
Gross carrying amount	11,268,424	11,184,700	10,520,963	10,520,963
(Recoverable) / Additional	(609,946)	83,724	(400,000)	-
	<u>10,658,478</u>	<u>11,268,424</u>	<u>10,120,963</u>	<u>10,520,963</u>
Due from:				
- Subsidiaries	-	-	15,693,489	11,916,957
- Associates	89,000	539,000	89,000	89,000
- Related companies	2,673,555	2,977,034	2,515,298	2,934,537
- Contract customers	61,517	-	-	-
Dividend receivables	(7,598,608)	(6,959,292)	(7,598,608)	(6,959,292)
Tax refundable	26,418,676	16,031,264	23,236,040	14,593,874
Deposits	3,646,381	1,939,636	782,083	790,598
Prepayments	2,836,874	1,866,920	146,173	149,531
Sundry receivables	56,705,585	45,851,240	16,156,142	9,241,481
Less: Accumulated impairment loss	(6,088,245)	(6,088,245)	(18,005,202)	(18,005,202)
	<u>78,744,735</u>	<u>56,157,557</u>	<u>33,014,415</u>	<u>14,751,484</u>
Details movement of impairment losses:				
Gross carrying amount	6,088,245	6,564,340	18,005,202	18,019,340
Disposal	-	(476,095)	-	(14,138)
	<u>6,088,245</u>	<u>6,088,245</u>	<u>18,005,202</u>	<u>18,005,202</u>

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15. Trade and other receivables (contd.)

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term loan receivables:				
i Tanjong Manis Food & Industrial Park Sdn. Bhd.	2,000,000	-	2,000,000	-
ii Tanjong Manis Integrated Port Sdn. Bhd.	-	-	10,893,169	-
iii PUSAKA KTS Forest Plantation Sdn. Bhd.	9,059,504	-	9,059,504	-
iv PUSAKA KS Pulp Sdn. Bhd.	500,000	-	500,000	-
v PUSAKA Capital Sdn. Bhd.	-	-	26,950,000	-
vi Tanjong Manis Integrated Port Sdn. Bhd.	-	-	-	1,000,000
	11,559,504	-	49,402,673	1,000,000
Less: Provision for doubtful debts	(2,000,000)	-	(2,000,000)	-
	9,559,504	-	47,402,673	1,000,000
	<u>149,212,056</u>	<u>125,066,384</u>	<u>103,153,373</u>	<u>40,018,169</u>

Amount due from subsidiaries, associates and related companies are unsecured, interest free and have no fixed term of repayment.

16. Cash and cash equivalents

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash on hand and at banks	30,922,875	29,308,995	2,957,473	7,124,958
Deposits with licensed banks	192,945,385	296,310,863	157,815,159	242,931,043
	223,868,260	325,619,858	160,772,632	250,056,001
Bank overdraft	-	(163,106)	-	-
Fixed deposits pledge	(452,770)	(1,754,914)	-	-
Fixed deposits with maturity more than 3 months	(5,229,491)	(2,270,186)	-	-
	<u>218,185,999</u>	<u>321,431,652</u>	<u>160,772,632</u>	<u>250,056,001</u>

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17. Retained earnings

The Group's policy is to treat all gains and losses that pass through the statement of comprehensive income as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained profits of the Group and Corporation are available for distribution by way of cash dividends or dividends in specific. Under the single-tier system of taxation, dividend payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

18. Deferred income

	Group/Corporation	
	2017 RM	2016 RM
Balance at 1 January		
- Total government grant received	363,030,931	310,226,727
- Utilised for project	(250,385,826)	(141,513,369)
Net carrying amount at 1 January	112,645,105	168,713,358
- Government grants received during the year	12,810,000	52,804,204
- Amortisation for the year	(10,417,517)	(108,872,457)
	<u>115,037,588</u>	<u>112,645,105</u>
Balance at 31 December:		
- Total government grant received	375,840,931	363,030,931
- Cumulative amount recognised in profit or loss	(260,803,343)	(250,385,826)
	<u>115,037,588</u>	<u>112,645,105</u>

19. Borrowings

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Unsecured				
Non-current borrowings				
Term loans-GP PUSAKA	94,665,496	128,976,986	94,665,496	128,976,986
Loan payable State Government				
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
	<u>114,024,104</u>	<u>148,335,594</u>	<u>114,024,104</u>	<u>148,335,594</u>

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19. Borrowings (contd.)

