



ANNUAL REPORT

LAPORAN TAHUNAN

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Corporate 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 Organisation (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, Mission and Functions

Corporate Vision

Spearheading the Advancement of Timber Industry

Corporate Mission

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



Corporate Functions

The core functions of STIDC 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 facilitate 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 any person engaged in the production and marketing of timber products;
- Provide technical advisory services to facilitate the development of the existing timber industry and the establishment of new industries; and
- Provide training in various aspects of the timber industry operations.

A close-up photograph of green fern fronds. The fronds are densely packed with small, glistening water droplets, suggesting a recent rain or a moist environment. The lighting is natural, highlighting the texture of the fern leaves and the clarity of the water droplets.

Corporate **Objectives**



To formulate new policies and strategies for promoting and developing the timber industry;



To ensure effective use of forest resources;



To ensure mutual benefits from the harvesting of forest resources through new concepts and strategies; and



To enable the State Government to co-ordinate and implement the overall development strategies of the timber industry through partnership with the private sector.



STIDC
Client's Charter

1. To process all types of registration applications within five (5) working days.
2. To process and issue grading certificate within five (5) working days.
3. To process and issue import & export licences for timber and timber products within one (1) working day.
4. To process feedback on applications for non-resident workers and expatriates within seven (7) working days.
5. To process applications for issuance of licence and mill registration within twenty-one (21) working days
6. To process payments within twelve (12) working days.
7. To respond to enquiries and information request within three (3) working days.
8. To respond to customer complaints within three (3) working days



STIDC

Corporate Song



PUSAKA Kita

Bersama kita tingkatkan kejayaan
Dengan semangat bekerjasama
Bersatu tenaga dan warisan budaya
Menjadi amalan kerja kita

Budaya kerja berteras kualiti
Kami anak watan yang berdikari
Penuh kasih sayang sesama kita
PUSAKA Berjaya nan gemilang

Bertanggungjawab amanah dan setia
Integriti, adil dan saksama
Jujur mesra kita amalkan
PUSAKA cemerlang warga terbilang



STIDC

Quality Policy

Continuous improvement of quality services for the advancement of timber industry in Sarawak in accordance with STIDC Ordinance 1973 and the regulation created there under.



STIDC Logo



This logo was officially launched on 7 May 1993 in conjunction with the 20th Anniversary of STIDC.

This logo was designed to reflect the aspirations, functions and objectives of PUSAKA as well as its corporate vision. Its circular shape signifies PUSAKA as the leader and catalyst for the timber industry.

The green letter "P" depicts the abbreviated name of the Corporation in Bahasa Melayu PUSAKA that bears the meaning of the forest as a heritage and invaluable resource of the people of Sarawak.

The brown colour symbolises wood as a raw material for the timber industry. The letter "S" is an abbreviation of the name of the Corporation - STIDC in English. The golden colour depicts the leadership role played by PUSAKA in the development of the timber industry.

The combination of colours reflects the efforts of PUSAKA in stimulating the growth of the timber industry towards a more dynamic and progressive era as far as the downstream processing sector is concerned.





Nothing Should Go to Waste

Wood residues are derived from manufacturing processes either due to natural or mechanical defects. Natural defects include rots, splits, tapering and decay. Mechanical defects on the other hand are due to converting processes like trimmings, sizing, turning, profiling and drying. These residues come in different forms, shapes and sizes. Examples of wood residues are log ends, side trimmings, slabs, saw dusts and sanding dusts. The average recovery rate of converting logs into primary products like plywood, veneer and sawn timber is about 50 percent depending on the quality of raw materials. In layman term, every one cubic metre of logs processed, about 0.5 cubic metre is converted into products and the remaining 0.5 cubic metre is mill residue. Wood residues must be managed properly in order to prevent safety and health issues.

In Sarawak wood residues are being processed into valuable products besides being used to generate power for wood and veneer drying, hence, nothing goes to waste. The industry also plays important role in minimising wood residues by upgrading the processing technology such as recovery lathes, efficient dryers, high precision sawing machines, end-to-end or side-to-side jointing, gluing and patching.



STIDC is promoting a tagline 'Nothing Should Go To Waste' to ensure optimum utilisation of forest resources besides encouraging the industry to produce value-added products such as fibreboard, woodchips, wood pellets, pallet blocks and core plugs using wood residues.

Currently, there are 11 woodchip mills in Sarawak. These mills employ 500 workers with the combined household income of RM18 million per year. The volume of woodchips produced in 2020 was 1.2 million green metric tons while 498,212 bdt were exported, worth RM234 million.

Apart from woodchips, wood residues are also used in Sarawak to produce other products such as medium density fibreboard, particleboard, wood pellets, charcoal briquettes and packaging materials including pallet blocks and core plugs.

Other countries use woodchips to produce pulp and paper, oriented strand board, wood cement boards, wood-plastic and other composites.

The demand for timber products is overwhelming. Sarawak, however, is facing challenges to meet the demand due to dwindling raw materials. Moreover, the industry has reached the maximum installed capacity.

Because of this the timber industry is processing and optimising the utilisation of wood residues using modern technology. The overall conversion recovery rate throughout the value chain is almost 100%. The wood residues processing technology is also automated, thus, improving the productivity.

With modern technology, both big and small diameter logs from planted forests can be processed and used. The big diameter logs are used by primary industry such as sawmills, veneer and plywood mills while the small diameter logs are processed to produce value-added products like fibreboard, oriented strand board (OSB), biomass pellets, engineered wood and wood composites. This ensures optimum utilisation of logs from planted forests and gives better return to plantation owners for this capital intensive and long gestation projects.

Sarawak recorded RM234 million in export earnings from woodchips in 2020. China and Japan being the major markets contributed RM138 million and RM96 million respectively.

At the same time RM306 million worth of fibreboard was exported. The major markets were Japan (RM239 million), the Philippines (RM33 million), Vietnam (RM12 million), Indonesia (RM10 million) Taiwan (RM7 million) and Korea (RM4 million).

The export value of particleboard earned by Sarawak in 2020 was RM19 million. The main markets were Indonesia (RM6.6 million), Vietnam (RM4.5 million), the Philippines (RM3 million), Korea (RM2.8 million) and Japan (RM1.8 million).

Meanwhile, RM2 million worth of biomass pellets were exported mainly to Korea in 2020.

Sarawak also exported RM23.5 million worth of charcoal briquette in 2020. The main buyers were the Middle East (RM8.2 million), Japan (RM5.4 million), Turkey (RM3.8 million), Taiwan (RM3.4 million) and Korea (RM1.5 million).

Asia Pacific region was the main consumer of wood residue products from Sarawak which accounted for RM590 million in 2020. Japan being the largest market contributed RM343 million, representing 58 percent of the total export value. China was the second largest market with RM139 million, representing 24 percent in export value. ASEAN countries including Indonesia, Vietnam and the Philippines contributed RM69 million, representing 12 percent of the cumulative export value.

STIDC is promoting Sarawak as the leading producer of eco-friendly timber products particularly those manufactured using timber from certified natural forests and from sustainable bamboo plantations. The industry is also producing products using materials from renewable and sustainable planted forests.

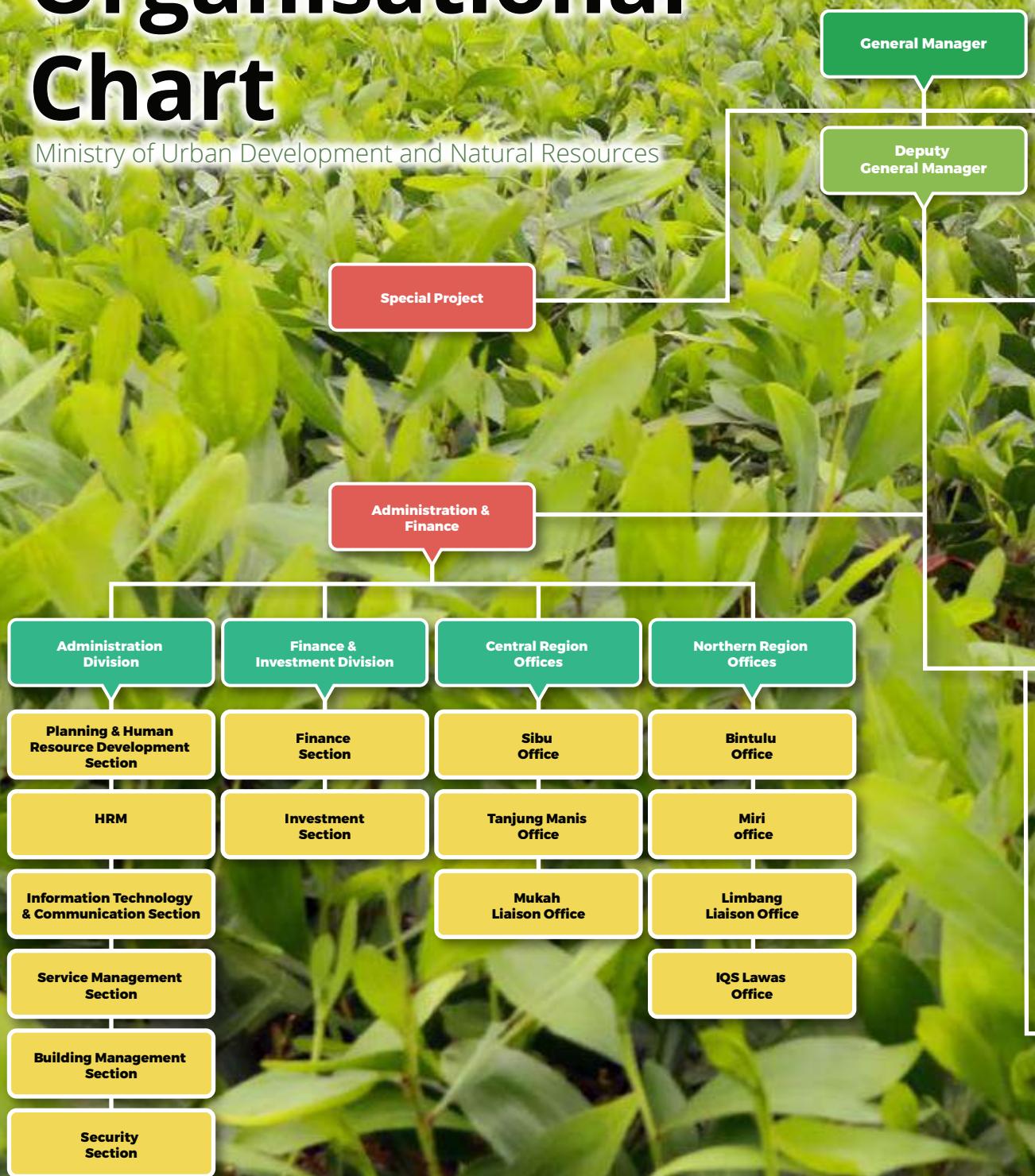


Corporate
Structure



Organisational Chart

Ministry of Urban Development and Natural Resources





**Corporate
Management**



Board Of Management



Chairman

**Yang Berhormat Datuk Amar Haji
Awang Tengah Ali Hasan**

Deputy Chief Minister
Minister of Urban Development & Natural Resources (II)
Minister of International Trade and Industry,
Industry Terminal & Entrepreneur Development, Sarawak



**Yang Berhormat Datuk Amar
Jaul Samion**
Sarawak State Secretary



**YB Datuk Haji Mohd Naroden
Bin Haji Majais**
*Assistant Minister of E-Commerce
Assistant Minister of Entrepreneur
and Small, Medium Enterprise (SME)
Development*



YB Datu Haji Len Talif Salleh
*Assistant Minister of Urban
Planning, Land Administration and
Environment*



**YBhg Tan Sri Datuk Amar (Dr)
Haji Abdul Aziz Bin Dato Haji
Husain**
*Chairman of Sarawak Economic
Development Corporation*



**YBhg Dato Sri Haji Ahmad
Tarmizi Bin Haji Sulaiman**
State Financial Secretary



**Yang Berbahagia Datu Sr.
Zaidi Bin Haji Mahdi**
*Permanent Secretary
Ministry Of Urban Development &
Natural Resources*



**Yang Berusaha Encik
Abdullah Bin Julaihi**
*Director,
Land and Survey Department,
Sarawak.*



**YBhg Datu Haji Mohamad
Abu Bakar Bin Marzuki**
*Deputy State Secretary Sarawak
(Socio Economic Transformation)
(Alternate Member To Datuk Amar
Jaul Samion)*



**YBhg Datu Dr. Haji Wan
Lizozman Bin Wan Omar**
*Permanent Secretary
Ministry of Urban Development &
Natural Resources
(Alternate Member To Datuk Amar
Ahmad Tarmizi Bin Sulaiman)*

Management Team



General Manager

Tuan Haji Hashim Bin Haji Bojet

P.B.K, P.P.B , P.P.S
Master of Business Administration, The Ohio University
Bachelor of Business Administration (Hons), UKM



**Puan Dayang Nena Binti
Abang Bruce**

Deputy General Manager



**Cik Hajah Haluyah Binti
Awi**

*Senior Assistant General Manager
(Administration & Finance)*



Puan Hajah Sadiyah Binti Tu

*Senior Assistant General Manager
(Project & Engineering)*



**Puan Suraya Binti
Mohamad Ali**

*Assistant General Manager
(Integrity & Risk Management)*



**Encik Bill Ensol Anak
Abang**

*Assistant General Manager
(Project & Engineering)*



**Puan Ruth Sibat @ Nur
Mithali Abdullah**

*Assistant General Manager
(Registration)*



**Tuan Haji Hamzah Haji
Morshidi**

*Assistant General Manager
(Resource Planning)*



**Encik Nicholas Andrew
Lissem**

*Assistant General Manager
(Industrial Planning & Licensing)*



Encik Johari Zainuddin

*Assistant General Manager
(Central Region)*



**Encik Awang Mentali Bin
Awang Mohamed Sulaiman**

*Assistant General Manager
(Trade Control)*



**Encik Abang Luqman
Alhakim bin Abang Wahid**

*Acting Assistant General
Manager (Finance & Investment)*



**Encik Dahrawi Bin
Muhammad**

*Acting Assistant General
Manager (Northern Region)*



**Puan Rosleenda Sayumi
Ismail**

Legal & Secretarial Manager

Chairman's *Statement*





Chairman's Statement

Businesses across the globe suffered since the outbreak of Coronavirus (COVID-19) pandemic in March 2020. The wood-based sector of Sarawak also experienced sluggish market performance in 2020.

Export volume of timber and timber products of Sarawak dropped by 19 percent to 2.5 million cubic metres in 2020 compared with 3.1 million cubic metres in 2019. Export value, on the other hand, dipped by 17 percent to RM3.7 billion in 2020 from RM4.5 billion in 2019.

Sarawak embarks on Industrial Forest Plantation (IFP) since 1997 as another source of raw materials. 45 IFP licences were issued by the government to plant one million hectares of fast growing tree species by 2025. In 2020, 519,758 hectares were planted with *Acacia* spp., *Kelempayan* (*N. cadamba*), *Batai* (*P. falcata*), *Eucalyptus* spp., *Rubber* (*Hevea brasiliensis*), *Meranti* (*Shorea* species), *Kapur* (*Dryobalanops* spp.) and *Keruing* (*Dipterocarpus* spp.).

With dwindling log production from natural forests, industrial forests will be the main source of raw materials for local processing with the projected annual log production of 5-6 million cubic metres.

Under the state land use policy, the forestry sector was allocated with six million hectares for Permanent Forest Estates (PFEs) to support economic activities such as timber industry, biotechnology and eco-tourism. Conservation of flora and fauna will continue by gazetting one million hectares as Totally Protected Areas (TPAs). In addition, log production from natural forests will be gradually reduced.

To strengthen the management of Permanent Forest Estates (PFEs), the government made it mandatory for all long-term forest timber licence holders to obtain Forest Management Certification (FMC) by 2022 in order to boost yield of natural forests and global market acceptance. Presently, six Forest Management Units (FMUs) covering 561,703 hectares were certified.

The harvesting of industrial forests in Sarawak started in 2011 with log production of 44,000 cubic metres compared with 1.679 million cubic metres in 2020. This marked a growth of 3,715 percent. It is, therefore, vital for the industry to invest in new technology and automation to boost productivity and to ensure cost effectiveness besides enhancing competitiveness through innovations and collaborative research with reputable institutions in order to produce high value-added products.

Mass production of value-added products such as oriented strand board (OSB), engineered wood, glulam, furniture, biomass wood pellets, etc is in tandem with the government's aspiration to achieve RM8 billion in export earnings by 2030.

The wood-based sector remained as the mainstay of the economy of Sarawak and provided more than 100,000 employment opportunities.

It is imperative for the industry to leverage on digital technology for business transaction, promotions, networking and data management. Competent and skilled workforce is required to manage new technology, develop new products and produce attractive designs.

The Young Designers Training Programme (SayD'SignersSarawak), jointly initiated by STIDC, UNIMAS, Institut Teknologi Bandung (ITB) and industry players is commendable in eliciting designers for the growth of furniture industry. STIDC will continue to collaborate with other stakeholders to accelerate the growth of industries to produce high value-added products particularly furniture for export markets. This augurs well with the state government's aspiration to generate RM6 billion in export earnings from downstream and high value-added products by 2030. Towards that end, the government will develop more furniture towns to cater for local and foreign furniture manufacturers for export markets.

I would like to thank STIDC for its dedication in executing the government policies. The path ahead was clearly chartered although the journey is challenging. With its vast experiences and support from the related government agencies and the timber industry players, I am confident that STIDC will be able to overcome the challenges in spearheading the future development of the timber industry in Sarawak.

DATUK AMAR HAJI AWANG TENGAH ALI HASAN

Deputy Chief Minister
Minister of Urban Development & Natural Resources (II)
Minister of International Trade and Industry,
Industry Terminal & Entrepreneur Development
Chairman of STIDC Board of Management

GM's
Preface





GM's Preface

2020 was a challenging year due to the global outbreak of Coronavirus (COVID-19) pandemic. Amid the challenges and in support of the government's efforts to break the chain of the virus, STIDC and the Sarawak Timber Association (STA) contributed RM2 million worth of Covid-19 personal protective equipment (PPE) to Sarawak Disaster Management Committee (SDMC) to help medical front-liners curb Covid-19.

The PPE included 105,000 pieces of disposable medical masks, 10,000 pieces of isolation gown (non-sterile), 10,000 pairs of medical boots cover, 10,000 pieces of KN95 medical protective masks, 10,000 pieces of medical head cover, 5,000 pieces of protective medical coverall (sterile), 5,000 pieces of medical goggles, 5,000 pieces of face shield and 200 boxes of medical vinyl examination gloves.

STIDC remained committed to its vision to spearheading the advancement of wood-based industry of Sarawak. Through undivided support of the board of management, management members, staff and subsidiaries, STIDC continued to play its roles effectively in terms of resource management, trade development, industrial planning, entrepreneur development, project planning, engineering, marketing and domestic trade, quality control, mill registration and licensing, integrity and risk management as well as preventive and enforcement.

Efforts were also made to promote the furniture industry through the young designers programme and collaboration with UNIMAS, Institut Teknologi Bandung and industry players.

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) in Merapok, Lawas to facilitate and regulate the trade of timber and timber products between Sabah and Sarawak for mutual benefits.

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 collaboration with the related government agencies. The Tanjung Manis Economic Growth Area (T-MEGA) marked a new milestone in the development of Tanjung Manis by focussing on high impact economic activities and investments in this area. Basic infrastructure such as roads, bridges, water and electricity supply, airport and telecommunication were provided to facilitate investments and to 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).

HAJI HASHIM BIN HAJI BOJET

General Manager
Sarawak Timber Industry Development Corporation



2020
Reflection





STIDC involved in various action plans initiated by the state government including in the ten-year (2021-2030) Sarawak Economic Action Council and in identifying strategic projects to accelerate the economy.



At least 214 countries and territories worldwide were affected by COVID-19 Coronavirus pandemic. More than one million people succumbed to the virus while more than 35 million people were tested positive.

The 2020 Movement Control Order (Malay: Perintah Kawalan Pergerakan Malaysia 2020), commonly referred to as the MCO or PKP, was implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 Coronavirus pandemic in the country on 18 March 2020.

Governments across the globe are hoping to announce a vaccine as soon as possible to contain the virus and to reopen economies.

As the number of daily cases and active cases of COVID-19 reduced in Malaysia by mid-April 2020, several measures of the MCO were relaxed by the government.

Prime Minister, Tan Sri Muhyiddin bin Haji Muhammad Yassin in his Labour Day speech on 1 May 2020 announced a plan named the Conditional Movement Control Order (CMCO or Conditional MCO), a relaxation of regulations regarding the MCO, in order to reopen the national economy in a controlled manner. The CMCO was scheduled to start from 4 May 2020.

Most economic sectors and activities were allowed to operate while observing the business standard operating procedures such as social distancing and recording the names and telephone numbers of customers and the dates of their visit.

On 7 June 2020, the Prime Minister announced that the Conditional Movement Control Order would end on 9 June 2020, with the country entering into the Recovery Movement Control Order (RMCO) phase between 10 June 2020 and 31 August 2020. He also announced that interstate travel would be allowed from 10 June 2020 under the RMCO except in areas remaining under the Enhanced Movement Control Order (EMCO).

On 28 August 2020, the Prime Minister announced the extension of the RMCO till 31 December 2020.

The national economy contracted by 17.1% in the second quarter (2Q) ended 30 June 2020 as it was seriously impacted by the movement control orders, especially in April 2020, which was a much deeper contraction compared with a Bloomberg survey of 10.9%. The Department of Statistics Malaysia (DOSM) said the 2Q performance was the lowest recorded since the fourth quarter of 1998 (-11.2%) during the height of the Asian Financial Crisis.





2020 Reflection

DOSM reported that Malaysia's economic activity outcome for the third quarter (Q3) is expected to improve following the various stimulus packages of the government to support the overall economic growth.

"The implementation of the stimulus packages Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN), Pelan Jana Semula Ekonomi Negara (PENJANA) and the short-term economic recovery plan to cushion the Covid-19 impacts are expected to alleviate further the economic downturn with a recovery seen in 3Q," DOSM said.