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Unsecured				
Current borrowings				
Sarawak Planted Forest Sdn Bhd	-	-	-	5,451,645
Loan payable State Government				
- 6.5% p.a	48,420,828	48,420,828	48,420,828	48,420,828
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
	<u>67,779,436</u>	<u>67,779,436</u>	<u>67,779,436</u>	<u>73,231,081</u>
Total unsecured borrowings	<u>181,803,540</u>	<u>216,115,030</u>	<u>181,803,540</u>	<u>221,566,675</u>
Secured				
Non-current				
Term loans	96,726,920	76,711,603	-	-
Finance lease	66,781	705,086	-	-
	<u>96,793,701</u>	<u>77,416,689</u>	<u>-</u>	<u>-</u>
Secured				
Current				
Bank overdrafts	910,624	163,106	-	-
Term loans	13,362,347	66,129,298	-	-
Revolving credit	23,000,000	20,000,000	-	-
Finance lease	99,940	766,974	-	-
	<u>37,372,911</u>	<u>87,059,378</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>134,166,612</u>	<u>164,476,067</u>	<u>-</u>	<u>-</u>
Total Non-current:				
Term loans-GP PUSAKA	94,665,496	128,976,986	94,665,496	128,976,986
Loan payable State Government				
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
Term loans	96,726,920	76,711,603	-	-
Finance lease	66,781	705,086	-	-
	<u>210,817,805</u>	<u>225,752,283</u>	<u>114,024,104</u>	<u>148,335,594</u>

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19. Borrowings (contd.)

	Group		Corporation	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total Current:				
Sarawak Planted Forest Sdn Bhd	-	-	-	5,451,645
Loan payable State Government				
- 6.5% p.a	48,420,828	48,420,828	48,420,828	48,420,828
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
Bank overdrafts	910,624	163,106	-	-
Term loans	13,362,347	66,129,298	-	-
Revolving credit	23,000,000	20,000,000	-	-
Finance lease	99,940	766,974	-	-
	<u>105,152,347</u>	<u>154,838,814</u>	<u>67,779,436</u>	<u>73,231,081</u>
Total borrowings	<u>315,970,152</u>	<u>380,591,097</u>	<u>181,803,540</u>	<u>221,566,675</u>

20. Deferred tax

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

	Group		Corporation	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 January	(9,103,691)	(11,977,792)	-	-
Recognised in the income statement	11,461,240	(5,870,385)	3,750,206	-
Recognised in the reserves	-	8,744,486	-	-
	<u>2,357,549</u>	<u>(9,103,691)</u>	<u>3,750,206</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	4,815,908	7,873,467	3,750,206	-
Deferred tax liabilities	(30,085,350)	(16,977,158)	-	-

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20. Deferred tax (contd.)

	Group		Corporation	
	2017	2016	2017	2016
Deferred tax assets:				
Tax losses and unabsorbed capital allowances				
At 1 January	7,873,467	124,000	-	-
Recognised in the income statement	(3,057,559)	7,749,467	3,750,206	-
At 31 December	<u>4,815,908</u>	<u>7,873,467</u>	<u>3,750,206</u>	<u>-</u>
Deferred tax liabilities:				
Accelerated capital allowances				
At 1 January	(16,977,158)	(12,101,792)	-	-
Recognised in the income statement	(13,108,192)	(4,875,366)	-	-
At 31 December	<u>(30,085,350)</u>	<u>(16,977,158)</u>	<u>-</u>	<u>-</u>

21. Retirement benefit obligations

	Group	
	2017	2016
	RM	RM
Present value of unfunded defined benefit obligations		
Current	56,687	51,938
Non-current	4,605,841	4,205,683
	<u>4,662,528</u>	<u>4,257,621</u>

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22. Trade and other payables

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	<u>28,607,948</u>	<u>32,250,614</u>	-	-
Bonus shares	2,276,196	-	2,276,196	-
Deferred expenditure	56,161,662	-	56,161,662	56,161,662
Due to subsidiaries	-	-	2,869,185	3,175,821
Due to associates	-	3,546,999	-	-
Good and service tax	(5,478)	36,199	(5,478)	61,582
Sundry payables	<u>88,808,859</u>	<u>118,883,392</u>	<u>51,072,460</u>	<u>40,901,904</u>
	<u>147,241,239</u>	<u>122,466,590</u>	<u>112,374,025</u>	<u>100,300,969</u>
	<u>175,849,187</u>	<u>154,717,204</u>	<u>112,374,025</u>	<u>100,300,969</u>

Advances from related companies and other related parties are interest-free and without any fixed terms of repayment. All short term payables including inter-company payables, are measured at undiscounted amounts because the effect of discounting is immaterial.

23. Revenue

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Aviation services	82,155,226	108,278,225	-	-
Commission income	-	1,896,266	-	-
Bad debts recoverable	400,000	-	400,000	-
Bonus shares	9,126,518	3,299,998	9,126,518	3,299,998
Gain on disposal of:				
- Investments	-	75,823	-	-
- Shares	1,036,505	-	1,036,505	34,919
Gain on foreign exchange realised	-	218,478	-	-
General repair and maintenance services	-	5,374,077	-	-
Good and service tax	-	1,045,040	-	1,045,040
Grant amortised	-	57,176,470	-	57,176,470
Balance brought forward	<u>92,718,249</u>	<u>177,364,377</u>	<u>10,563,023</u>	<u>61,556,427</u>

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23. Revenue (contd.)

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Balance carried forward	92,718,249	177,364,377	10,563,023	61,556,427
Gross dividend:				
- Other investment	8,140,695	6,704,122	8,140,695	3,940,571
- Subsidiaries	1,414,626	-	1,414,626	3,367,254
Increase in fair value	18,850,179	-	18,850,179	-
Interest income	12,307,211	12,121,766	5,656,435	10,745,862
Management fees	293,183	637,001	125,183	529,001
Operation grant received	9,000,000	11,500,000	9,000,000	11,500,000
Other operating income	14,671,530	4,863,708	1,081,683	1,326,291
Other services	31,338,437	24,590,780	637,743	615,093
Project revenue	14,314,071	(2,268,880)	(16,133)	(2,268,880)
Profit on disposal				
property, plant and equipment	336,871	628,993	336,871	628,993
Registration fees	581,674	618,313	581,674	618,313
Rental income	2,175,955	1,163,432	-	-
Replanting	-	4,311,478	-	-
Sale of construction, furniture and hardware materials	13,985,847	214,993	-	-
Sale of woodchips, timber logs, sawn timber and peat swap logs	289,766,290	186,813,788	-	-
Timber premium	15,947,764	19,393,267	15,947,764	18,531,180
Wharfage, stevedorage, barging and other port users' services	32,334,763	27,985,558	-	-
	<u>558,177,345</u>	<u>476,642,696</u>	<u>72,319,743</u>	<u>111,090,105</u>

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24. Cost of sales

Cost of sales of the Group consists of the following:

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Contract fee	177,491,918	96,260,654	-	-
Cost of construction, furniture				
hardware material sold	13,168,551	390,790	339,961	-
Cost of woodchips, timber logs, sawn timber and peat				
swamp logs sold	38,078,526	33,844,892	-	-
Cost of aviation services	62,192,550	78,148,029	-	-
Cost of other services	16,679,390	6,919,903	-	-
Royalty and cess	13,959,890	8,388,068	-	-
Wharfage, stevedorage, barging and other port users' services	17,775,281	15,378,103	-	-
	<u>339,346,106</u>	<u>239,330,439</u>	<u>339,961</u>	<u>-</u>

25. Finance costs

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest on loan	16,681,328	10,987,918	4,595,473	4,376,986
Interest subsidy	679,768	-	679,768	680,984
Others	508,336	110,053	-	-
	<u>17,869,432</u>	<u>11,097,971</u>	<u>5,275,241</u>	<u>5,057,970</u>