The RM250 billion economic stimulus package would benefit all Malaysians. RM128 billion would be used to protect the welfare of the people and RM100 billion to support businesses including small and medium enterprises. The state government of Sarawak also announced stimulus packages amounting RM2 billion to assist SMEs in Sarawak. Chief statistician, Datuk Seri Mohd Uzir Mahidin said the economic recovery is taking place with the reactivation of economic activities and was reflected by macroeconomic indicators in July 2020, marking the preliminary indication for Q3.

"This is in line with the Leading Index, which suggests an economic recovery in the near term and projects a brighter economic prospect for next year," he said in a statement.

He added that this scenario was attributed to the increase in the total labour force at 15.82 million persons in July 2020, from 15.76 million the previous month. The unemployment rate also dropped to 4.7% in July compared with 4.8% in the preceding month.

The International Monetary Fund and the World Bank forecasted the gross domestic product of Malaysia to record a growth of 6.3 percent and 6.9 percent respectively for 2021.

Meanwhile, STIDC General Manager, Tuan Haji Hashim Haji Bojet opined that this global phenomenon might persist until the vaccine is proven safe and effective adding that the export earnings derived from timber and timber products for 2020 were projected at RM4 billion compared with RM4.5 billion in 2019.

He urged his staff to adjust accordingly by adopting the new norms and leveraging on information and communications technology (ICT) which makes service delivery and meetings possible from homes.

He also encouraged the continuation of Lean management as an approach to running an organisation that supports the concept of continuous improvement, a long-term approach to work that systematically seeks to achieve small, incremental changes in processes in order to improve efficiency and quality.

"The way forward is to consider using Big Data that can be analysed for insights and leads to better decisions and strategic business moves. At the same time, research and development is also crucial as it augurs well with our efforts to optimise the utilisation of planted forest and bamboo resources. This is in tandem with our aspiration to achieve RM8 billion in export earnings by 2030 and become a leading player in value-added products particularly furniture, oriented strand board (OSB), bamboo products and many more. Capacity building, therefore, is vital for the development of these products," he said.

"STIDC also embarks on food production in Tanjung Manis. MoU was signed recently with a local investor to develop pineapple, coconut and dairy farming. STIDC, through PUSAKA Capital also works closely with PETRONAS to make Tanjung Manis the distributor of liquefied natural gas to cater for the central and northern regions of Sarawak. Presently, Tanjung Manis is the distributor of diesel and bitumen," he said.

PUSAKA Capital is a subsidiary as well as an investment arm and income generator for STIDC.

Tuan Haji Hashim disclosed that during MCO, STIDC involved in various action plans initiated by the state government including in the ten-year (2021-2030) Sarawak Economic Action Council and in identifying strategic projects to accelerate the economy.

"It is hoped that the state government would support SMEs by providing operating grant to ensure that the action plans and strategic projects proceed smoothly and give the desired results. STIDC staff and subsidiaries are, therefore, reminded to continue to render their undivided supports in order to realise our vision and mission to spearhead the advancement of the wood-based industry of Sarawak," he said.



STIDC

Bamboo Project



STIDC Bamboo Project





Lab Action Plan For Sarawak Bamboo Industry

Concerted efforts were made to develop the bamboo industry in Sarawak. This was manifested by the Lab Action Plan for Sarawak Bamboo Industry Development Master Plan in Kuching on 5-9 October 2020.

This lab aimed to facilitate the lead agencies to identify strategies and action plans for the development of industries related to bamboo charcoal, engineered bamboo, bamboo food and bamboo handicraft. It also aimed to facilitate the development of supporting activities such as conservation, tissue culture, research and development and eco-tourism.

Various topics were discussed including Resource Management, Market Development, Technology Adoption and Commercialisation, Research and Development, Sustainable Environment, Capacity Building, Corporate Social Responsibility, and Policy and Institutional Strengthening. STIDC General Manager, Tuan Haji Hashim Haji Bojet said, STIDC would streamline the action plans and develop a Gantt chart according to the related industries and sectors.

According to him, STIDC would recommend the action plans to the government for adoption and at the same time to apply for fund to finance and implement the action plans.

"Once the action plans are ready, STIDC will present them to the related sectors including the food, woodbased and handicraft industries to identify local takers or investors. This requires a strategic planning of our resources," he said.

He thanked all the participating agencies and stakeholders for their undivided support in ensuring the success of the lab. The agencies and stakeholders concerned were the Forest Department Sarawak, Department of Agriculture, Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), Universiti Malaysia Sarawak (UNIMAS), Universiti Teknologi MARA (UiTM), University College of Technology Sarawak (UCTS), The Association of Consulting Engineers Malaysia (ACEM), Pertubuhan Akitek Malaysia (PAM) - Sarawak Chapter, REDEEMS Centre, Perbadanan Kemajuan Kraftangan Malaysia, Subur Tiasa Holdings Berhad, and GP PUSAKA Sendirian Berhad.



Tuan Haji Hashim (seated fifth right) posing with the participants of Lab Action Plan for Sarawak Bamboo Industry

STIDC Bamboo Project

In 2016, STIDC was tasked by Sarawak government to spearhead the development of bamboo industry. In tandem with this, STIDC has been promoting bamboo as an alternative source of raw materials to complement timber due to its potential for construction, manufacturing and food industries as well as for environmental conservation.

The Sarawak Bamboo Industry Development Masterplan was developed by STIDC and approved by its Board of Directors in April 2019. Meanwhile, the Sarawak Bamboo Industry Development Steering Committee (SaBID) and the Sarawak Bamboo Industry Development Technical Committee (SaBIDTeC) were formed in November 2019.





Sabal Bamboo Pilot Project

Sabal Bamboo Pilot Project was initiated and categorised into three facets as follows:

1. Development of Bamboo Nursery and Trial Plot;
2. Development of Bambusetum; and
3. Promotion of bamboo eco-tourism.

Objectives

Sabal Bamboo Pilot Project aimed to:

1. Ensure consistent supply of high-quality bamboo;
2. Develop a model for future bamboo plantation which is technically and commercially viable;
3. Lead the locals to better silviculture management; and
4. Explore greater business potential of future bamboo industry of Sarawak.

Bamboo Trial Plots

1. 29 bamboo trial plots were cultivated at Block 8406B, Sabal Forest Reserve covering an area of 25 hectares.
2. A total of 10,000 bamboo seedlings from 13 species were planted since December 2018.



2020 Activities



Towards Achieving RM8 Billion in Export Earnings By 2030

Being export oriented, performance of the wood-based industry of Sarawak depends on the global market situation. This sector contributed RM4.5 billion in export revenue in 2019, a decline of 17% from RM5.4 billion in 2018.

The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management said, the industry faced challenges due to global economic volatility and geo-political uncertainties. This was aggravated by other issues such as anti-dumping and anti-subsidy initiatives imposed by consuming countries and stiff competition from Indonesia, Vietnam and China.

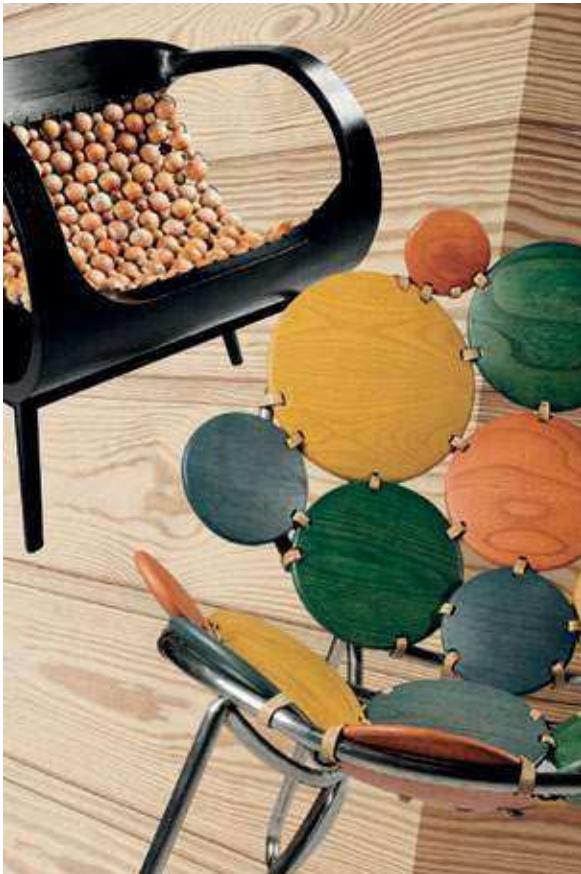
Domestic issues such as dwindling natural forest log production and spiralling costs of production in the upstream industry also posed adverse impacts on downstream processing industries. Natural forest log production declined from 5.5 million m³ in 2017 to 4.7 million m³ in 2018 and 4.1 million m³ in 2019.



Sarawak's export of plywood to Japan also declined from RM2.17 billion in 2018 to RM1.59 billion in 2019. Indonesia overtook Sarawak as the top plywood exporter to Japan.

"In meeting international market requirements, we will continue to enhance the implementation of Sarawak Timber Legality Verification System (STLVS) and Forest Management Certification (FMC). The legality system was enhanced to allow third party verification to ensure credibility and market acceptance," Datuk Amar Haji Awang Tengah said.

He added that by 2022, all long-term Forest Timber Licensees must undertake Forest Management Certification. Currently, seven Forest Management Units (FMUs) and six Forest Plantation Management Units (FPMUs) covering an area of 721,130 hectares were certified under the Programme for the Endorsement of Forest Certification (PEFC).



Tuan Haji Hashim Haji Bojet (standing fourth right) posing with the participants of young furniture designers.

To enhance productivity, cost effectiveness and competitiveness, he urged industry players to embark on technological advancement and automation.

According to him, the Timber Industry Transformation Plan implemented by STIDC will further catalyse the growth of downstream industry focussing on the development of high value-added products such as furniture and engineered wood. The aim is to achieve RM8 billion in export earnings by 2030, in which RM6 billion is contributed by value added products.

He was delighted that STIDC is implementing the training programme to develop young furniture designers to meet the needs of the industry.

He was also pleased that STIDC was intensifying R&D initiatives in collaboration with industry players and other research institutions such as Universiti Malaysia Sarawak (UNIMAS), Universiti Teknologi MARA (UiTM), University College of Technology Sarawak (UCTS), Forest Research Institute Malaysia (FRIM), Sarawak Forestry Corporation (SFC), Sarawak Timber Association (STA), Universiti Putra Malaysia (UPM) and Bandung Institute of Technology (ITB) and hoped that the initiatives would be given top priority.

"STIDC must ensure optimum utilisation of planted forest logs to produce value-added products such as engineered wood and furniture. STIDC should continuously explore the possibility to collaborate with the local industry players and foreign investors to establish furniture city in Sarawak in tandem with our target to achieve RM6 billion in export earnings from furniture products by 2030," he said.

Corporate Liability On Corruption

STIDC is committed to inculcating a high integrity work culture across the board by incorporating the global standards of corporate governance. This was manifested by the Corporate Liability on Corruption Seminar organised in collaboration with GRM Training Sendirian Berhad and the Malaysian Anti-Corruption Commission (MACC) in Kuching on 15 January 2020.

The Seminar was graced by the Honourable Datuk Amar Haji Awang Tengah Bin Ali Hasan, Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management.

The seminar aimed to introduce the new provision of the Malaysian Anti-Corruption Act 2018 to both the Directors and Management of STIDC. It was also a platform to share the key features of the new provision and its implications towards enhancing an anti-bribery programme to prevent, detect and address bribery risks in an organisation.

In its quest for a high integrity work culture, the Deputy Chief Minister said, the Integrity Division was formed by STIDC. This was followed by the appointment of two Certified Integrity Officers (CeIO) and the documentation of the Corruption Risk Management (CRM) procedures.

Awareness programmes were also initiated among its subsidiaries.

He emphasised that it was imperative for STIDC and its subsidiaries to be exposed to the dangers and consequences of corrupt practices which could lead to corporate liability due to the new legislative provision on the essence of corporate liability for bribery and corruption.

He described the seminar as timely in promoting a sense of accountability particularly among managers of corporate funds and financial assets in order to project the positive image of the organisations. He added that the seminar augured well with Sarawak's aspiration to build a transparent and corruption-free state.



Datuk Amar Haji Awang Tengah (sitting in the middle) osing with other VIPs and participants of Corporate Liability On Corruption Seminar.



He highlighted that Section 17A of the MACC Act provides a strict liability offence for failure to prevent bribery and places a burden on those covered by it to prove they have adequate procedures to prevent bribery.

The Malaysian Anti-Corruption (Amendment) Act 2018 (MACC) was passed and gazetted on 4 May 2018 and will be fully enforced on 1 June 2020. The enforcement of this new act is to fulfil the international requirement under Article 26 of the United Nations Convention Against Corruption (UNCAC) which refers to the liability of legal persons.

"It is hoped that all our subsidiaries would give full co-operation and commitment in implementing anti-corruption initiatives spearheaded by STIDC. This effort would benefit all parties and together we will prosper and achieve the state's vision to build an integrity culture resulting in a transparent and corruption-free nation," he said.





STIDC management members and staff posing with the briefing facilitator from Dagang Net Technologies Sendirian Berhad on 19 February 2020 (front - fourth left).

Wood-Based Industry To Benefit From STIS

Sarawak Digital Economy Strategy 2018-2022 aims to enhance service delivery by leveraging on digital technology such as Big data, Cloud Computing, Blockchain and Artificial Intelligence.

In tandem with this initiative, STIDC is going digital by developing the Timber Industry Information System (STIS) to ensure continuous improvement in its service delivery particularly to the wood-based industry in Sarawak.

STIS is an integrated system with singular front-end window which allows real time data sharing. It consists of STIDC's core activities including registration and licensing, preventive and enforcement, grading, human resource, statistics, resources and Sarawak Timber Legality Verification System (STLVS) certification.

This system is poised to benefit the wood-based industry as well as the related government agencies, ministries, departments and stakeholders due to its comprehensiveness, accuracy, real time data information and 24 hours technical support. These could boost customers' confidence and revenue.

STIDC General Manager, Haji Hashim Haji Bojet described this system as user-friendly and cost effective because it is accessible online using computers and smart phones.

A series of briefings were carried out by Dagang Net Technologies Sendirian Berhad, STIDC's business partner in managing information related to the wood-based industry in Sarawak. The briefings aimed to create awareness and to familiarise the staff as well as the industry players concerning this system.



Tuan Haji Hashim Haji Bojet (right) having a light moment with the briefing facilitator.



*Staff of the northern region posing with the briefing facilitator (front - fifth right).
Briefing was held in Bintulu on 20-21 February 2021.*



Staff of the central region attending the briefing in Sibu on 24-25 February 2020.

Plywood To Remain As Mainstay Of The State's Economy

Plywood is manufactured from thin layers or 'plies' of wood veneer glued together with adjacent layers having their wood grain rotated up to 90 degrees to one another. It is an engineered wood of manufactured boards which includes medium-density fibreboard (MDF) and particle board (chipboard).

Different types of plywood serve different purposes. Tropical plywood is made of mixed species of tropical timber. Originally from the Asian region, it is also manufactured in African and South American countries. Tropical plywood is superior to softwood plywood due to its density, strength, evenness of layers and high quality. It is usually sold at a premium in many countries if manufactured with high standards. Tropical plywood is widely used in the UK, Japan, United States, Taiwan, Korea, Dubai and other countries. It is used for construction purposes in many regions due to its affordability.

Tropical plywood is widely available from the South-East Asian region including Malaysia and Indonesia. It is used for concrete panel, floor base, structure panel, container flooring, laminated board and laminated veneer lumber (LVL).





Sarawak was the main exporter of tropical plywood in South-East Asian region until 2018 with 1,423,999 m³ and worth RM3.030 billion. This represented 55.92 percent out of RM5.419 billion of the total export revenue of the wood-based industry of Sarawak. In 2019, both the export volume and value dropped to 1,122,641 m³ and RM2.263 billion respectively. This represented 50.03 percent out of RM3.215 billion of the total export revenue of the wood-based industry of Sarawak. Currently, Indonesia is the main exporter of tropical plywood in South-East Asian region.

Plywood has been the third main export item of the wood-based sector of Sarawak after logs and sawn timber.

In terms of value, 71.57 percent of plywood from Sarawak was exported to Japan in 2018 worth RM2.168 billion compared with 70.25 percent in 2019 worth RM1.590 billion. The other markets were the Middle East, Korea, Taiwan, Australia, Hong Kong, India, Brunei Darussalam, Thailand, China and others.

In 2018 and 2019, there were 43 plywood mills in Sarawak with the annual installed capacity of 4,689,000 m³ respectively. These mills employed 16,267 workers in 2018 compared with 15,543 workers in 2019.

Recognising the economic significance of plywood, the plywood identification course was organised on 11 February 2020 at STIDC Headquarters in Kuching, Sarawak. The course provided important insights into the definition of plywood, plywood categories, formaldehyde used to produce plywood, types and usage of plywood, advantages and disadvantages of plywood, standards related to plywood as well as current prices of plywood.

Among the advantages of plywood are:

1. Cross graining and nailed edges of plywood reduce the possibility to split. It increases the strength of the material and helps binding the grains more tightly. It also avoids unnecessary expansion and shrinkage besides enriching spatial stability.
2. Plywood is highly unlikely to bend because odd numbers of plies are attached to ensure balance.
3. Plywood contributes to the economy.
4. Plywood furniture is lighter to transfer.

The disadvantages of plywood include:

1. Urea and phenol formaldehyde used for gluing can cause cancer.
2. It is weaker and less durable compared to wood.
3. Carving is difficult on plywood.
4. Without proper resistance method it can be infested by insects.
5. It cannot be exposed to moisture or wet weather continuously.
6. Its surface can peel off without proper painting.

Presently, Sarawak is promoting raw materials from planted forests including Acacia to produce plywood. This is because planted forests are renewable and sustainable. The industry is also encouraged to invest in modern technology and new machinery to process raw materials from planted forests to ensure competitiveness. This is to ensure that plywood remain as the mainstay of the state's economy for mutual benefits.

Timber Industry Contributed RM2 Million To Curb Covid-19

The global communities were at risk by Covid-19 which claimed hundreds of thousands of lives. Medical personnel particularly those at the frontline were vulnerable to this pandemic due to their direct contact with the patients.

In support of the government's efforts to break the chain of this virus, STIDC and the Sarawak Timber Association (STA) contributed RM2 million worth of Covid-19 test kits to Sarawak Disaster Management Committee (SDMC) to help medical front-liners curb Covid-19.

The contributions were given in the form of 105,000 pieces of disposable medical masks, 10,000 pieces of isolation gown (non-sterile), 10,000 pairs of medical boots cover, 10,000 pieces of KN95 medical protective masks, 10,000 pieces of medical head cover, 5,000 pieces of protective medical coverall (sterile), 5,000 pieces of medical goggles, 5,000 pieces of face shield and 200 boxes of medical vinyl examination gloves.

Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management, Datuk Amar Haji Awang Tengah Ali Hasan emphasised that the contributions were necessary to assist our selfless medical frontliners who risked their lives to save others.

He added that the contributions also manifested the support and commitment of the woodbased industry players in Sarawak to the state government in curbing Covid-19 together.

"It is hoped that more organisations and bodies would lend their helping hands and contribute. We are all in this together and let us be united and pray that we all pull through this difficult time to become stronger and more resilient," he said while commending STIDC and STA for their contributions.

Deputy Chief Minister and SDMC Chairman, Datuk Amar Douglas Uggah Embas received the contributions witnessed by Local Government and Housing Minister Dato Sri Dr Sim Kui Hian, STIDC General Manager, Haji Hashim Haji Bojet and his Deputy, Mdm. Dayang Nena Abang Bruce and STA Chief Executive Officer, Mdm. Annie Ting.



The Honourable Datuk Amar Douglas Uggah Embas, Deputy Chief Minister of Sarawak (third left) witnessing the presentation of personal protective equipment to representative of Health Department of Sarawak and Normah Medical Specialist Centre. The activity was held at Wisma Sumber Alam, Petra Jaya, Kuching on 15 April 2020.





Revised Policy Direction on Industrial Forest Plantation in Sarawak

STIDC through the Forest Department of Sarawak received an Official Memorandum from the Permanent Secretary of the Ministry of Urban Development & Natural Resources, Reference 59/KPBSA/H/4-10/20 (1) dated 30 January 2020 concerning the Revised Policy Direction on Industrial Forest Plantation in Sarawak.

The Memorandum highlighted that the Chief Minister of Sarawak and Minister of Urban Development & Natural Resources on 22 January 2020 agreed and approved the following proposals:

1. To achieve one (1) million hectares of planted forest by 2025 through the following mechanisms:
 - i. Maximise the utilisation of LPF area through Joint Venture (JV) partners with investors having the best available technology and management;
 - ii. LPF holders to submit their catch-up Tree Planting Plans (TPP) for them to complete the new planting areas;
 - iii. Monitor and audit planting progress in fulfilling their plans;
 - iv. Encourage inter-planting of non-timber species such as bamboo, rattan, pharmaceutical/ medicinal species, etc.;
 - v. LPF holders who entangled with land disputes with the locals to set aside a minimum of 100 hectares per village under Forest Landscape Restoration project for non-oil palm agro-forestry crops (trees and agriculture crops/ livestock) for a basis of initiating a win-win model towards managing the long term solution to

this ongoing conflict. Once both parties gain trust of each other, it is hoped that the disputed plantable area should be planted with the tree species and agriculture/ livestock activities acceptable to both sides; and

- vi. Warning letter will be issued to non-achievers.
2. Possible actions to be taken if LPF holders failed to comply with the new Tree Planting Plan by 2025 are:
 - i. Take back the unplanted areas;
 - ii. Reissue new LPFs to potential investors; and
 - iii. Revert LPF areas to FTL for sustainable natural forests management certification.
3. Small Holder Participation (less than 1,000 hectares):
 - i. The existing law on planted forest did not cover the area less than 1,000 hectares, the mechanism should be set up to service the small holder or the private landowner for tree farming and encourage backyard tree planting;
 - ii. Encourage the individual landowners to establish a cooperative or JV partnership with private sector covering a minimum area of 100 hectares for the purpose of permit registration;
 - iii. Temporary permit will be issued to allow them to do tree planting on their private lands;
 - iv. Encourage planting of both timber and non-timber species; and
 - v. Encourage them to JV with existing nearby LPF holders.



4. The government to lead and co-ordinate a sustainable ITP R&D programme by stakeholder covering:

- Intensify tree improvement programme to produce high quality planting materials including to identify fast growing (six to nine years) indigenous and exotic species;
- Site species matching including site improvement study (Effective use of net plantable areas, priority development of Category A Lands and further R&D on Category B Soils) and ex-oil palm areas;
- Integrated pests and diseases management;
- Silviculture, harvesting and planted timber products development; and
- Collaborate with both local and international R&D institutions.

5. Maximum utilisation of planted logs and other raw materials from forest plantation are given priority for local downstream processing.

6. Certification of eligible forest plantation areas to be mandatory by 2025. Areas not eligible for certification are encouraged to practise forest management certification standards.

7. LPF holders to carry out enrichment planting within ITP unplantable area for the purpose of conservation area (HCV), buffer zone, and wildlife corridor in accordance with Forest Landscape Restoration (FLR) initiatives.

8. No new oil palm planting in LPF with immediate effect. In order to optimise the utilisation of plantable area, planting of non-timber species such as bamboo, rattan and other pharmaceutical/

medicinal species other than exotic and non-exotic timber species in ex-oil palm areas to be encouraged.

9. Land conflict management resolution to address the disputed land within the LPF plantable areas. Proposed actions to be taken to resolve the issue are:

- To consolidate LPF areas on Land and Survey database
- To confirm the status of disputed land by:
 - Forest Department Sarawak for Forest Reserves (FR) and Protected Forests (PF);
 - Land and Survey Department for State land area (non-FR and non-PF);
 - To revive Special Taskforce headed by State Attorney General (SAG) or/and Unit Keselamatan dan Penguatkuasaan Negeri (UKPN) with members from Forest Department Sarawak, Land and Survey Department, Resident and District Office, Police, Sarawak Forestry Corporation (SFC), Department of Agriculture (DOA), Malaysian palm Oil Board (MPOB), other relevant agencies and interested parties in resolving the impending land disputes; and
 - Eviction of illegal land occupants jointly headed by Unit Keselamatan dan Penguatkuasaan Negeri (UKPN) and/or Forest Department Sarawak and other relevant agencies.

It was also agreed and approved that logs from industrial forest plantations are for local processing based on quota basis and not for export.





2020 Activities



Forest Department of Sarawak is conducting a study using the hyperspectral remote sensing technology to detect early incidence of pests and diseases in forest plantations and to ensure good management of planted forests.





The Right Honourable Datuk Patinggi Abang Abdul Rahman Johari bin Al-Marhum Tun Abang Haji Openg, Chief Minister of Sarawak



Leveraging On Technologies In Plantation Development

The use of advanced technologies is vital to bring positive changes to the forestry sector particularly planted forests. Technology like hyperspectral is imperative to monitor pests and diseases in huge plantations. It is also crucial in mapping of soil type and volume prediction. In the downstream industry, advanced technology is essential to process logs from planted forests to ensure optimum utilisation.

The Right Honourable Datuk Patinggi Abang Abdul Rahman Johari bin Al-Marhum Tun Abang Haji Openg, Chief Minister of Sarawak said the Forest Department of Sarawak is conducting a study using the hyperspectral remote sensing technology to detect early incidence of pests and diseases in forest plantations and to ensure good management of planted forests.

He encouraged industry players to invest in new technology to process logs from planted forests in

order to add value to the timber. "Please explore the new technology for better utilisation and diversification of timber products. For the past years, various testings were conducted on planted timber like Acacia, Batai (*Falcataria moluccana*), *Eucalyptus globulus* and many more either on its properties or the end products that could be developed using logs from planted forests. I would like to urge the industries together with government agencies like Forest Department and STIDC and local universities to intensify R&D on product diversification," he said.

The Chief Minister graced the opening ceremony of the Industrial Forest Plantation Seminar 2020 with the theme "Advancing Sustainable Forestry Through Aggressive Industrial Forest Plantation".

The seminar was held on 30 October 2020 in Kuching, Sarawak featuring presenters and participants from China, Indonesia and Malaysia.



Forest Plantation Certification & The Way Forward

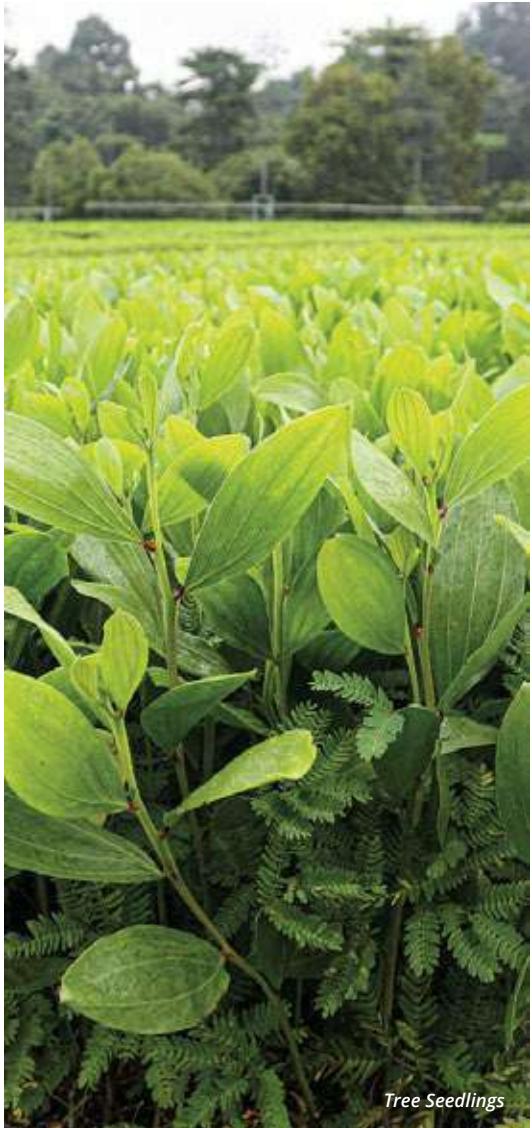
In 2019, the State Government endorsed the forest management certification policy requiring all long-term forest timber licensees to be certified by 2022. The policy aimed to ensure sustainable supply of forest resources. In tandem with this, all forest plantations in Sarawak were encouraged to undertake forest plantation management certification as reflected in the Policy Direction on Industrial Forest Plantation in Sarawak. Presently, 66,873 hectares of Forest Plantation Management Units (FPMUs) were certified under Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantation) by SIRIM QAS International.

The Right Honourable Abang Abdul Rahman Johari bin Al-Marhum Tun Abang Haji Openg, Chief Minister of Sarawak commended owners of the certified FPMUs

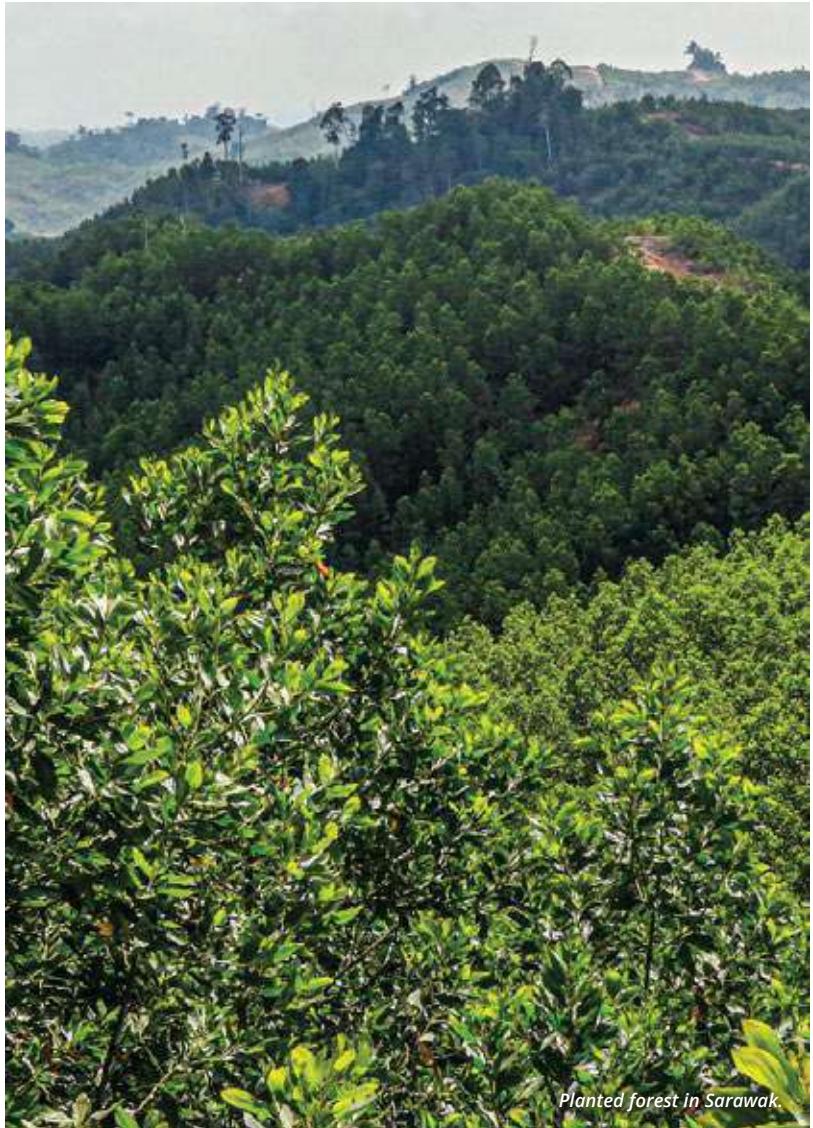
namely Lana, Segan and Marudi of Samling group and Penyuan and Masama of Shin Yang group for their achievement and hoped that other plantation owners would follow suit. He emphasised that certification is imperative to ensure good plantation management practices in order to boost customers' confidence.

According to him, development of industrial forests must be enhanced. To meet the increasing demands for raw materials, degraded areas such as idle land, shifting cultivation areas and Native Customary Rights (NCR) land could be turned into planted forests through joint-venture with land owners and local communities. Non-timber trees including bamboo and rattan could also be planted.

"The planting of other fast-growing indigenous species such as Gerunggang (*Cratoxylum arborescens*) and



Tree Seedlings



Planted forest in Sarawak.

Engkabang Jantong (*Shorea macrophylla*) could be explored besides looking into value-added and product diversification. Marketing and promotion of timber and timber products are crucial. STIDC plays pivotal role to facilitate the industrial forest industry by promoting and marketing planted forest products," he said.

He added that the State Government aims to collaborate with Universiti Putra Malaysia, Bintulu Campus and University College of Technology Sarawak (UCTS) to undertake forestry research in Sarawak by leveraging on their expertise and facilities while Forest Department could play a role to co-ordinate the R & D activities.



Natural forest of Sarawak.

Sharing By Industry Players

STIDC is concerned about the plight of the wood-based industry players in Sarawak due to the outbreak of COVID-19 Coronavirus pandemic jeopardising lives and businesses across the globe. Staff were mobilised to gather feedback on the challenges faced by the industry during the implementation of Recovery Movement Control Order (RMCO) in the effort to help ease their burden in continuing business operations.

This article features the grievances as well as future plans shared by the Chief Executive Officer of Sarawak Timber Association (STA) and spoke-persons of several wood-based companies in Sarawak.



The global outbreak of COVID-19 pandemic has exacerbated the ailing condition of the industry, which is already undergoing a severe fallout in the face of high production costs. COVID-19 has and continues to severely disrupt and limit the supply chain of the industry, affecting the industry's ability to generate cash flows and inducing liquidity shortages.

The industry continues to struggle hard to re-align its operational strategies and re-allocate its key resources in order to keep business afloat. Due to the pandemic, the industry is also bearing the additional costs of implementing strict Standard Operating Procedures (SOPs) in daily operations. These include, among others, limiting operation hours, new norms (e.g. mask wearing, social distancing, sanitisation & disinfection), and restricted movement between inter-district/inter-division/zone.

In the early stages of Movement Restriction Order (MCO), the industry was constantly frustrated by short notices especially on changing SOPs and their lack of clarity and interpretation. This was because with no clear guidelines and by enforcing implementation in such a short timeframe, the industry was often caught in confusion with little time to respond leading to unwarranted non-compliances which have further added up the costs.



With rising unit cost, economies of scales are no longer achievable. Plywood mills that are still in operation are only operating at 30% of their installed capacity. The downstream industry is also badly impacted. Many downstream industry players have no choice but to cease or scale down their operations. Many more are expecting to go out of business if no viable intervention from the Government.

The industry players are dealing with a gloomy global market outlook which is shrouding the industry. Issues like uncompetitive pricing, trade barrier such as imposition of anti-dumping duty, and losing bargaining power to have international shipping lines to call vessels into Sarawak ports are causing Sarawak to lose its market share to neighbouring countries like Indonesia and Vietnam.

Amid this global phenomenon, we appeal to the Government to provide immediate intervention and assist the industry in facing this predicament. This industry is already in a very vulnerable condition. With no immediate help from the Government, the industry will suffer more damages from the negative impacts of rising costs and pandemic. The receiving end of these damages will inevitably be Sarawakians losing their livelihoods and the State's economy negatively affected.

We would also like to urge the Government to maintain close co-ordination with the industry, so that effective, practical measures are being clearly and well-communicated, especially when the industry alone has limited or no ability to overcome the wide-scale impacts of COVID-19.

Apart from these, we will maintain engagement and pertinent knowledge and information sharing with overseas counterparts such as Japan, the USA and the EU particularly on dealing with the COVID-19 impacts.

We will also continue to support and assist the industry in positive ways including working together with relevant authorities, disseminate useful information to members and industry, so that the industry can sustain, grow and re-energise the State's economy, hence providing mutual benefits in the long run.

Ultimately, assistance from the Government is indispensable for the industry to accomplish Government's aspiration of achieving annual export earnings of RM8.0 billion by 2030 from timber and non-timber forest products, out of which 75% or RM6.0 billion is from high value-added products.

Ms. Annie Ting
CEO
Sarawak Timber Association



2020 Activities

"The impacts of COVID-19 Coronavirus pandemic were evident by a sharp reduction in plywood production and sales. Our monthly installed capacity is 60,000 m³. Presently, production dropped to 30,000 m³ because three out of six of our plywood mills were closed. Furthermore, Japan being our main market was hit by flood and reduced consumption by 70 percent in March, April and May 2020 and there was no order in June, July and August 2020. The flood disrupted the construction industry and led to negligible order for plywood. Our plywood markets also include the Middle East, the USA, Australia and India. Unfortunately, all these countries were also affected by the pandemic and reduced consumption. Downsizing exercise, therefore, became imminent with the number of staff reduced to 5,000 people currently from 15,000. It is hoped that the government would consider reducing the royalty and premium for logs as it is among the highest in the region in order to assist the industry amid this challenging time."

Alvin Yii Heng Kee
*Assistant to Group Managing Director
Shin Yang Wood-based Group*



"Our company was slightly affected by COVID-19 Coronavirus pandemic as reflected by its export performance for January to July 2020 which accounted for 62,736 m³ against 65,280 m³ during the corresponding period last year. This represented a decrease of 3.9 percent. Further reduction in export volume is anticipated because Japan which is our main export market is also hit by the pandemic. To ensure consumers' confidence, our company operates and complies strictly with the SOPs besides restructuring our business model. We are also looking into diversifying our products and markets."

Tony Hwang Huat Bing
*Factory Manager
Daiken Miri Sendirian Berhad*



"Tanjong Manis Resources Sendirian Berhad (TMR) produces and exports high quality woodchips for MDF and pulp and paper manufacturing as well as palm kernel shells for biomass energy.

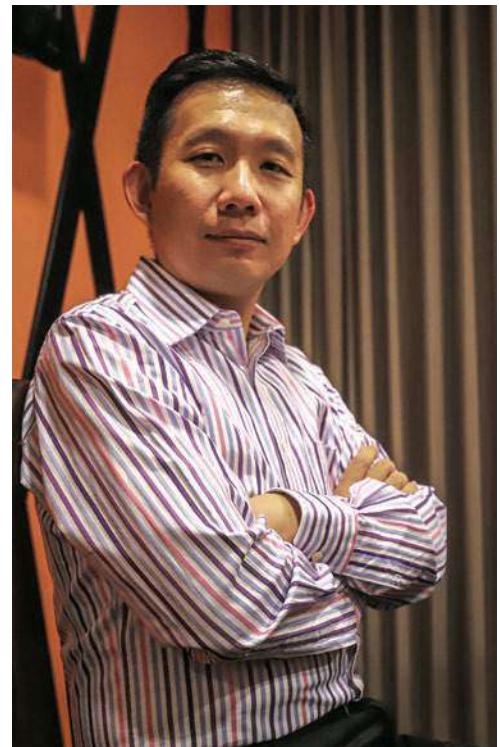
TMR has been exporting woodchips and palm kernel shells to Japan since 1995 and 2015 respectively. TMR is located in Tanjung Manis, one of Sarawak Corridor of Renewable Energy new growth

nodes earmarked by the state government to promote timber industry, renewable energy and also halal hub. TMR has its own integrated port loading facility with conveyor belt system to allow the woodchips and palm kernel shell to be directly transported from the storage warehouse to the vessel. TMR is also active in

forest plantation with a planted forest license in Matu district, Sarawak. The main species planted is Acacia Mangium, covering an area of about 6,500 hectares. Presently, TMR is purchasing Acacia logs to produce woodchips due to dwindling wood residues. This

led to spiralling cost of production. The COVID-19 Coronavirus pandemic also posed adverse impacts on our business. Production was reduced to one shift and staff overtime suspended since the implementation of MCO. Export is expected to slow down for the second-half of 2020 because Japan was also hit by the pandemic as well as flood. 2020 and 2021 will be challenging for business sectors. As we go through these challenges, we will adopt the new norms by embracing innovation, new technology and product diversification. TMR will also continue to manage cost effectively."

Robert Ling
Managing Director
Tanjung Manis Resources Sendirian Berhad



"Tunggak Kenyalang Sendirian Berhad is an exporter of sawn MLH mostly to the Middle East, the United Arab Emirates and Yemen. These countries were not spared from the COVID-19 Coronavirus pandemic. Similarly, our company was also hit by the pandemic due to work suspension for several weeks. This was aggravated by the consumers' attitude who prefer hard sawn timber. Over the last ten years, there has been a change in trend in the construction industry where steel and aluminium are preferred by developers and contractors instead of sawn timber. If this trend continues, sawn timber is likely to be considered exclusive like in the western countries. In China and Vietnam, bamboo is widely used to substitute sawn timber. Recently, we also saw the exodus of our experienced workers particularly from Indonesia due to Indonesian economic growth. These challenges brought us out of our comfort zone by adjusting ourselves accordingly and invest in value-added products besides using raw materials wisely in order to remain competitive."

Lee Kah Hieng
Manager
Tunggak Kenyalang Sendirian Berhad

Huge Market Potential For Engineered Wood Products



*Datu Haji Len
Talif Salleh*

Datu Haji Len Talif Salleh, Assistant Minister of Urban Planning, Land Administration and Environment of Sarawak said engineered wood business started in Sarawak in 1959 with the establishment of the first plywood mill in Selalang. The mill processed raw materials from natural rainforests. He was speaking at the official opening ceremony of the Seminar On Engineered Timber Products on 7 December 2020.

Engineered wood is commonly used globally as part of building components. In Malaysia, it is used by Crop For Future, Semenyih as dorm structure. In Sarawak, however, the use of engineered wood for structural buildings is yet to be fully explored.

STIDC works closely with Universiti Teknologi MARA (UiTM) to enhance knowledge and technologies as well as to develop and promote engineered wood products.

STIDC also collaborates with Woodsfield Glulam Sendirian Berhad to undertake research and development as well as to produce engineered wood products using raw materials from planted forests such as Acacia mangium, Eucalyptus and many more.

Industry players and stakeholders were urged to pool their expertise to ensure that wood remains as the preferred material in varied sectors and the wood-based sector continues as the mainstay of the state's economy for the next 50 to 100 years.

The world market of engineered wood products is valued at USD41.27 billion in 2022. It offers a huge market potential waiting to be fully tapped.



EXAMPLES OF ENGINEERED WOOD PRODUCTS





The Honourable Datu Haji Len Talif Salleh (fourth left) officiating the Seminar on Engineered Timber Products 2020.

Seminar On Engineered Timber Products

Concerted efforts were made by STIDC to promote engineered wood products. This was evident by a Seminar on Engineered Timber Products jointly organised with Universiti Technology Mara (UiTM) in Kuching, Sarawak on 7 December 2020.

The seminar aimed to promote engineered timber products as construction structure and to provide guidance to designers and architects in choosing wood products for construction components.

The seminar featured five papers by experts of varied fields besides a keynote paper on the current status of the timber industry in Sarawak by Mr. Nicholas Andrew Lissom of STIDC.

Professor Dr. Zakiah Ahmad of the Institute of Infrastructure Engineering and Sustainable Management shared the overview of engineered wood products in relation to mass timber construction.

Mr. Paul Valentine of Sarawak Planted Forest Sendirian Berhad highlighted a topic on the potential of logs from planted forests for future construction industry.

Ir Muhd Salmizi Ja'afar, of UiTM Shah Alam provided insight into MS544 and Eurocode 5.

Dr Norshariza Mohamad Bkhari of Institute for Infrastructure Engineering & Sustainable Management spoke about the potential of Glued Laminated Timber from Malaysian Tropical Hardwood as Railway Sleepers.

Mdm. Yuanti Mohamed of Construction Industry Development Board (CIDB) presented a topic concerning the current scenario and challenges on the application of engineered timber products in Sarawak.

The seminar provided a platform for policy makers, industry players and stakeholders to strengthen business networking and to share information and expertise on wood utilisation for construction structure and the best practices related to it.

It is hoped that the participants would leverage on the technical expertise of the distinguished speakers and the new technology in bringing the construction industry to greater height.