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26. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Amortisation of goodwill	176,700	176,700	-	-
Auditor's remuneration				
- Current	225,557	221,178	17,257	17,578
- Overprovision	(5,800)	-	-	-
Bad debts recoverable	(400,000)	-	(400,000)	-
Bad debts written off	-	13,596	-	2,000,000
Provision for doubtful debts no longer required	-	(476,095)	-	-
Depreciation of property, plant and equipment	39,395,598	50,678,468	4,171,490	4,406,324
Hire of equipment	1,240,340	1,160,106	777,590	755,708
Members' fees	2,231,123	1,092,541	241,500	245,880
Office rental	1,174,468	860,458	297,000	218,000
Salaries and allowances	83,151,760	79,009,962	25,722,908	21,409,516
Finance costs	17,869,432	11,097,971	5,275,241	5,057,970
Bonus shares	(9,126,518)	(3,299,998)	(9,126,518)	(3,299,998)
Gain on disposal of:				
- Investments	(19,677)	(75,823)	-	-
- Shares	(1,036,505)	-	(1,036,505)	(34,919)
Gain on foreign exchange realised	(23,391)	(218,478)	-	-
Grant amortised	-	(57,176,470)	-	(57,176,470)
Gross dividend:				
- Other investment	(8,140,695)	(6,704,122)	(8,140,695)	(3,940,571)
- Subsidiaries	(1,414,626)	-	(1,414,626)	(3,367,254)
Impairment loss on property, plant and equipment	51,082	48,008	-	-
Increase in fair value	18,850,179	-	18,850,179	-
Reversal of provision for diminution in value of investment	133,035	(40,063,945)	-	-

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26. Profit before tax (contd.)

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Loss on foreign exchange				
- Realised	67,071	164,387	-	-
- Unrealised	85,318	-	-	-
Interest income	(12,307,211)	(12,121,766)	(5,656,435)	(10,745,862)
Property, plant and equipment written off	3,698	1,657	-	-
Provision for doubtful debts	-	2,083,724	-	2,000,000
Operation grant received	(9,000,000)	(11,500,000)	(9,000,000)	(11,500,000)
Loss on disposal property, plant and equipment	(336,871)	(628,993)	(336,871)	(628,993)
Rental of aircraft	97,417	14,222,143	-	-
Rental income	<u>(2,175,955)</u>	<u>(1,163,432)</u>	<u>-</u>	<u>-</u>

27. Tax expenses

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expense for the year	18,885,959	2,457,060	(2,206,376)	277,667
Under provided in prior year	<u>951,258</u>	<u>193,296</u>	<u>-</u>	<u>260,490</u>
	<u>19,837,217</u>	<u>2,650,356</u>	<u>(2,206,376)</u>	<u>538,157</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	14,498,104	-	-
Relating to changes in tax rate	(3,802,081)	(444,000)	(3,750,206)	-
Over provided in prior year	<u>-</u>	<u>(8,183,719)</u>	<u>-</u>	<u>-</u>
	<u>(3,802,081)</u>	<u>5,870,385</u>	<u>(3,750,206)</u>	<u>-</u>
Share of taxation of associates	-	5,149	-	-
	<u>16,035,136</u>	<u>8,525,890</u>	<u>(5,956,582)</u>	<u>538,157</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

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27. Tax expenses (contd.)

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

	Group		Corporation	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	<u>86,254,537</u>	<u>249,083,728</u>	<u>6,020,991</u>	<u>47,076,209</u>
 Taxation at Malaysian statutory tax rate of 24% (2016: 25%)	16,852,656	19,135,941	2,874,618	11,298,290
Income not subject to tax	-	(18,574,712)	(1,399,582)	(16,911,611)
Effect of reduction in tax rate	-	(444,000)	-	-
Expenses not deductible for tax purposes	(1,768,778)	22,325,165	8,640	5,734,114
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(16,622)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	1,169,392	(7,440,258)	156,874
Utilisation of deferred tax assets previously unrecognised	-	(7,084,000)	-	-
Over provision of deferred tax in prior years	-	(8,183,719)	-	-
Under provision of tax expenses in prior years	951,258	193,296	-	260,490
Share of results of associates	-	5,149	-	-
	<u>16,035,136</u>	<u>8,525,890</u>	<u>(5,956,582)</u>	<u>538,157</u>

28. Comparative figures

Certain comparative figures have been reclassified to conform with this year's presentation.



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

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