SayD'Signers **Sarawak**





Presentation of certificate by Tuan Haji Hashim Haji Bojet, General Manager of STIDC (second left) to Ryan Matthaeus (second right). Also seen is Mdm. Dayang Nena Abang Bruce, STIDC Special Function Officer (left).

SayD'SignersSarawak To Accelerate Growth Of Furniture Industry

Tuan Haji Hashim Haji Bojet, General Manager of STIDC presented the certificate of completion to Mr. Ryan Matthaeus Anak August, head of SayD'SignersSarawak Batch 2. The certificate presentation on 17th May 2021 marked the completion of Batch 2 two years Sarawak Young Designers Training Programme. The programme was jointly implemented by STIDC and Fakultas Seni Rupa dan Desain (FSRD), Institut Teknologi Bandung (ITB), Indonesia.

The online programme was conducted by Spedagi, Sinau Desa, Temeanggung, Central Java, Indonesia featuring Belajar Desain Cara Desa (BDCD) as part of the training curriculum of ITB and the last activity for Batch 2. The programme was mentored by Bapak Singgih S Kartono who owns Spedagi, an enterprise producing bamboo and wood products for export markets including bamboo bicycles and wooden Magno Radio. Spedagi also involved the local community in order to boost their income.



Ryan Mattaeus Ak August Sier



Royreson Bin Thomas

SayD'Signers Sarawak Batch 2 Participants

BDCD was part of the training programme developed by ITB to promote the rich designing heritage and legacy of a village among the young designers.

"I am pleased that despite COVID-19 pandemic, SayD'Signers Sarawak training programme was carried out successfully by ITB. It is hoped that the programme would benefit the Batch 2 participants to further enhance their designing skills," Tuan Haji Hashim said.



Racilia Nain Anak Lut



Maitra Binti Mait



Mastia Anak Changgai



Jessica Tan Siew Ling



Anifin Bin Mohammad Sidek



SayD'Signers Sarawak

POPO

by

ARIFIN BIN MOHAMMAD SIDEK



TÄNGLÄNG

by

JESSICA TAN SIEW LING



KEPANG

by

MALIHA BINTI MAIL



PECKERY

by

MASTIA ANAK CHANGGAI



BILOG

by

NUR FATIN ASYIKIN BINTI MOHD ANURA



BALLERINA

by

RECELLA NAIN ANAK LUAT



SPLIT

by

ROYRESON BIN THOMAS



MERAK

by

SITI NURHASYIKEN BINTI MOHD SABRI



KITA

by

RYAN MATTHAEUS ANAK AUGUST





SayD'SignerSarawak, a two-year training programme developed by STIDC in collaboration with Universiti Malaysia Sarawak (UNIMAS), aims to enhance the knowledge and skills of fresh Industrial Design graduates so as to develop their career path in furniture design, to be readily available and marketable in the State's timber industry. Targeted at producing 100 trained furniture designers by 2030, the programme sees STIDC collaborating with Institut Teknologi Bandung (ITB) of Indonesia. Through this collaboration, a specially customised curriculum was developed by ITB for the programme, which to date has resulted in significant improvement among SayD'SignerSarawak trainees.

The programme is now in its fourth batch of trainees, consisting of five fresh graduates from UNIMAS who are on their first year Attachment Training. There are 26 trainees in total as of now since the commencement of the programme. Due to the current pandemic, the batch currently undergoing training at ITB are doing so online, using training syllabus and curriculum that had been adjusted by ITB for the purpose.

Ryan and Arifin who themselves were trainees of the programme shared their experiences as young designers trained under SayD'SignersSarawak.



Arifin Sidek Finds Inspiration All Around Him

Furniture designer and SayD'SignersSarawak participant Arifin Sidek believed it is important to have a free mind when designing, to better express oneself creatively. Drawing inspiration from his surrounding, Arifin has created two fascinating chairs. The first is a piece he named Popo Chair, inspired by a humble seashell.

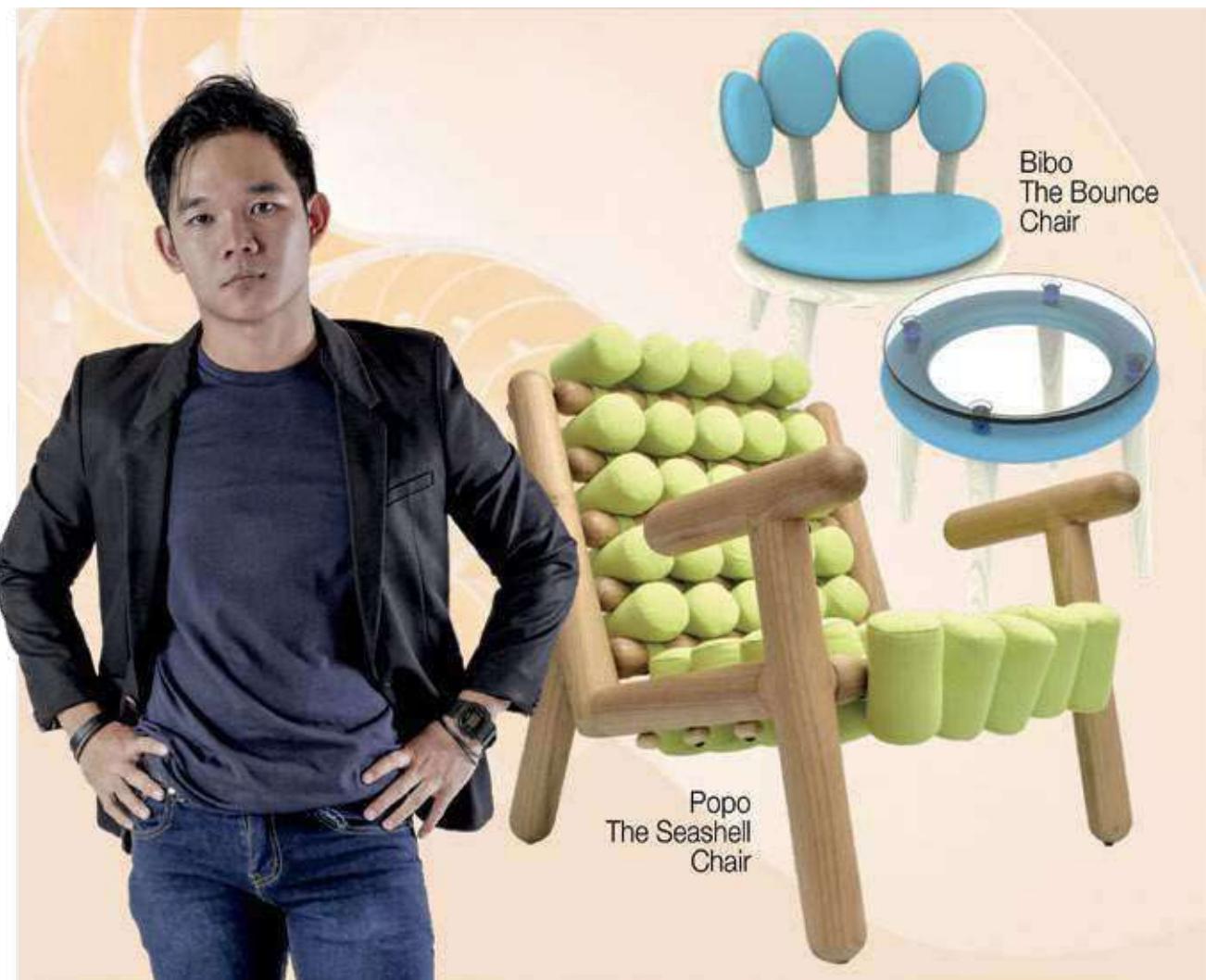
For Popo Chair, Arifin used the internal structure of a seashell as a guide to designing a stronger seat structure. Also having an influence in the structural design of the Popo Chair is acupuncture. Arifin added capsule-shaped cushion upholstery across the seating all the way to the backrest, ergonomically embracing and supporting the weight and movement of the body, adding both comfort and style at the same time.

In essence, Popo Chair offers full comfort for both

the body and the eyes. Its colour, material and design combination creates such an impact on its user, physically, emotionally, and spiritually.

Arifin's other creation is called Bibo, a collection designed for a very comfortable and soft living environment. Its name was derived from the words "bounce" and "baby blue", which reflect the designer's desire to create furniture that could inspire happiness. Arifin believed that the uniqueness of the bouncy effect and the organic shape of the bounce can create a happy mood.

Uniquely organic, minimal, and very urban, Arifin's Bibo collection was designed to embrace the nature of the wood used to make it. Rounded and soft in nature, the collection created a sense of comfort both mentally and physically – just as the designer intended for his Bibo collection.





Ryan And His KiTA Mushroom Chair

Fellow furniture designer and SayD'SignersSarawak member Ryan is particularly proud of his creation, the KiTA chair – a chair inspired by the enoki or enokitake mushroom. He created the chair during a design and training workshop at ITB from January to April 2020.

Just like the mushroom, the KiTA chair was deliberately designed to showcase irregularity and imperfection in its shape. The result is a unique chair with a more natural and real shape.

For KiTA, Ryan uses 90% solid wood, with another material making up the remaining 10% and adding value to the chair's overall aesthetic appeal. Finished in natural wood colour, Ryan's KiTA chair lets users experience a connection with nature, while its

contemporary design allows it to blend well in today's homes and be functional at the same time.

Ryan also designed BOW the Rainbow Chair, whose concept is based on the exploration of the rainbow as a central theme in designing the chair. Not only did Ryan have to transform the shape of a rainbow into a chair, he had to make the design fully functional as well.

The key to his design for the Rainbow Chair is to combine simplicity, functionality and craftsman, with a little wittiness on the side. And the resulting product is a comfortable and beautifully made chair that truly stands out from the rest.

The background of the image is a soft, out-of-focus photograph of a natural landscape. It features a light-colored road or path that curves through a area with green trees and bushes. The overall tone is warm and earthy.

Development in

Tanjung Manis



More Than RM3 Billion Invested In Tanjung Manis

2020 marked the 30th anniversary (1990-2020) of the development of Tanjung Manis. The last 30 years saw the evolution of Tanjung Manis from a mere mangrove forest and a traditional fishing village into a vibrant township with diverse economic activities.

In 1990, Tanjung Manis was identified as a timber processing zone to cater for the wood-based industry in the central region of Sarawak. Its economic activities were diversified following the world economic recession in 1998.

In 2008, it was identified as a core economic growth node under the Sarawak Corridor of Renewable Energy (SCORE) Development Master Plan.

The re-positioning of Tanjung Manis Economic Growth Area (T-MEGA) in 2018 marked a new milestone in the development of Tanjung Manis. Blessed with natural deep water port and strategic location, T-Mega serves as a new economic hub of the central region of Sarawak focussing on industrial developments such as shipbuilding and maintenance, Palm Oil Industrial Cluster (POIC), timber-based industries, oil and gas, agriculture and livestock, aquaculture and fisheries, halal food production and processing and other supporting industries.

More than RM3 billion were invested by the government in Tanjung Manis to develop infrastructure and public amenities such as roads, bridges, airport, water port, telecommunication system, electricity and water supply.

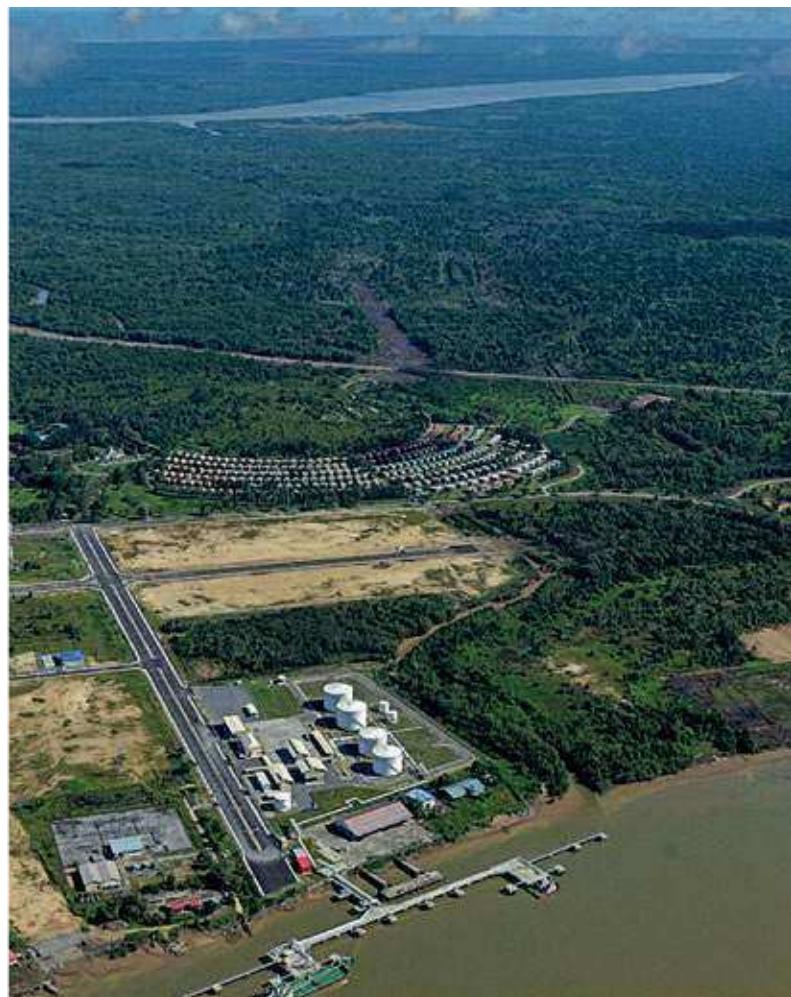
Assistant Minister of Urban Planning, Land Administration and Environment and STIDC Board of Management member, Datu Haji Len Talif Salleh said, the development of these infrastructure and public amenities aimed to support the economic activities in Tanjung Manis Economic Growth Area (T-MEGA).

The good river system, ideal water quality and large area of low-lying land in Tanjung Manis offer huge potential for river Cage culture, off-shore cage culture and inland aquaculture activities.

"124,000 hectares were earmarked for industrial developments in T-MEGA. Investors will enjoy HALMAS status with incentives and Halal certification support services," Datu Haji Len said.

According to him, POIC will serve the export and processing of crude palm oil (CPO) for the central region which has more than 400,000 hectares of oil palm. CPO bulking terminal has been in operation since 2017 and a CPO refinery is in the pipeline to catalyse downstream CPO based by-products.

He revealed that, to date the total investment in POIC area has reached RM400 million (CNY664 Million) while investment in halal hub was estimated at RM836 million (CNY1.4 Billion) besides the current investment of RM1.5 billion (CNY 2.49 Billion) in shipbuilding and timber industry.





"Since the establishment of T-Mega, the government has invested about RM3.14 billion for infrastructure development such as port, airport, telecommunication, electricity, water, wharf, housing as well as commercial centre. Presently, a 16-storey administrative centre is under construction to serve as a one stop service centre for both the government and private sectors," he added.

On other facilities, he said STIDC through its investment arm, PUSAKA Capital aims to build 200 units of houses for government departments and agencies in Tanjung Manis. "We also plan to explore the possibilities of building the quarters for industry workers in the near future. With these facilities, Tanjung Manis is poised to be a strategic economic hub for the central region of Sarawak" he added.

STIDC is committed to playing its role in facilitating the potential investors in Tanjung Manis through its branch office and PUSAKA Capital in the township to ensure that the economic activities materialise as planned.

He disclosed that under the 11th Malaysia Plan (2016-2020), RM143.8 million was allocated by the Sarawak government to finance new projects and to complement the existing infrastructure and facilities in the township.

Through these new projects, he said foreign and local investments worth RM9 billion are poised to pour into Tanjung Manis adding that 4,600 hectares of land was earmarked to cater for the 12 local and foreign investors identified with potential to invest in the township. Undoubtedly, this will make Tanjung Manis a prominent hub for economic growth in the central region of Sarawak.

"More importantly, these projects will generate new business and employment opportunities for at least 2,000 local populace besides investment chances to PUSAKA Capital Sendirian Berhad which is STIDC's subsidiary and investment arm as well as to other subsidiaries," he said.



PUSAKA Capital Brings Progress Into Tanjung Manis

Background

PUSAKA Capital Sdn Bhd (PCSB), a wholly-owned subsidiary of Sarawak Timber Industry Development Corporation (STIDC) was established in July 2013 as a Special Purpose Vehicle (SPV) to implement the Reorganisation and Rationalisation (R&R) Exercise of STIDC. It was officially launched in October 2014.

PCSB subscribes to the culture of CARE (Courage, Agility, Responsibility, and Effectiveness). At the same time, it embraces the values of Integrity, Nurturing, Reliability, Positive Mind-Set and Expertise.

Driving Growth

Since its inception, PUSAKA Capital Group (PCG) has embarked on various development projects in Tanjung Manis, bringing progress into the township that was previously a cluster of fishing communities, with little to no access to modern amenities and conveniences such as electricity and tar-sealed road.

One of the projects is the palm oil bulking storage facility with a capacity of 32,000 tonnes. The facility began operating in May 2017. PCG also completed Liquid Bulk Petroleum Products Depot project in December 2018. The depot is used to store up to 12,000 tonnes of bitumen. In May 2019, the company completed the construction of 200 units of government quarters, adding to the existing accommodation for workers in Tanjung Manis.

Diversified Business

PCG experiences tremendous growth and diversifies into various businesses such as the distribution of petroleum products, logistics and services, agri-business, and timber-related activities.

Distribution of Petroleum Products

PCG reinforces their core business by offering one-stop business centre in supplying petroleum products in Sarawak. Having to own and operate Bitumen Depot located in Tanjung Manis and as an authorised supplier and distributor of PETRONAS Bitumen, Lubricants and Diesel, the company is committed in becoming the one-stop business centre to support the diverse needs of their customers throughout Sarawak.

Logistics & Services

As a licensed and exclusive port operator for 60 years, PCG provides optimal port management services for Tanjung Manis Port. The company covers various arrangements and procedures involved in operating cargo terminal and oil as well as

gas and chemical jetty. PCG also offers service on shipping and port handling activities besides wharfing services.

Agri-Business

The company continues to strengthen its footprint in agri-business sector by investing and involving in the proposed aquaculture and agriculture related activities in Tanjung Manis Halal Hub.

Timber-Related Activities

Apart from manufacturing wood residue products, the Company also invests strategically in acacia. PCG also diversifies into harvesting and replanting of planted forests in Bintulu.

Milestones

PUSAKA Capital Group strives to develop and commercialise industrial and economic activities and to accelerate the development of Tanjung Manis in order to support the overall industrial growth in the central region of Sarawak as well as in the southern corridor of the Sarawak Corridor of Renewable Energy (SCORE).





An aerial view of Tanjung Manis



200 units of Government Quarters

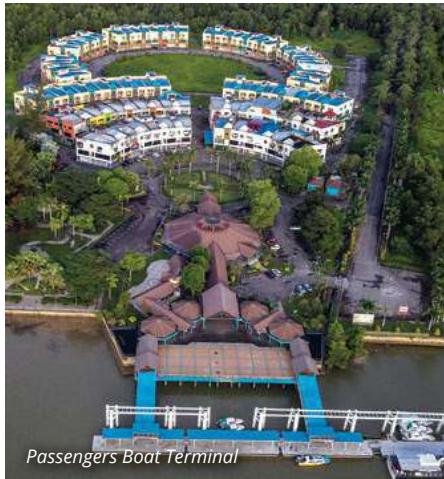


Liquid Bulk Petroleum Products Depot



Palm Oil Bulking Storage Facilities

Chinese Investor Showing Keen Interest In Tanjung Manis



Xuzhou Shenghe Wood Co Ltd, a timber and furniture company from China showed keen interest to invest in Tanjung Manis.

Mr. Wang Fuhua, president of the company conveyed his company's plans to the Deputy Chief Minister of Sarawak, Datuk Amar Haji Awang Tengah Ali Hasan via online meeting on 18 December 2020.

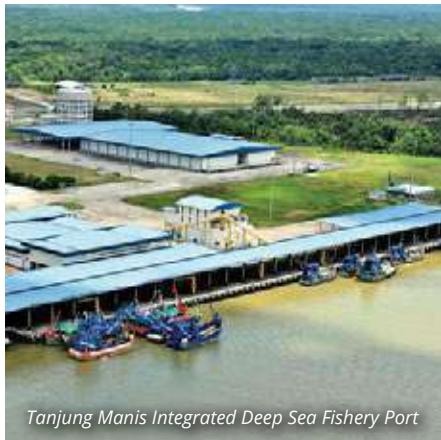
Mr. Wang said Tanjung Manis is an ideal place for investment due to its strategic location and availability of the basic infrastructure such as roads, electricity and water supply as well as ports.

By investing in Tanjung Manis, he said his company could participate in the Sarawak Furniture Park project.





Tanjung Manis Integrated Port



Tanjung Manis Integrated Deep Sea Fishery Port



200 units of Government Quarters

Meanwhile, Datuk Amar Haji Awang Tengah said Sarawak aims to achieve RM6 billion from furniture export by 2030. Concerted efforts were made to ensure conducive investment environment.

This was evident by the government's efforts to ensure sustainable supply of raw materials through planted forests. The government is also promoting bamboo plantation besides strengthening the Sarawak Young Designers (SayD'SignersSarawak) programme with Institut Teknologi Bandung (ITB), Universiti Malaysia Sarawak (Unimas) and Milan Designers.

Datuk Amar Haji Awang Tengah said the company's venture into Sarawak would make them one of the anchor companies to realise the Furniture Park projects in Kuching, Bintulu and Tanjung Manis.

He added that the state government allows the recruitment of foreign workers to encourage the development of value-added products particularly furniture.

He encouraged organisers to use the Tanjung Manis Timber Training Centre for trainings such as furniture making, wood carving and many more.



Palm Oil Industrial Cluster & Central Oil Distribution Terminal
and Oil, Gas & Chemical Jetty



Trade **Statistics**

2020 vs 2019



Table 1

Export Summary Of Timber And Timber Products From Sarawak

PRODUCTS	2020 ^p January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
PLYWOOD	1,037,090	1,964,658	52.50	1,121,173	2,263,610	50.06	(7.50)	(13.21)
LOGS	925,162	492,845	13.17	1,290,133	722,217	15.97	(28.29)	(31.76)
SAWNTIMBER	258,090	436,688	11.67	317,106	583,109	12.89	(18.61)	(25.11)
FIBREBOARD	175,184	306,361	8.19	188,169	350,524	7.75	(6.90)	(12.60)
VENEER	34,913	48,630	1.30	67,576	92,436	2.04	(48.34)	(47.39)
DOORSKIN	30,272	67,799	1.81	37,881	82,577	1.83	(20.09)	(17.90)
LAMINATED BOARD/FLOORING	5,828	21,038	0.56	9,956	40,842	0.90	(41.46)	(48.49)
PARTICLEBOARD	27,635	19,115	0.51	48,463	31,573	0.70	(42.98)	(39.46)
DOOR PANELS & FRAMES	13,284	21,816	0.58	13,266	24,800	0.55	0.13	(12.03)
MOULDING	5,569	10,894	0.29	7,291	16,636	0.37	(23.63)	(34.51)
OTHER PRODUCTS*	36,542	46,185	1.23	29,027	39,667	0.88	25.89	16.43
OTHER PRODUCTS**[Units]	2,799,886	46,809	1.25	3,296,186	44,440	0.98	(15.06)	5.33
OTHER PRODUCTS***[Kgm]	42	8	0.00	7,491	103	0.00	(99.45)	(92.70)
BRIQUETTE & CHARCAOL (Tonne)	10,851	23,492	0.63	16,096	35,469	0.78	(32.59)	(33.77)
WOOD PELLETS [Tonne]	3,635	1,988	0.05	38,637	19,950	0.44	(90.59)	(90.03)
WOODCHIP [Tonne]	456,438	234,202	6.26	353,174	174,059	3.85	29.24	34.55
TOTAL (m³) (RM)	2,549,568	3,742,527	100	3,130,042	4,522,012	100	(18.55)	(17.24)

*Other Timber Products:

- Barecore
- Blockboard
- Chopping Board
- Core Plugs/Pellets
- Densified Wood
- Dowels
- Finger jointed
- Lamin Board
- Laminated beam/post
- Laminated Veneer Lumber (LVL)
- Railways sleepers
- Wooden panels
- Wooden Handle
- Wooden Fence
- Wooden lattice

- Wooden stakes
- Wooden Flooring

**Other Timber Products:

- Furniture & Furniture parts
- Wooden Frame
- Wooden Pallets

***Other Timber Products:

- Handicraft
- Door Panel & Frames(Kgm)

Notes:

> Fibreboard include MDF and HDF

> Total of volume (m³) does not includes woodchips (tonne) and other product (units)

> a = actual data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]

> p = preliminary data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]

Export Value Of Major Timber & Timber Products
From Sarawak (RM'000): 2020/ 2019





Table 2

Export Of Plywood By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	676,038	1,364,538	69.45	731,622	1,587,629	70.14	(7.60)	(14.05)
MIDDLE EAST	130,131	199,792	10.17	138,137	220,416	9.74	(5.80)	(9.36)
TAIWAN	87,063	130,938	6.66	85,072	134,567	5.94	2.34	(2.70)
KOREA	69,636	114,896	5.85	86,451	147,001	6.49	(19.45)	(21.84)
AUSTRALIA	11,973	29,489	1.50	11,527	29,320	1.30	3.87	0.58
UNITED STATES	10,246	24,124	1.23	5,498	12,710	0.56	86.35	89.81
HONG KONG	12,311	22,860	1.16	11,339	21,182	0.94	8.57	7.92
INDIA	7,317	15,628	0.80	10,655	26,716	1.18	(31.33)	(41.50)
THAILAND	6,517	13,112	0.67	7,426	16,302	0.72	(12.23)	(19.57)
MEXICO	5,716	12,109	0.62	4,808	10,999	0.49	18.90	10.09
OTHERS*	20,141	37,173	1.89	28,639	56,769	2.51	(29.67)	(34.52)
TOTAL	1,037,090	1,964,658	100	1,121,173	2,263,610	100	(7.50)	(13.21)

*Other Destinations:

- Brunei Darussalam
- New Zealand
- Cambodia
- Papua New Guinea
- Canada
- Philippines
- China
- Puerto Rico
- Djibouti
- Singapore
- Malaysia (Peninsular Or Sabah-Free Zone)
- Somalia
- Maldives
- South Africa
- Myanmar
- Vietnam

Export Value (%) Of Plywood To Major Destinations: 2020/ 2019

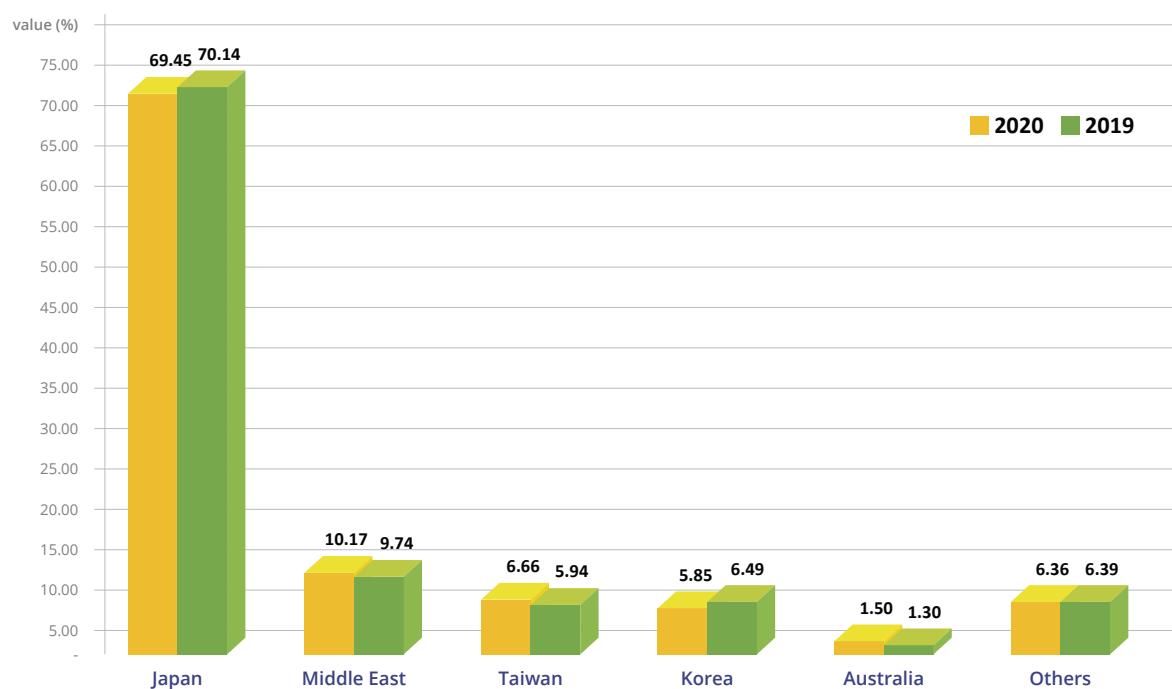




Table 3

Export Of Logs By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDIA	400,737	307,316	62.36	570,944	467,255	64.70	(29.81)	(34.23)
INDONESIA	413,806	98,785	20.04	558,490	123,706	17.13	(25.91)	(20.15)
TAIWAN	62,406	50,654	10.28	72,824	63,681	8.82	(14.31)	(20.46)
JAPAN	23,353	18,057	3.66	38,784	33,550	4.65	(39.79)	(46.18)
VIETNAM	17,181	12,412	2.52	27,572	18,435	2.55	(37.68)	(32.67)
KOREA	3,445	2,886	0.59	4,200	3,091	0.43	(17.97)	(6.61)
CHINA	4,234	2,735	0.55	17,320	12,499	1.73	(75.56)	(78.12)
TOTAL	925,162	492,845	100	1,290,133	722,217	100	(28.29)	(31.76)

Export Value (%) Of Logs To Major Destinations: 2020/ 2019

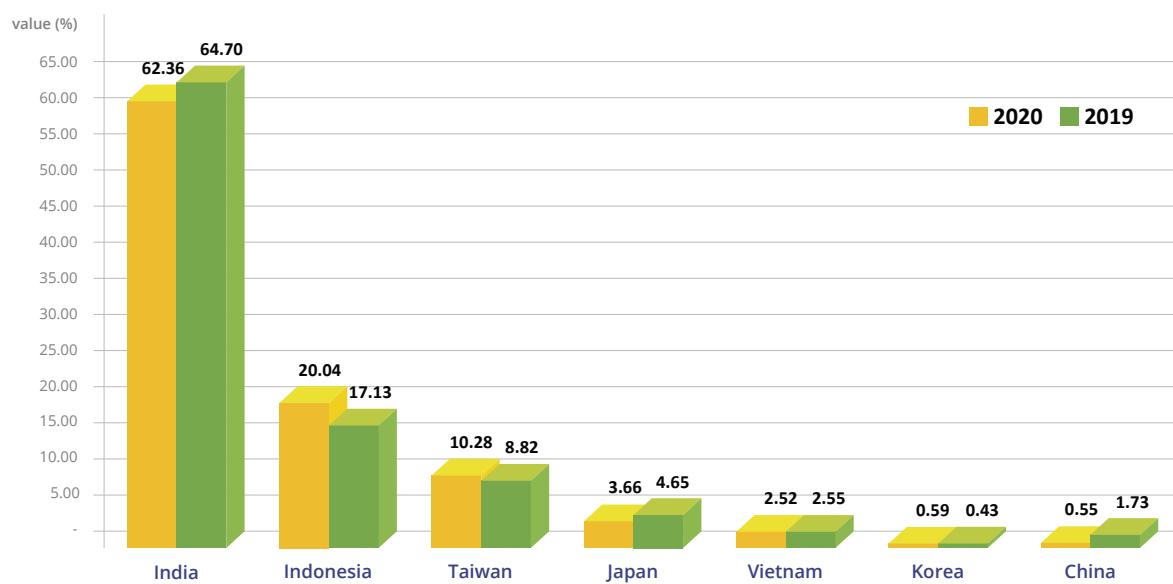




Table 4

Export Of Sawntimber By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
MIDDLE EAST	87,146	166,967	38.23	98,297	189,789	32.55	(11.34)	(12.02)
PHILIPPINES	66,840	97,042	22.22	76,483	145,924	25.03	(12.61)	(33.50)
TAIWAN	34,932	59,792	13.69	37,691	67,386	11.56	(7.32)	(11.27)
THAILAND	32,318	42,493	9.73	49,392	70,726	12.13	(34.57)	(39.92)
JAPAN	8,748	22,061	5.05	11,761	29,742	5.10	(25.62)	(25.83)
KOREA	10,808	17,538	4.02	15,357	24,898	4.27	(29.62)	(29.56)
CHINA	7,197	12,114	2.77	11,871	17,240	2.96	(39.37)	(29.73)
SRI LANKA	3,138	6,855	1.57	2,505	4,626	0.79	25.26	48.20
INDIA	1,579	3,612	0.83	1,631	3,512	0.60	(3.17)	2.85
SOUTH AFRICA	1,284	2,133	0.49	3,763	7,841	1.34	(65.88)	(72.79)
OTHERS*	4,100	6,081	1.39	8,356	21,425	3.67	(50.93)	(71.62)
TOTAL	258,090	436,688	100	317,106	583,109	100	(18.61)	(25.11)

*Other Destinations:

- Australia
- Brunei Darussalam
- Hong Kong
- Indonesia
- Malaysia (Peninsular Or Sabah-Free Zone)
- Maldives
- Mauritius
- Pakistan
- Seychelles
- Singapore
- United States
- Vietnam

Export Value (%) Of Sawntimber To Major Destinations: 2020/ 2019

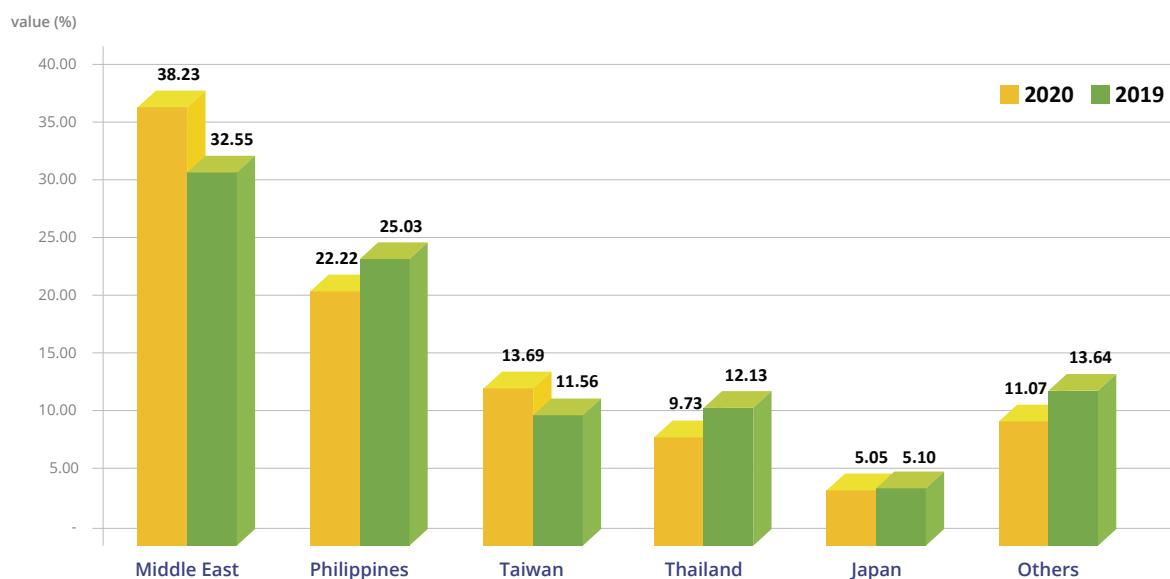




Table 5

Export Of Fibreboard By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	134,558	239,323	78.12	150,316	285,254	81.38	(10.48)	(16.10)
PHILIPPINES	18,840	32,740	10.69	16,431	29,239	8.34	14.66	11.97
VIETNAM	6,410	11,952	3.90	5,324	11,356	3.24	20.39	5.25
INDONESIA	7,280	10,143	3.31	9,890	14,104	4.02	(26.39)	(28.08)
TAIWAN	3,973	6,521	2.13	2,965	5,148	1.47	34.00	26.66
KOREA	2,403	3,947	1.29	2,313	4,504	1.29	3.92	(12.37)
OTHERS*	1,720	1,735	0.57	929	919	0.26	85.07	88.81
TOTAL	175,184	306,361	100	188,169	350,524	100	(6.90)	(12.60)

*Other Destinations:

- China
- Brunei Darussalam
- India
- Australia

Export Value(%) Of Fibreboard To Major Destinations: 2020/ 2019

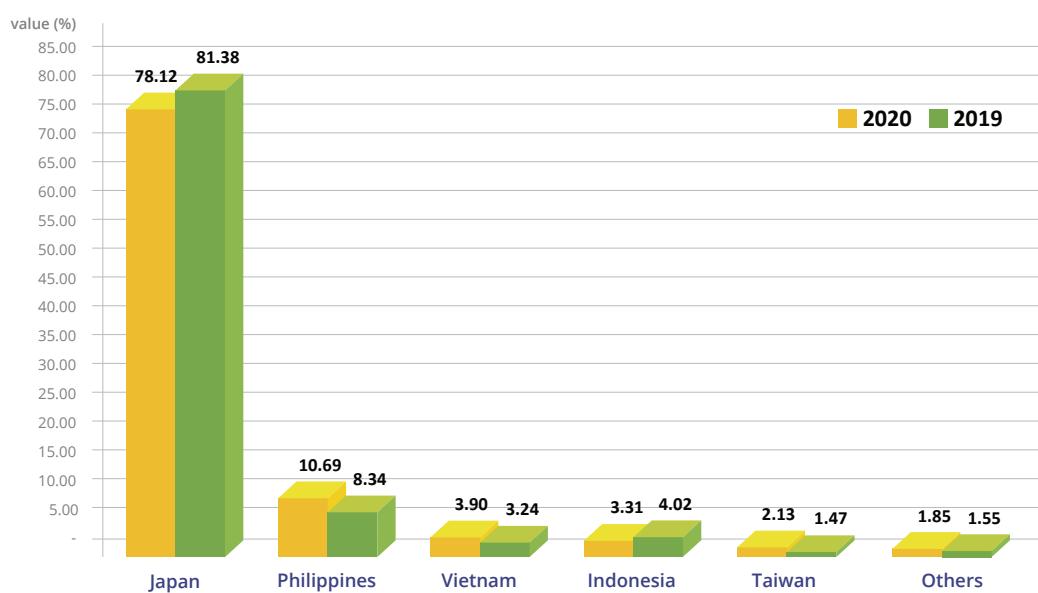




Table 6

Export Of Veneer By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	11,058	16,096	33.10	13,344	21,785	23.57	(17.14)	(26.11)
TAIWAN	10,947	13,473	27.71	35,626	43,095	46.62	(69.27)	(68.74)
JAPAN	5,009	9,997	20.56	3,908	9,081	9.82	28.17	10.09
CHINA	3,449	4,242	8.72	6,418	8,804	9.52	(46.27)	(51.82)
PHILIPPINES	4,177	4,055	8.34	7,541	7,301	7.90	(44.61)	(44.46)
AUSTRALIA	252	719	1.48	641	2,186	2.37	(60.71)	(67.09)
BRUNEI DARUSSALAM	21	47	0.10	19	50	0.05	11.22	(5.59)
OTHERS*	-	-	-	78	133	0.14	(100.00)	(100.00)
TOTAL	34,913	48,630	100	67,576	92,436	100	(48.34)	(47.39)

*Other Destinations:

- India

Export Value(%) Of Veneer To Major Destinations: 2020/ 2019

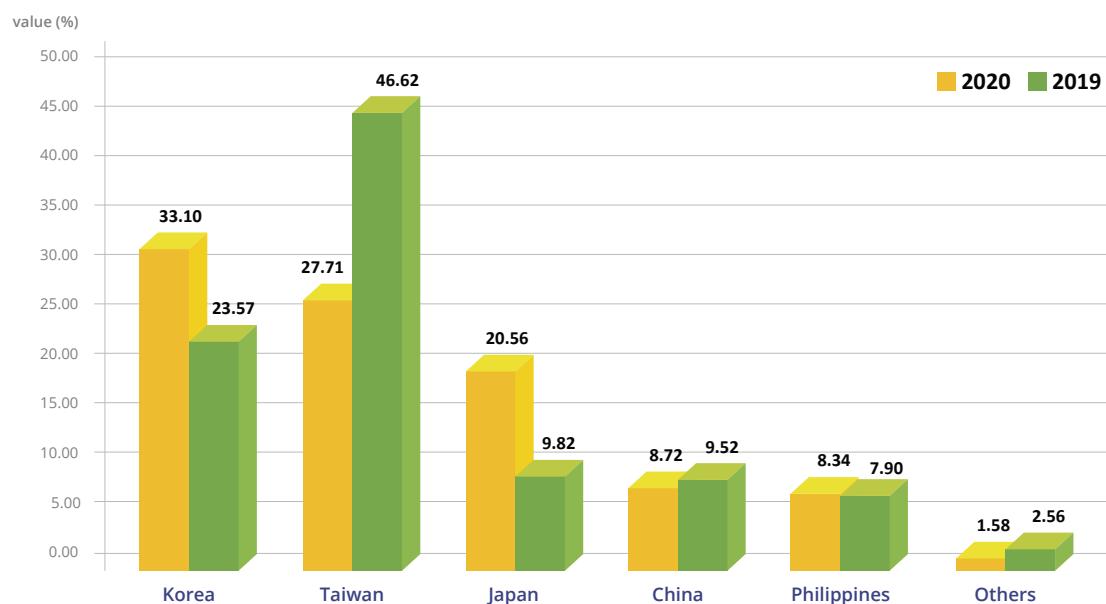




Table 7

Export Of Doorskin By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
PAKISTAN	20,470	44,736	65.98	23,770	50,077	60.64	(13.88)	(10.67)
INDIA	5,281	12,170	17.95	7,739	17,222	20.86	(31.77)	(29.34)
TAIWAN	1,391	3,209	4.73	1,452	3,200	3.87	(4.18)	0.29
SOUTH AFRICA	1,092	2,784	4.11	1,916	4,497	5.45	(42.99)	(38.09)
PHILIPPINES	1,084	2,770	4.09	1,632	4,123	4.99	(33.58)	(32.82)
INDONESIA	466	990	1.46	627	1,425	1.73	(25.66)	(30.51)
THAILAND	285	819	1.21	470	1,280	1.55	(39.36)	(36.03)
VIETNAM	156	210	0.31	214	613	0.74	(27.39)	(65.81)
OTHERS*	47	111	0.16	61	140	0.17	(22.43)	(20.41)
TOTAL	30,272	67,799	100	37,881	82,577	100	(20.09)	(17.90)

*Other Destinations:

- China
- Japan
- Mongolia

Export Value(%) Of Doorskin To Major Destinations: 2020/ 2019

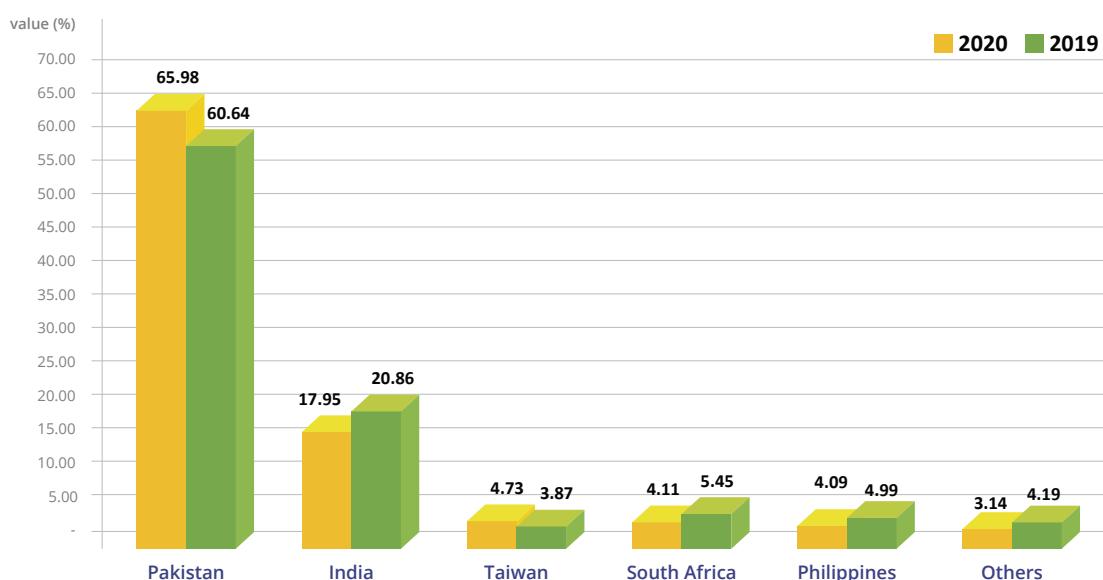




Table 8

Export Of Laminated Board/Flooring By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	2,459	10,739	51.05	6,495	29,473	72.17	(62.14)	(63.56)
VIETNAM	1,276	4,567	21.71	1,565	5,349	13.10	(18.49)	(14.61)
TAIWAN	1,099	2,688	12.78	1,096	3,283	8.04	0.22	(18.12)
KOREA	360	921	4.38	120	277	0.68	200.47	232.61
MACAU	88	891	4.23	20	227	0.56	342.79	292.62
INDONESIA	115	400	1.90	174	635	1.56	(33.61)	(37.05)
SINGAPORE	257	285	1.35	41	50	0.12	533.84	474.19
EU	68	260	1.24	107	408	1.00	(36.48)	(36.28)
MALAYSIA (Peninsular or Sabah- free zone)	22	95	0.45	-	-	-	100.00	100.00
INDIA	21	56	0.27	14	78	0.19	51.18	(27.84)
OTHERS	62	136	0.64	324	1,062	2.60	(80.73)	(87.23)
TOTAL	5,828	21,038	100	9,956	40,842	100	(41.46)	(48.49)

*Other Destinations:

- Bangladesh
- Brunei Darussalam
- Canada
- Hong Kong
- Japan
- Middle East
- Myanmar

Export Value (%) Of Laminated Board/ Flooring To Major Destinations: 2020/ 2019

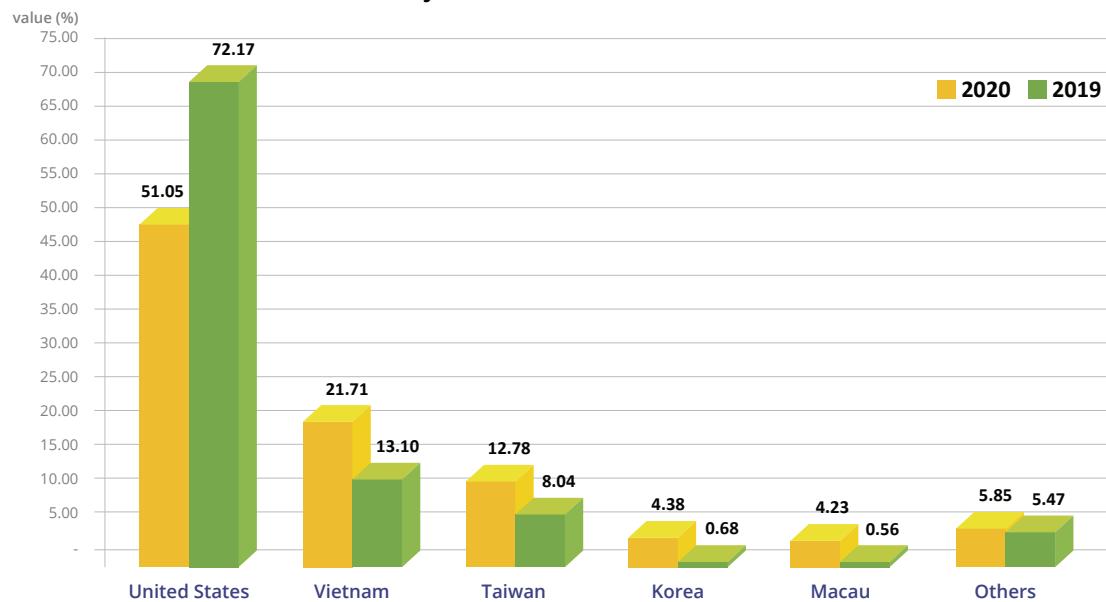




Table 9

Export Of Particle Board By Country Of Destinations

PRODUCTS	2020 ^p January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	9,374	6,622	34.64	16,376	9,643	30.54	(42.76)	(31.33)
VIETNAM	7,093	4,510	23.59	11,458	7,332	23.22	(38.09)	(38.49)
PHILIPPINES	4,164	3,230	16.90	12,896	9,375	29.69	(67.71)	(65.54)
KOREA	4,346	2,793	14.61	3,786	2,524	7.99	14.77	10.65
JAPAN	2,512	1,863	9.74	3,397	2,454	7.77	(26.06)	(24.11)
KENYA	110	70	0.37	-	-	-	100.00	100.00
CHINA	36	28	0.15	-	-	-	100.00	100.00
INDIA	-	-	-	536	231	0.73	(100.00)	(100.00)
TAIWAN	-	-	-	15	15	0.05	(100.00)	(100.00)
TOTAL	27,635	19,115	100	48,463	31,573	100	(42.98)	(39.46)

***Other Timber Products:**

- Barecore
- Blockboard
- Chopping Board
- Core Plugs/Pellets
- Densified Wood
- Dowels
- Finger jointed
- Lamin Board
- Laminated beam/post
- Laminated Veneer Lumber (LVL)
- Railways sleepers
- Wooden panels
- Wooden Handle
- Wooden Fence
- Wooden lattice
- Wooden stakes
- Wooden Flooring

****Other Timber Products:**

- Furniture & Furniture parts
- Wooden Frame
- Wooden Pallets
- Handicraft
- Door Panel & Frames(Kgm)

Notes:

> Fibreboard include MDF and HDF

> Total of volume (m³) does not includes woodchips (tonne) and other product (units)

> a = actual data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]

> p = preliminary data & total does not include application/permit to transport goods within the Federation [Customs Declaration Form No.3 (CDF3)]

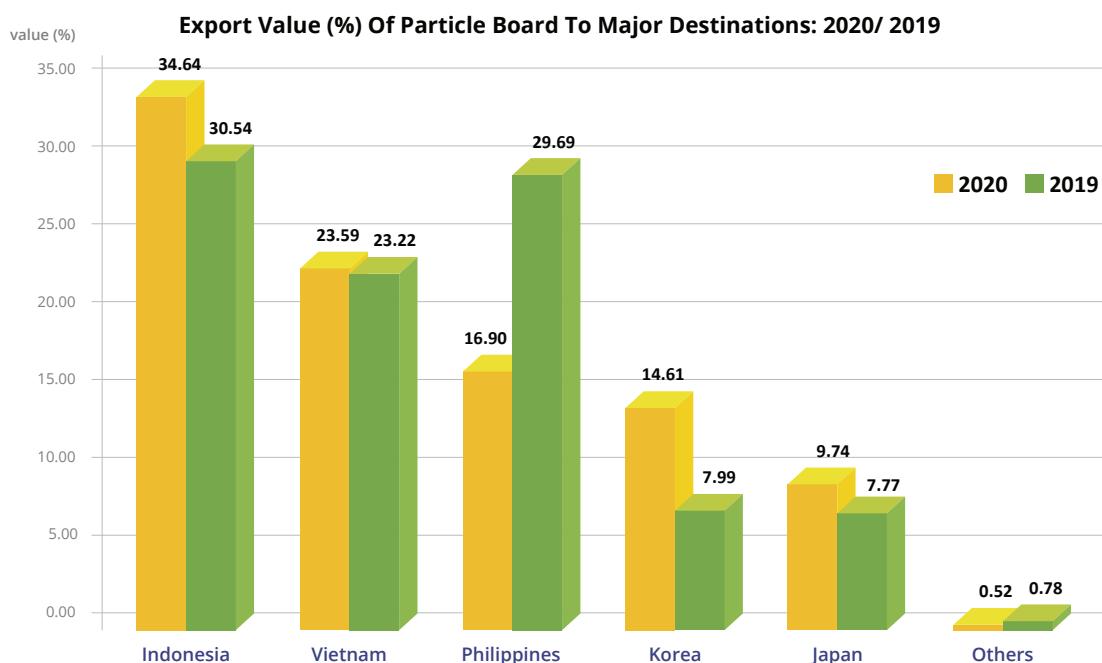




Table 10

Export Of Door Panel & Frame By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	13,218	21,624	99.12	13,196	24,286	97.93	0.16	(10.96)
THAILAND	26	152	0.70	16	62	0.25	65.61	143.93
BRUNEI DARUSSALAM	33	39	0.18	19	69	0.28	75.27	(43.21)
MALDIVES	7	1	0.01	-	-	-	100.00	100.00
CHINA	-	-	-	15	327	1.32	(100.00)	(100.00)
INDIA	-	-	-	21	55	0.22	(100.00)	(100.00)
TOTAL	13,284	21,816	100	13,266	24,800	100	0.13	(12.03)

Export Value (%) Of Door Panel & Frame To Major Destinations: 2020/ 2019

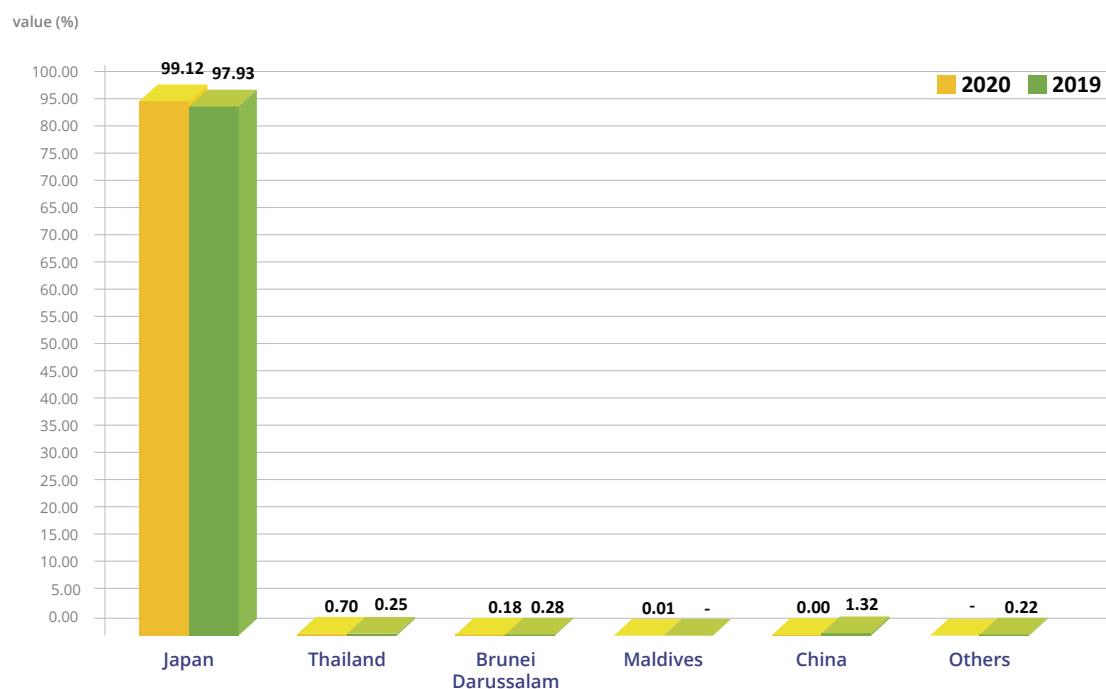




Table 11

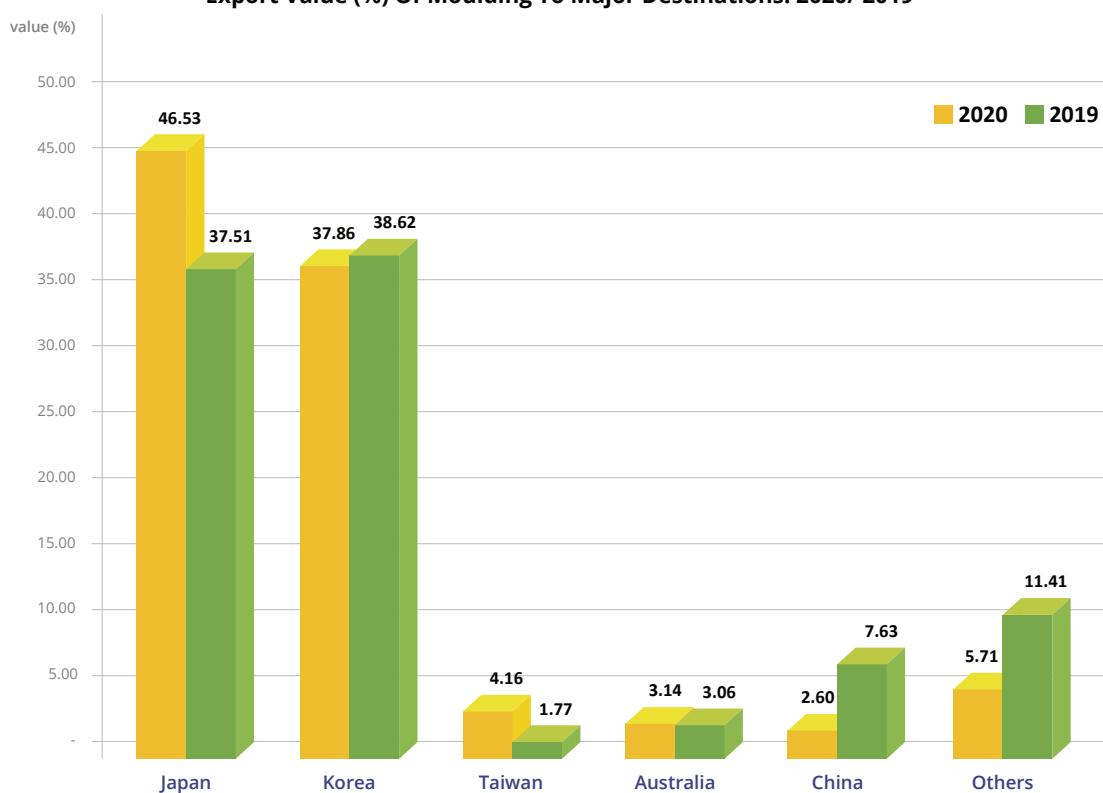
Export Of Moulding By Country Of Destinations

PRODUCTS	2020 ^b January -December			2019 ^a January - December			% Change 2020/2019	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	2,118	5,069	46.53	2,752	6,241	37.51	(23.06)	(18.77)
KOREA	1,849	4,124	37.86	2,844	6,425	38.62	(34.99)	(35.81)
TAIWAN	274	453	4.16	178	294	1.77	53.63	54.00
AUSTRALIA	94	343	3.14	120	510	3.06	(22.11)	(32.77)
CHINA	164	283	2.60	920	1,269	7.63	(82.23)	(77.66)
SOUTH AFRICA	49	228	2.09	109	427	2.57	(54.97)	(46.63)
SEYCHELLES	36	113	1.03	-	-	-	100.00	100.00
EU	21	100	0.92	116	579	3.48	(82.12)	(82.77)
SINGAPORE	22	58	0.53	16	41	0.25	40.43	42.15
VIETNAM	22	57	0.53	102	215	1.29	(78.74)	(73.35)
OTHERS*	922	66	0.61	134	635	3.82	586.78	(89.58)
TOTAL	5,569	10,894	100	7,291	16,636	100	(23.63)	(34.51)

*Other Destinations:

- Brunei Darussalam
- Maldives
- Sri Lanka

Export Value (%) Of Moulding To Major Destinations: 2020/ 2019





Summary All Products

Summary All Prod. (1) Jan-Dec

	2020	2019
PLYWOOD	52.50	50.06
LOGS	13.17	15.97
SAWNTIMBER	11.67	12.89
FIBREBOARD	8.19	7.75
VEENEER	1.30	2.04
OTHERS	13.18	11.28
	100.00	100.00

Fibreboard (5) Jan-Dec

	2020	2019
JAPAN	78.12	81.38
PHILIPPINES	10.69	8.34
VIETNAM	3.90	3.24
INDONESIA	3.31	4.02
TAIWAN	2.13	1.47
OTHERS	1.85	1.55
	100.00	100.00

Particleboard (9) Jan-Dec

	2020	2019
INDONESIA	34.64	30.54
VIETNAM	23.59	23.22
PHILIPPINES	16.90	29.69
KOREA	14.61	7.99
JAPAN	9.74	7.77
OTHERS	0.52	0.78
	100.00	100.00

Plywood (2) Jan-Dec

	2020	2019
JAPAN	69.45	70.14
MIDDLE EAST	10.17	9.74
TAIWAN	6.66	5.94
KOREA	5.85	6.49
AUSTRALIA	1.50	1.30
OTHERS	6.36	6.39
	100.00	100.00

Veneer (6) Jan-Dec

	2020	2019
KOREA	33.10	23.57
TAIWAN	27.71	46.62
JAPAN	20.56	9.82
CHINA	8.72	9.52
PHILIPPINES	8.34	7.90
OTHERS	1.58	2.56
	100.00	100.00

Door Panel & Frames (10) Jan-Dec

	2020	2019
JAPAN	99.12	97.93
THAILAND	0.70	0.25
BRUNEI DARUSSALAM	0.18	0.28
MALDIVES	0.01	-
CHINA	0.00	1.32
OTHERS	-	0.22
	100.00	100.00

Logs (3) Jan-Dec

	2020	2019
INDIA	62.36	64.70
INDONESIA	20.04	17.13
TAIWAN	10.28	8.82
JAPAN	3.66	4.65
VIETNAM	2.52	2.55
KOREA	0.59	0.43
CHINA	0.55	1.73
	100.00	100.00

Doorskin (7) Jan-Dec

	2020	2019
PAKISTAN	65.98	60.64
INDIA	17.95	20.86
TAIWAN	4.73	3.87
SOUTH AFRICA	4.11	5.45
PHILIPPINES	4.09	4.99
OTHERS	3.14	4.19
	100.00	100.00

Moulding (11) Jan-Dec

	2020	2019
JAPAN	46.53	37.51
KOREA	37.86	38.62
TAIWAN	4.16	1.77
AUSTRALIA	3.14	3.06
CHINA	2.60	7.63
OTHERS	5.71	11.41
	100.00	100.00

Sawntimber (4) Jan-Dec

	2020	2019
MIDDLE EAST	38.23	32.55
PHILIPPINES	22.22	25.03
TAIWAN	13.69	11.56
THAILAND	9.73	12.13
JAPAN	5.05	5.10
OTHERS	11.07	13.64
	100.00	100.00

Lam.board/ Flooring (8) Jan-Dec

	2020	2019
UNITED STATES	51.05	72.17
VIETNAM	21.71	13.10
TAIWAN	12.78	8.04
KOREA	4.38	0.68
MACAU	4.23	0.56
OTHERS	5.85	5.47
	100.00	100.00



2020 Financial Statements

2020 Financial Statements

**Sarawak Timber Industry
Development Corporation**
31 December 2020

(Incorporated Under The Sarawak State Ordinance No. 3 Of 1973)

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PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
(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 Datuk Amar Jaul Samion (Appointed on 22 nd May 2020) : YB Datuk Haji Mohd Naroden Bin Haji Majais : YB Datu Haji Len Talif Salleh : YBhg. Tan Sri Datuk Amar (Dr) Hj Abdul Aziz Bin Dato Hj Husain : YBhg. Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman : YBhg. Tan Sri Datuk Amar Haji Mohamad Morshidi Bin Abdul Ghani (Until 21 st May 2020) : YBhg. Datu Sr. Zaidi Bin Mahdi : Yang Berusaha Encik Abdullah Bin Julaihi (Appointed on 22 nd May 2020) : Yang Berbahagia Dato Sri Haji Mohamad Abu Bakar Bin Marzuki (Appointed on 22 nd May 2020) (Alternate Member to YB Datuk Amar Jaul Samion) : YBhg Datu Dr Wan Lizozman Bin Wan Omar (Appointed on 22 nd May 2020) (Alternate Member to Datuk Amar Ahmad Tarmizi Bin Haji Sulaiman)
General Manager	: YBhg. Tuan Haji Hashim Bin Haji Bojet
Address	: Wisma Sumber Alam Jalan Stadium, Petra Jaya 93050 Kuching Sarawak, Malaysia
Auditor	: Auditor General of Malaysia
Bankers	: Malayan Banking Berhad : CIMB Bank Berhad : RHB Bank Berhad

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION
(Incorporated under the Sarawak State Ordinance No.3 of 1973)

Penyata Pengerusi dan Seorang Ahli Lembaga Pengurusan

Kami, Yang Berhormat Datuk Amar Haji Awang Tengah Ali Hasan dan Yang Berbahagia Datu Dr. Haji Wan Lizozman Bin Wan Omar, yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengurusan **Perbadanan Kemajuan Perusahaan Kayu Sarawak**, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan **Perbadanan Kemajuan Perusahaan Kayu Sarawak** pada 31 Disember 2020 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



Yang Berhormat Datuk Amar Haji
Awang Tengah Ali Hasan
Pengerusi

Kuching, Sarawak, Malaysia
Tarikh : 30.4.2021

Bagi pihak Lembaga,



Yang Berbahagia Datu Dr. Haji Wan
Lizozman Bin Wan Omar
Ahli Lembaga

Kuching, Sarawak, Malaysia
Tarikh : 30.4.2021



SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

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

Perakuan Oleh Pegawai Utama Yang Bertanggungjawab Ke Atas Pengurusan Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak

Saya, Haji Hashim bin Haji Bojet pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar, dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya diakui oleh
Haji Hashim bin Haji Bojet
Di Kuching, Sarawak pada **30.04.2021**

}


Haji Hashim bin Haji Bojet
Di hadapan saya,




Pesuruhjaya Sumpah
986, 2nd Floor,
BDC Commercial Centre,
93250 Kuching, Sarawak.



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2020**

Sijil Mengenai Pengauditan Penyata Kewangan

Pendapat

Saya telah mewakilkan sebuah firma audit swasta untuk mengaudit Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak. Penyata Kewangan tersebut merangkumi Penyata Kedudukan Kewangan pada 31 Disember 2020 Perbadanan dan Kumpulan dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut dan nota kepada penyata kewangan termasuklah ringkasan polisi perakaunan yang signifikan seperti dinyatakan pada muka surat 7 hingga 59.

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 2020 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), *The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995* dan *The Sarawak Timber Industry Development Corporation Ordinance, 1973*.

Asas Kepada Pendapat

Pengauditan telah dilaksanakan berdasarkan Akta Audit 1957 dan *International Standards of Supreme Audit Institutions*. Tanggungjawab saya dihuraikan selanjutnya di perenggan Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan dalam sijil 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 *International Standards of Supreme Audit Institutions*.

Maklumat Lain Selain Daripada Penyata Kewangan dan Sijil Juruaudit Mengenainya

Lembaga Pengarah Perbadanan Kemajuan Perusahaan Kayu Sarawak bertanggungjawab terhadap maklumat lain dalam Laporan Tahunan. Pendapat saya terhadap Penyata Kewangan Perbadanan dan Kumpulan tidak meliputi maklumat lain selain daripada Penyata Kewangan dan Sijil 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 Entiti Persendirian Malaysia (MPERS), *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 dan *The Sarawak Timber Industry Development Corporation Ordinance*, 1973. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan Penyata Kewangan Perbadanan 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 dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakannya sebagai asas perakaunan.

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Sijil Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *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 *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 yang responsif 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, representasi yang salah, atau mengatasi kawalan dalaman.
- b. Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman Perbadanan 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.



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
(Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

NOTE	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	425,623,101	440,734,341	187,038,765
Intangible asset	5	27,000	31,333	-
Investment properties	6	1,445,222	1,531,778	-
Land held for property development	7	366,106	366,106	-
Investment in subsidiaries	8	-	-	246,191,121
Investment in associates	9	168,606,138	184,027,042	88,983,040
Other investments	10	306,789,205	265,707,179	66,529,027
Property development expenditure	11	115,834,172	110,964,240	115,834,172
Plantation development expenditure	12	618,226	602,896	-
Biological assets	13	377,276,282	357,289,278	-
Deferred tax assets	26	8,218,521	8,218,521	8,218,521
Amount owing by subsidiaries	17	-	-	28,625,434
Other receivables	16	1,445,069	1,947,002	804,137
Goodwill on consolidation	14	706,800	883,500	-
	1,406,955,842	1,372,303,216	742,224,217	748,198,093
CURRENT ASSETS				
Inventories	15	149,718,331	151,182,457	120,380,092
Trade and other receivables	16	299,749,849	398,453,715	35,203,462
Amount owing by subsidiaries	17	-	-	13,122,651
Amount owing by associates	18	11,207,938	11,813,846	9,572,161
Amount owing by related companies	19	4,038,880	4,249,570	-
Other investments	10	31,326,811	49,690,975	12,648,736
Cash and cash equivalents	20	154,523,499	127,901,688	106,746,412
Tax refundable		15,947,936	12,910,428	12,355,828
	666,513,244	756,202,679	310,029,342	334,054,210
TOTAL ASSETS	2,073,469,086	2,128,505,895	1,052,253,559	1,082,252,303

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
 (Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONT'D)

NOTE	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES				
EQUITY				
Retained earnings	21	1,290,614,193	1,293,010,670	760,644,517
Equity attributable to owners of the Corporation		1,290,614,193	1,293,010,670	760,644,517
Non-controlling interests		88,996,272	82,767,061	-
TOTAL EQUITY		1,379,610,465	1,375,777,731	760,644,517
NON-CURRENT LIABILITIES				
Deferred grant income	22	71,971,834	68,104,642	71,971,834
Loans and borrowings	23	316,854,966	344,335,036	78,420,827
Hire purchase payables	24	2,507,540	2,502,506	248,269
Retirement benefit obligations	25	7,466,471	7,145,873	2,672,443
Deferred tax liabilities	26	32,345,606	33,527,262	-
		431,146,417	455,615,319	153,313,373
				149,134,058
CURRENT LIABILITIES				
Trade and other payables	27	66,013,402	85,473,204	24,108,411
Amount owing to subsidiaries	17	-	-	2,841,650
Amount owing to associates	18	3,704,403	3,704,403	157,404
Amount owing to related companies	19	12,122,864	17,673,255	-
Retirement benefit obligations	25	868,361	628,828	388,361
Provision for taxation		2,236,475	1,215,247	-
Loans and borrowings	23	176,847,559	187,710,573	110,719,595
Hire purchase payables	24	919,140	707,335	80,248
		262,712,204	297,112,845	138,295,669
TOTAL LIABILITIES		693,858,621	752,728,164	291,609,042
TOTAL EQUITY AND LIABILITIES		2,073,469,086	2,128,505,895	1,052,253,559
				1,082,252,303



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
(Incorporated under the Sarawak State Ordinance No.3 of 1973)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	NOTE	The Group		The Corporation	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	28	667,830,883	752,589,835	28,388,163	118,610,131
COST OF SALES		(534,679,876)	(633,102,100)	(1,714,990)	(96,068,630)
GROSS PROFIT		133,151,007	119,487,735	26,673,173	22,541,501
OTHER INCOME		37,740,219	32,756,737	18,350,617	10,554,512
		170,891,226	152,244,472	45,023,790	33,096,013
ADMINISTRATIVE EXPENSES		(120,458,445)	(176,174,630)	(63,414,152)	(73,994,239)
FINANCE COSTS	29	(13,945,084)	(13,409,520)	(5,447,159)	(4,786,833)
SHARES OF NET LOSS OF EQUITY ACCOUNTED ASSOCIATES		(12,600,904)	(8,622,183)	-	-
PROFIT/(LOSS) BEFORE TAXATION	30	23,886,793	(45,961,861)	(23,837,521)	(45,685,059)
TAXATION	31	(14,715,809)	(14,659,478)	-	(5,874,645)
PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR		9,170,984	(60,621,339)	(23,837,521)	(51,559,704)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Corporation		(2,396,477)	(69,211,615)	(23,837,521)	(51,559,704)
Non-controlling interests		11,567,461	8,590,276	-	-
		9,170,984	(60,621,339)	(23,837,521)	(51,559,704)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
 (Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Retained Earnings RM	Non- controlling Interests RM	Total Equity RM
The Group			
Balance at 1.1.2019	1,362,222,285	79,191,285	1,441,413,570
Dividends by subsidiaries to non-controlling interests	-	(5,014,500)	(5,014,500)
(Loss)/Profit after taxation for the financial year	(69,211,615)	8,590,276	(60,621,339)
Balance at 31.12.2019/1.1.2020	1,293,010,670	82,767,061	1,375,777,731
Issuance of shares from non-controlling interests	-	490,000	490,000
Dividends by subsidiaries to non-controlling interests	-	(5,828,250)	(5,828,250)
(Loss)/Profit after taxation for the financial year	(2,396,477)	11,567,461	9,170,984
Balance at 31.12.2020	1,290,614,193	88,996,272	1,379,610,465
 The Corporation			
Balance at 1.1.2019	836,041,742	836,041,742	
Loss after taxation for the financial year	(51,559,704)	(51,559,704)	
Balance at 31.12.2019/1.1.2020	784,482,038	784,482,038	
Loss after taxation for the financial year	(23,837,521)	(23,837,521)	
Balance at 31.12.2020	760,644,517	760,644,517	



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
(Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTE	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	23,886,793	(45,961,861)	(23,837,521)	(45,685,059)
Adjustments for:-				
Allowance for impairment loss on:				
- receivables	3,795,295	119,718	3,761,388	-
- property, plant and equipment	625,907	139,100	625,907	139,100
- investment in subsidiaries	-	-	675,000	-
Amortisation of goodwill	176,700	176,700	-	-
Amortisation of intangible assets	4,333	4,334	-	-
Bad debts written off	859	5,624	-	-
Bad debts recovered	(400,000)	-	(400,000)	-
Depreciation of property, plant and equipment	36,605,698	38,490,788	6,145,352	6,146,208
Depreciation of investment properties	86,556	86,556	-	-
Depletion of biological assets	41,992,374	31,478,414	-	-
Property, plant and equipment written off	28,037	31,533	-	23,704
Loss/(Gain) on disposal of:				
- Property, plant and equipment	6,161	(4,195,443)	106,311	(1,049,051)
- Other investments	(58,801)	(17,974)	-	-
(Gain)/Loss on fair value changes in:				
- Other investments	(7,150,986)	(421,217)	(6,710,724)	182,315
- Biological assets	9,239,588	43,144,087	-	-
Grant amortised	(12,808)	(76,819,793)	(12,808)	(76,819,793)
Gross dividend:				
- Other investments	(9,859,501)	(7,280,720)	(1,636,954)	(1,469,255)
- Associates	-	-	(1,350,000)	(4,200,000)
- Subsidiaries	-	-	(1,343,750)	(2,877,511)
Interest expense	13,945,084	13,409,520	5,447,159	4,786,833
Interest income	(7,872,587)	(6,369,345)	(7,829,341)	(5,204,818)
Inventories written off	3,357	45,461	-	-
Loss on disposal of associate	-	203,628	-	-
Unrealised (gain)/loss on foreign exchange	(122,353)	262,144	-	-
Retirement benefit obligations	910,551	1,110,550	457,612	578,776
Reversal of allowance for impairment loss on:				
- Other investments	-	(2,967,407)	-	(2,967,407)
- Receivables	(231,551)	(1,224,264)	-	-
Reversal of provision for obsolete stocks	(3,241)	-	-	-
Shares of net loss of equity accounted associates	12,600,904	8,622,183	-	-
Waiver of payables	(1,469,180)	-	-	-
Operating profit/(loss) before working capital changes	116,727,189	(7,927,684)	(25,902,369)	(128,415,958)
BALANCE CARRIED FORWARD	116,727,189	(7,927,684)	(25,902,369)	(128,415,958)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
 (Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF CASH FLOWS (CONT'D)
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTE	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
BALANCE BROUGHT FORWARD	116,727,189	(7,927,684)	(25,902,369)	(128,415,958)
Decrease/(Increase) in inventories	1,464,010	(8,403,202)	-	(1,824,893)
Decrease/(Increase) in trade and other receivables	96,041,196	(74,527,440)	32,447,680	(47,850,187)
Decrease/(Increase) in amount owing by associates	605,908	(1,963,064)	-	76,343
Decrease/(Increase) in amount owing by subsidiaries	-	-	2,489,575	(5,162,862)
Decrease in amount owing by related companies	-	-	-	2,446,248
Increase in amount owing to associates	-	-	-	157,404
(Decrease)/Increase in amount owing to subsidiaries	-	-	(137,077)	713,972
(Decrease)/Increase in amount owing to related companies	(5,339,701)	13,423,685	-	-
(Decrease)/Increase in trade and other payables	(17,819,309)	6,277,154	(6,678,302)	4,597,612
CASH FROM/(FOR) OPERATIONS	191,679,293	(73,120,551)	2,219,507	(175,262,321)
Interest paid	(4,749,008)	(6,484,104)	(16,610)	(3,093)
Tax paid	(17,919,199)	(18,897,657)	(2,702,728)	(3,179,680)
Tax refund	5,454	17,089,768	-	15,163,175
Retirement benefits paid	(350,420)	(587,001)	(133,090)	(157,939)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	168,666,120	(81,999,545)	(632,921)	(163,439,858)
 CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Acquisition of investment in an associate	-	(849,998)	-	(750,001)
Proceeds from disposal of an associate	-	1	-	-
Proceeds from disposal of other investments	13,322,692	123,660,243	-	43,569,998
Proceeds from disposal of property, plant and equipment	776,492	8,895,504	566,850	1,079,314
Proceeds from issuance of shares from non-controlling interests	490,000	-	-	-
Increase in plantation development expenditure	(15,330)	-	-	-
(Increase)/Decrease in property development expenditure	(4,869,932)	70,526,514	(4,869,932)	70,526,514
Increase in biological assets	(71,218,966)	(51,052,500)	-	-
Increase in other investments, net	(41,268,110)	(59,392,527)	-	(1,000,000)
Decrease/(Increase) in deposits with maturity period of more than three months	20,461,033	(3,597,961)	12,020,814	3,392,249
Purchase of property, plant and equipment	32 (21,989,615)	(31,142,949)	(247,935)	(2,123,644)
BALANCE CARRIED FORWARD	(104,311,736)	57,046,327	7,469,797	114,694,430



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
(Incorporated under the Sarawak State Ordinance No.3 of 1973)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTE	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
BALANCE BROUGHT FORWARD	(104,311,736)	57,046,327	7,469,797	114,694,430
Redemption of redeemable preference shares in subsidiary	-	-	8,080,000	6,000,000
Redemption of redeemable preference shares by non-controlling interest	(8,000,000)	(5,000,000)	-	-
Reinvestment of interest received	(5,926,821)	(125,082)	(105,244)	(125,082)
Dividend received:				
- Other investment	9,859,501	7,280,720	1,636,954	1,469,255
- Associates	2,820,000	5,430,000	1,350,000	4,200,000
- Subsidiaries	-	-	1,343,750	2,877,511
Interest received	7,872,587	6,369,345	7,829,341	5,204,818
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(97,686,469)	71,001,310	27,604,598	134,320,932
CASH FLOWS FOR FINANCING ACTIVITIES				
(Repayment)/Addition of bankers' acceptances	(7,666,936)	4,851,775	-	-
Government grant received	3,880,000	632,603	3,880,000	632,603
Increase in pledged fixed deposits with licensed banks	(2,096,869)	(18,017)	-	-
Net repayment of hire-purchase payables	(773,561)	(484,770)	(76,378)	(12,405)
Dividend paid to non-controlling interest	(5,828,250)	(5,014,500)	-	-
Repayment of term loans	(30,279,964)	(15,274,332)	(8,891,729)	(5,087,534)
Repayment of revolving credits	-	(4,150,000)	-	-
NET CASH FOR FINANCING ACTIVITIES	(42,765,580)	(19,457,241)	(5,088,107)	(4,467,336)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28,214,071	(30,455,476)	21,883,570	(33,586,262)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	120,253,361	150,708,837	84,862,842	118,449,104
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	20	148,467,432	120,253,361	106,746,412
				84,862,842

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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, 93050 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 with 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 Members on 31 March 2021.

1.1 Composition of the Group

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

	Principal place of business	Parent's effective ownership		Principal activities
		2020 %	2019 %	
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



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	Parent's effective ownership 2020 %	2019 %	Principal activities
Direct subsidiaries (cont'd):				
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	Develop and establish forest plantations in licensed area
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
Tanjong 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
Indirect subsidiaries:				
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd.</u>				
PUSAKA Timber Industries Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operation and management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operation and management of palm oil industry related business
PUSAKA Realty & Construction Sdn. Bhd. *#	Malaysia	100	100	Property development, construction work, management and operation of investment properties

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	2020 %	Parent's effective ownership 2019 %	Principal activities
Indirect subsidiaries (cont'd):				
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd. (cont'd)</u>				
PUSAKA Logistics & Services Sdn. Bhd. *#	Malaysia	100	100	Investment holding, management of port and shipping operations and other logistics related business
PUSAKA Food Industry Sdn. Bhd. *#	Malaysia	100	100	Agriculture and aquaculture related business
<u>Subsidiaries of PUSAKA Realty & Construction Sdn. Bhd.</u>				
Tanjung Manis Development Sdn. Bhd. *	Malaysia	100	100	Provision of general repair and maintenance and supervision works
Tanjong Manis Realty Sdn. Bhd. *	Malaysia	100	100	Planning, operating, marketing and maintenance of realty projects
<u>Subsidiaries of PUSAKA Logistics & Services Sdn. Bhd.</u>				
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 barge and speedboat and supplying port handling equipment
PUSAKA Pratama Sdn. Bhd. *	Malaysia	51	51	Wholesale of liquefied petroleum gas, petrol, diesel, lubricants, and other solid, liquid and gaseous fuels and its related products
<u>Subsidiary of PUSAKA Palm Oil Industry Sdn. Bhd.</u>				
Tanjung Manis Bulkers Sdn. Bhd. *#	Malaysia	70	70	Owning and managing crude palm oil bulking installation and dry bulk facilities



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	Parent's effective ownership		Principal activities
		2020 %	2019 %	
Indirect subsidiaries (cont'd):				
<u>Subsidiaries of Harwood Timber Sdn. Bhd.</u>				
Bigwood Sdn. Bhd. *	Malaysia	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd. *	Malaysia	81.47	81.47	Manufacture, importation and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd. *	Malaysia	100	100	Trading of timber and timber related products, rubber plantation and property development
Enrich Essence Sdn. Bhd. *	Malaysia	100	100	Trading of timber and non-timber products
<u>Subsidiary of Bigwood Sdn. Bhd.</u>				
Bmasj Timber Sdn. Bhd. *	Malaysia	70	70	Tree planting and logging activities
<u>Subsidiary of Hornbill Skyways Sdn. Bhd.</u>				
HS Aviation Services Sdn. Bhd. *	Malaysia	100	100	Providing non-scheduled transport of passenger and transport of freight by air

* Not audited by Auditor-General, Malaysia.

The financial statements of the subsidiaries include a note on "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiaries to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as one of the major corporate shareholders and one of the major individual shareholders of the Group have undertaken to provide continued financial support to the subsidiaries.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Corporation are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Private Entities Reporting Standard ("MPERS").

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Corporation anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 14.

(c) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 16 to the financial statements.



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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Corporation recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's and the Corporation's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the purchase method. Under the purchase method, the cost of a business combination is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

If an associate becomes a subsidiary, the Group remeasures its previously held equity interests to fair value and any corresponding gain or loss is recognised in profit or loss. The remeasured carrying amount forms part of the cost of business combination.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (cont'd)

Non-controlling interest in the acquiree is measured at the non-controlling interest's proportionate share of the acquiree's recognised identifiable net assets at the date of acquisition.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Corporation. Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group. No gain or loss is recognised on the change.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss in profit or loss which is calculated as the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date of disposal.

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

3.3 GOODWILL

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line method over a period of 10 years.

Under the purchase method, any excess of the cost of business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised, is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain (negative goodwill) and is recognised in profit or loss immediately.

Goodwill arises on the acquisition of equity-accounted associates is recorded as part of the carrying amount at the date of acquisition. The Group adjusts its share of the post acquisition profits or losses of associates to account for the amortisation of the goodwill.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FUNCTIONAL AND PRESENTATION CURRENCIES

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Corporation's functional and presentation currency.

3.5 FINANCIAL INSTRUMENTS

(a) Initial Recognition and Measurement

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

A financial instrument is recognised initially at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are recognised in profit or loss when incurred.

(b) Subsequent Measurement

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

Investments in non-puttable ordinary shares are measured at cost less impairment unless the shares are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

Other than the above, all financial assets and financial liabilities are measured at fair value with changes in fair value recognised in profit or loss.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received (including any newly created rights and obligations) is recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A substantial modification to the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Redeemable Preference Shares

Redeemable preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. Dividends of the redeemable preference shares are recognised as interest expenses in profit or loss as accrued.

3.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured in the statement of financial position of the Corporation at cost less any impairment losses. The cost of the investments includes transaction costs.

3.7 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2020. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases. Dividends received and receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INVESTMENTS IN ASSOCIATES (CONT'D)

When the Group loses significant influence over an associate as a result of a full or partial disposal, any retained interest in the former associate at the date is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at that date is recognised in profit or loss. In addition, any gains or losses previously recognised in other comprehensive income are also reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the Corporation and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised.

Depreciation on property, plant and equipment is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Buildings	2% - 5%
Leasehold land	Over the remaining leasehold period
Office furniture, fittings and equipment	10% - 50%
Plant and machineries	5% - 20%
Electrical works	10%
Aircraft spare engines and aircraft components	10%
Transportation equipment and motor vehicles	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values will be reviewed if there is a significant change since the last annual reporting date in the pattern by which the Group and the Corporation expect to consume an asset's future economic benefits. Any changes are accounted for as a change in accounting estimate.

Any gain or loss arising from the disposal of property, plant and equipment is recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 INTANGIBLE ASSETS

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Planted forest licence

Expenditure on planted forest licence is amortised using the straight-line method over the licence period of 60 years.

(ii) Forest timber licence

Expenditure on forest timber licence is amortised using the straight-line method over the extended licence period of 5 years.

3.10 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value if the fair value can be measured reliably without undue cost or effort. Any changes in the fair value of investment properties are recognised in profit or loss in the year in which they arise.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 INVESTMENT PROPERTIES (CONT'D)

If a reliable measure of fair value is not available without undue cost or effort for an item of investment property subsequently, the investment property is measured at cost less any accumulated depreciation and impairment losses until a reliable measure of fair value becomes available. In case of an investment property that had been previously accounted for using the fair value model, the carrying amount (fair value) of the investment property on that date becomes its cost.

Depreciation on investment properties is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rate used for buildings is 5% per annum.

The depreciation method, useful lives and residual values will be reviewed if there is a significant change since the last annual reporting date in the pattern by which the Group expects to consume the investment property's future economic benefits. Any changes are accounted for as a change in accounting estimate.

Any gain or loss arising from the disposal of investment properties is recognised in profit or loss.

3.11 LAND HELD FOR DEVELOPMENT

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

3.12 PROPERTY DEVELOPMENT EXPENDITURE

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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 3.15.

3.14 BIOLOGICAL ASSETS

(a) Biological assets – At fair value

Biological assets comprise forest crops in Malaysia. Biological assets are stated at fair value with any resultant gain or loss recognised in profit or loss. Fair value of biological assets is determined by management team using the net present value approach under which projected future net cash flows, based on assessment of current timber log prices and the age and growth of timber stands, are discounted to provide the current fair value of the assets.

(b) Biological assets – At cost

Biological assets comprise trees cultivated for wood chips and are measured at cost less impairment. Fair value of biological assets cannot be measured reliably without undue cost or effort as it would involve estimation of future prices and yields, amongst others, over 10 years and the lack of such active market. Cost consists of development costs incurred from planting of seedlings up to maturity, which is 10 years for such trees. Capitalisation of costs ceases upon commercial harvesting which is usually 10 years after planting. Any remaining carrying amount of biological assets are derecognised when no future economic benefits are expected from their use or disposal and costs of new planting are capitalised. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of the biological asset, the amortisation of the biological asset is revised prospectively to reflect the new expectations.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed for impairment at each reporting date when there is an objective evidence of impairment.

For a financial asset measured at amortised cost, the impairment loss is the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective rate.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the financial asset's carrying amount and the best estimate of the amount that would be received for the financial asset if it were to be sold at the reporting date.

All impairment losses are recognised in profit or loss immediately.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previous recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed its amortised cost at the reversal date. The amount of impairment reversal is recognised in profit or loss.

(b) Impairment of Non-financial Assets

The carrying values of non-financial assets, other than those to which *Section 27 - Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired.

Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating unit of the Group that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (cont'd)

An impairment loss is recognised in profit or loss. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect to non-financial assets other than goodwill, when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) if no impairment loss had been recognised. The reversal is recognised in profit or loss immediately.

3.16 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group and the Corporation all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the leases.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 INVENTORIES

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

At each reporting date, the Group and the Corporation assess whether any inventories are impaired by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. 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 in profit or loss immediately.

3.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged with licensed banks.

3.19 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

3.20 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group and the Corporation.

(b) Defined Contribution Plans

The Group's and the Corporation's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Corporation have no further liability in respect of the defined contribution plans.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from 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 assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.22 BORROWING COSTS

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred by using the effective interest method.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 DEFERRED INCOME

Deferred income is recognised initially at their fair value in the statement of financial position where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group and the Corporation 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 and the Corporation for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

3.24 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, sales and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group and the Corporation do not have continuing managerial involvement and effective control over the goods sold.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(d) Property Development

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.

(e) Timber Premium

Income from timber premium is recognised on an accrual basis.

(f) Government Grant

Grant received when the Group and the Corporation have yet to comply with all attached conditions are recognised as a deferred income and recognised as income when all performance conditions are met.

(g) Aviation Services

Revenue from aviation services is recognised when services are rendered.

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4. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2020 RM	Additions RM	Reclassification RM	Adjustment RM	Disposal RM	Depreciation Charges RM	Impairment Loss RM	Write Off RM	At 31.12.2020 RM
The Group									
2020									
<i>Carrying Amount</i>									
Long term leasehold land	50,590,768	-	-	-	(59,654)	(1,190,611)	(298,899)	-	49,041,604
Short term leasehold land	8,875,147	-	(5,200,000)	-	-	(185,441)	-	-	3,489,706
Buildings	265,705,546	19,190,154	5,200,000	(48,960)	(101,788)	(8,523,905)	(327,008)	(13,939)	271,080,100
Office furniture, fittings and equipment	12,049,589	2,089,480	(1,501)	-	(2)	(2,759,939)	-	(14,077)	11,363,550
Electrical works	17,370	-	-	-	-	(1,930)	-	-	15,440
Plant and machineries	41,578,828	291,619	1,501	164,600	(14,160)	(2,440,765)	-	(20)	39,581,603
Aircraft spare engines and aircraft components	57,639,506	-	-	-	-	(19,384,824)	-	-	38,254,682
Transportation equipment and motor vehicles	7,402,224	1,238,000	-	-	(607,049)	(2,118,283)	-	(1)	5,914,891
Work-in-progress	6,875,363	170,762	-	(164,600)	-	-	-	-	6,881,525
	440,734,341	22,980,015	-	(48,960)	(782,653)	(36,605,698)	(625,907)	(28,037)	425,623,101



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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	2019	At 1.1.2019 RM	Additions RM	Capitalisation of Asset RM	Over Reclassification (Note 13) RM	Adjustment RM	Disposal RM	Depreciation Charges RM	Impairment Loss RM	Write Off RM	At 31.12.2019 RM
Long term leasehold land	50,013,468	—	—	—	1,785,528	—	(27,602)	(1,180,626)	—	—	50,590,768
Short term leasehold land	7,734,109	6,500,000	—	—	—	(366,106)	(4,669,97)	(323,059)	—	—	8,875,147
Buildings	263,899,992	3,904,399	(56)	(1,858,193)	(1,618,334)	—	(8,483,162)	(139,100)	—	—	255,705,546
Office furniture, fittings and equipment	12,164,620	2,906,711	—	262,284	—	(2,663)	(3,255,151)	—	(26,212)	12,049,589	
Electrical works	—	19,300	—	—	—	—	(1,930)	—	—	—	17,370
Plant and machineries	44,784,054	218,948	(4,848)	(941,945)	—	—	(2,472,060)	—	(5,321)	—	41,578,828
Aircraft spare engines and aircraft components	63,223,261	15,180,340	—	25,118	—	—	(20,789,213)	—	—	—	57,639,506
Transportation equipment and motor vehicles	7,272,033	2,222,743	—	(106,965)	—	—	(1,985,587)	—	—	—	7,402,224
Work-in-progress	4,908,855	1,966,508	—	—	—	—	—	—	—	—	6,875,363
	454,000,392	32,918,949	(4,904)	(834,173)	(1,984,440)	(4,700,062)	(38,490,788)	(139,100)	(31,533)	440,734,341	

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
2020				
Long term leasehold land	58,008,478	(8,667,975)	(298,899)	49,041,604
Short term leasehold land	8,206,931	(4,717,225)	-	3,489,706
Buildings	386,347,730	(114,801,522)	(466,108)	271,080,100
Office furniture, fittings and equipment	44,297,692	(32,934,142)	-	11,363,550
Electrical works	19,300	(3,860)	-	15,440
Plant and machineries	75,662,509	(36,080,906)	-	39,581,603
Aircraft spare engines and aircraft components	298,227,868	(259,973,186)	-	38,254,682
Transportation equipment and motor vehicles	22,312,042	(16,397,151)	-	5,914,891
Work-in-progress	6,881,525	-	-	6,881,525
	899,964,075	(473,575,967)	(765,007)	425,623,101

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
2019				
Long term leasehold land	58,071,109	(7,480,341)	-	50,590,768
Short term leasehold land	13,406,931	(4,531,784)	-	8,875,147
Buildings	365,119,741	(109,275,095)	(139,100)	255,705,546
Office furniture, fittings and equipment	42,731,571	(30,681,982)	-	12,049,589
Electrical works	19,300	(1,930)	-	17,370
Plant and machineries	75,258,046	(33,679,218)	-	41,578,828
Aircraft spare engines and aircraft components	298,227,868	(240,588,362)	-	57,639,506
Transportation equipment and motor vehicles	22,351,133	(14,948,909)	-	7,402,224
Work-in-progress	6,875,363	-	-	6,875,363
	882,061,062	(441,187,621)	(139,100)	440,734,341

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Corporation 2020	Carrying Amount		1.1.2020 RM	Additions RM	Disposal RM	Depreciation Charges RM	Impairment Loss RM	At 31.12.2020 RM
	At 31.12.2019 RM	At 31.12.2019 RM						
<i>Carrying Amount</i>								
Long term leasehold land	39,271,403	-	-	-	(101,788)	(898,195)	(298,899)	38,074,309
Buildings	147,760,571	-	229,235	-	(338,801)	(3,984,702)	(327,008)	143,347,073
Office furniture, fittings and equipment	1,685,944	18,700	-	-	(52,017)	-	-	1,576,378
Plant and machineries	379,510	-	(571,373)	-	(871,637)	-	-	346,193
Transportation equipment and motor vehicles	3,314,322	-	-	-	-	-	-	1,871,312
Work-in-progress	1,823,500	-	-	-	-	-	-	1,823,500
	194,235,250	247,935	(673,161)	(6,145,352)			(625,907)	187,038,765
<i>Carrying Amount</i>								
Long term leasehold land	40,186,114	-	1,100	(27,602)	-	(888,209)	-	39,271,403
Buildings	151,895,333	-	(4,393)	-	-	(3,991,269)	(139,100)	147,760,571
Office furniture, fittings and equipment	1,758,511	233,480	9,335	(2,662)	(23,704)	(289,016)	-	1,685,944
Plant and machineries	415,475	17,514	(2,594)	-	-	(50,885)	-	379,510
Transportation equipment and motor vehicles	3,778,149	466,450	(3,448)	-	-	(926,829)	-	3,314,322
Work-in-progress	-	1,823,500	-	-	-	-	-	1,823,500
	198,033,582	2,540,944	-	(30,264)	(23,704)	(6,146,208)	(139,100)	194,235,250



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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Corporation	At Cost	Accumulated Depreciation	Accumulated Impairment Loss		Carrying Amount			
			RM	RM				
2020								
Long term leasehold land	44,383,417	(6,010,209)	(298,899)	38,074,309				
Buildings	208,026,522	(64,213,341)	(466,108)	143,347,073				
Office furniture, fittings and equipment	8,937,886	(7,361,508)	-	1,576,378				
Plant and machineries	1,759,397	(1,413,204)	-	346,193				
Transportation equipment and motor vehicles	9,003,141	(7,131,829)	-	1,871,312				
Work-in-progress	1,823,500	-	-	1,823,500				
	273,933,863	(86,130,091)	(765,007)	187,038,765				

The Corporation	At Cost	Accumulated Depreciation	Accumulated Impairment Loss		Carrying Amount			
			RM	RM				
2019								
Long term leasehold land	44,382,317	(5,110,914)	-	39,271,403				
Buildings	208,240,422	(60,340,751)	(139,100)	147,760,571				
Office furniture, fittings and equipment	8,743,016	(7,057,072)	-	1,685,944				
Plant and machineries	1,808,098	(1,428,588)	-	379,510				
Transportation equipment and motor vehicles	9,988,930	(6,674,608)	-	3,314,322				
Work-in-progress	1,823,500	-	-	1,823,500				
	274,986,283	(80,611,933)	(139,100)	194,235,250				

(a) The carrying amounts of property, plant and equipment acquired under hire purchase terms are as follows:-

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
Motor vehicles	3,915,256	3,679,177	347,850	440,610



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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The carrying amounts of property, plant and equipment acquired under term loans are as follows:-

	The Group	
	2020	2019
	RM	RM
Buildings	13,427,864	14,255,029
Office furniture, fittings and equipment	1,602,633	1,795,213
Plant and machineries	17,766,663	18,879,887
Work-in-progress	4,908,855	4,908,855
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	37,706,015	39,838,984

(c) Included in the property, plant and equipment of the Group are the following assets which have been charged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 23 and 24.

	The Group	
	2020	2019
	RM	RM
Buildings	29,601,989	30,755,904
Work-in-progress	4,912,301	4,912,853
Office furniture, fittings and equipment	1,969,145	2,220,895
Transportation equipment and motor vehicles	37,058	75,553
Plant and machineries	35,531,343	37,236,723
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	72,051,836	75,201,928

(d) Buildings with a total carrying amount of RM24,827,692 (2019: RM5,900,657) are built on a leased land from Malaysia Airports Sdn. Bhd.

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5. INTANGIBLE ASSET

		At	Amortisation	At		
		1.1.2020		31.12.2020		
The Group						
<i>Carrying Amount</i>						
Licences		31,333	(4,333)	27,000		
		At	Amortisation	At		
		1.1.2019		31.12.2019		
		RM	RM	RM		
<i>Carrying Amount</i>						
Licences		35,667	(4,334)	31,333		
		At	Accumulated	Carrying		
		Cost	Amortisation	Amount		
		RM	RM	RM		
31.12.2020						
Licences		40,000	(13,000)	27,000		
31.12.2019						
Licences		40,000	(8,667)	31,333		

6. INVESTMENT PROPERTIES, AT COST

		At	Depreciation	At		
		1.1.2020		31.12.2020		
The Group						
<i>Carrying Amount</i>						
Buildings		1,531,778	(86,556)	1,445,222		
		At	Depreciation	At		
		1.1.2019	Charges	31.12.2019		
		RM	RM	RM		
<i>Carrying Amount</i>						
Buildings		1,618,334	(86,556)	1,531,778		
		At Cost	Accumulated	Carrying		
		RM	Depreciation	Amount		
		RM	RM	RM		
31.12.2020						
Buildings		1,731,123	(285,901)	1,445,222		



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6. INVESTMENT PROPERTIES, AT COST (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Group			
31.12.2019			
Buildings	1,731,123	(199,345)	<u>1,531,778</u>

The investment properties are measured using the cost method because the directors have considered that costs of engaging external property valuers to assess the fair value of the investment properties by using various valuation techniques would exceed the benefits for the users of the financial statements.

7. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group 2020 RM	2019 RM
Cost		
At 1 January and 31 December	<u>366,106</u>	<u>366,106</u>

This comprises one parcel of short-term leasehold land with lease term expiring in the year 2058 (2019: 2058) for which only a provisional title has been issued by the relevant authority.

8. INVESTMENT IN SUBSIDIARIES

	The Corporation 2020 RM	2019 RM
Unquoted shares, at cost	246,866,121	254,946,121
Less: Accumulated impairment loss	(675,000)	-
	<u>246,191,121</u>	<u>254,946,121</u>

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9. INVESTMENT IN ASSOCIATES

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost	98,464,942	98,464,942	90,733,038	90,733,038
Share of post acquisition profits, net of dividend received	71,891,194	87,312,098	-	-
Less: Accumulated impairment loss	(1,749,998)	(1,749,998)	(1,749,998)	(1,749,998)
	168,606,138	184,027,042	88,983,040	88,983,040

Investments in unquoted shares are stated at cost less accumulated impairment losses as their fair values cannot be reliably measured without undue cost or effort.

10. OTHER INVESTMENTS

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current				
Quoted unit trust, at fair value				
Carrying amount	257,699,440	219,121,258	18,969,934	16,956,905
Unquoted shares, at cost				
Cost	18,037,500	23,037,500	18,037,500	23,037,500
Disposal	-	(5,000,000)	-	(5,000,000)
	18,037,500	18,037,500	18,037,500	18,037,500
Less: Accumulated impairment losses	(91,000)	(91,000)	(91,000)	(91,000)
	17,946,500	17,946,500	17,946,500	17,946,500
Quoted shares, at fair value				
Carrying amount	25,982,124	21,381,733	25,009,432	20,389,707
Investments managed by ASSAR Asset Management Sdn Bhd, at cost				
Cost	9,313,765	11,412,358	8,755,785	8,574,617
Less: Accumulated impairment losses	(4,152,624)	(4,154,670)	(4,152,624)	(4,154,670)
	5,161,141	7,257,688	4,603,161	4,419,947
	306,789,205	265,707,179	66,529,027	59,713,059



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10. OTHER INVESTMENTS (CONT'D)

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Fixed deposits with tenure more than 3 months	27,230,036	47,691,069	12,648,736	24,669,550
Fixed deposits pledged to licensed banks	4,096,775	1,999,906	-	-
	31,326,811	49,690,975	12,648,736	24,669,550
Total investments	338,116,016	315,398,154	79,177,763	84,382,609

- (a) The fair value of quoted shares is determined by reference to their quoted closing bid price at the end of the reporting period.
- (b) Investments in unquoted shares are stated at cost less accumulated impairment losses as their fair values cannot be reliably measured without undue cost or effort.
- (c) The fixed deposits with licensed banks of the Group and the Corporation at the end of the reporting period bore effective interest rates ranging from 1.70% to 3.75% (2019: 3.00% to 4.15%) per annum. The fixed deposits have maturity periods ranging from 151 to 367 (2019: 181 to 368) days.
- (d) The fixed deposits with a total amount of RM4,096,775 (2019: RM1,999,906) have been pledged to a licensed bank as security for banking facility granted to the Group.

11. PROPERTY DEVELOPMENT EXPENDITURE

	The Group/Corporation	
	2020 RM	2019 RM
Development costs brought forward	110,964,240	181,490,754
Development costs incurred during the year	6,559,532	10,024,495
Less: Amount contra against government grants (Note 22)	(12,808)	(76,819,793)
Less: Amount recognised in current year	(1,676,792)	(3,731,216)
	115,834,172	110,964,240

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12. PLANTATION DEVELOPMENT EXPENDITURE

	The Group	
	2020	2019
	RM	RM
<i>Cost and carrying amount</i>		
At 1 January	602,896	602,896
Additions	15,330	-
At 31 December	618,226	602,896

The plantation development expenditure consists of rubber trees which are measured using the cost model. The fair value cannot be measured reliably without undue cost or effort because an external professional valuation would involve significant costs that substantially exceed the benefits to users as there are no comparable market prices and significant uncertain variables would be needed to perform an internal valuation.

The Group has given a power of attorney to take possession of the land at Gedong, and to cultivate rubber trees as well as establish a rubber seedling nursery. The plantation is expected to mature by financial year 2021.

13. BIOLOGICAL ASSETS

	The Group	
	2020	2019
	RM	RM
(a) Forest crops, at fair value		
Opening fair value/carrying amount	356,273,538	380,025,106
Costs incurred during the year	70,832,987	50,870,933
Depletion for the financial year	(41,829,637)	(31,478,414)
Change in fair value	(9,239,588)	(43,144,087)
	376,037,300	356,273,538
(b) Tree planting expenditure, at cost		
At 1 January	1,015,740	-
Reclassification (Note 4)	-	834,173
Additions	385,979	181,567
Less: Depletion during the financial year	(162,737)	-
At 31 December	1,238,982	1,015,740
Total biological assets	377,276,282	357,289,278



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13. BIOLOGICAL ASSETS (CONT'D)

Fair value information

Fair value of biological assets is categorised as follows:

	2020		2019	
	Level 3	Total	Level 3	Total
Biological assets	376,037,300	376,037,300	356,273,538	356,273,538

Biological assets comprise of bearer biological plants of pineapples and Acacia tree plantation. The Acacia trees are harvested for sales after they have been cultivated for more than 7 years. The age of the trees as at the end of the reporting date is ranging from 1 to 15 years.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical biological assets that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the biological assets, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the biological assets.

The biological assets were valued by management team. The management team has applied the net present value approach under which projected future net cash flows, based on their assessment of current timber log prices, were discounted at the rate of 8% (2019: 8%) per annum for each of the years applied to pre-tax cash flows to provide the current market value of the biological assets. The discount rate used was based on the weighted average cost of capital which recognises the weighted average cost of debt funded capital and equity capital.

14. GOODWILL ON CONSOLIDATION

	The Group	
	2020	2019
	RM	RM
<i>Carrying Amount</i>		
At 1 January	883,500	1,060,200
Amortisation	(176,700)	(176,700)
At 31 December	706,800	883,500

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15. INVENTORIES

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
At cost:-				
Processed timber	7,316,511	8,673,839	-	-
Consumables	356,443	364,092	-	-
Lubricants	583,123	459,206	-	-
Raw materials	1,741,768	4,008,700	-	-
Industrial land lots	56,800,421	56,800,421	44,800,421	44,800,421
Ship building lots	75,579,671	75,579,671	75,579,671	75,579,671
Aircraft spares	7,340,394	5,296,528	-	-
	149,718,331	151,182,457	120,380,092	120,380,092
Recognised in profit or loss:-				
Inventory recognised as cost of sales	38,501,996	188,541,052	-	15,104,070

16. TRADE AND OTHER RECEIVABLES

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Trade receivables	58,090,203	95,459,408	31,762,507	33,383,463
Less: Accumulated impairment losses	(13,610,022)	(10,478,388)	(13,482,351)	(10,120,963)
Net carrying amount	44,480,181	84,981,020	18,280,156	23,262,500
Other receivables	262,318,984	316,756,115	36,120,517	66,640,556
Deposits	8,900,597	11,733,082	630,824	760,667
Prepayments	3,585,112	4,419,803	10,714	144,310
GST	868,631	935,241	166,453	166,453
Less: Accumulated impairment losses	275,673,324	333,844,241	36,928,508	67,711,986
	(20,403,656)	(20,371,546)	(20,005,202)	(20,005,202)
Total trade and other receivables	255,269,668	313,472,695	16,923,306	47,706,784
Other receivables	299,749,849	398,453,715	35,203,462	70,969,284
Non-current				
Other receivables	1,445,069	1,947,002	804,137	847,383
Total trade and other receivables (current and non-current)	301,194,918	400,400,717	36,007,599	71,816,667



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16. TRADE AND OTHER RECEIVABLES (CONT'D)

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Allowance for impairment losses:-				
At 1 January	30,849,934	31,954,480	30,126,165	30,126,165
Addition during the year	3,795,295	119,718	3,761,388	-
Recovered during the year	(400,000)	-	(400,000)	-
Reversal during the year	(231,551)	(1,224,264)	-	-
At 31 December	34,013,678	30,849,934	33,487,553	30,126,165

17. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are unsecured, interest-free and repayable on demand except for amount owing by three subsidiaries bearing interest rate at 4% (2019: 4%) per annum.

18. AMOUNT OWING BY/(TO) ASSOCIATES

The amount owing by/(to) associates are unsecured, interest-free and repayable on demand except for:-

- (a) an amount owing by an associate of RM4,975,189 (2019: RM4,213,523) bearing interest rate at 5% (2019: 5%) per annum; and
- (b) an amount owing by an associate of RM341,592 (2019: RM391,947) bearing interest rate at 2% (2019: 2%) per annum and repayable within 5 years.

19. AMOUNT OWING BY/(TO) RELATED COMPANIES

The amount owing by/(to) related companies are unsecured, interest-free and repayable on demand.

20. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	38,385,363	33,139,937	3,414,524	3,126,601
Fixed deposits with tenure of 3 months or less	116,138,136	94,761,751	103,331,888	81,736,241
Cash and cash equivalents in the statements of financial position	154,523,499	127,901,688	106,746,412	84,862,842
Bank overdrafts	(6,056,067)	(7,648,327)	-	-
Cash and cash equivalents in the statements of cash flows	148,467,432	120,253,361	106,746,412	84,862,842

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20. CASH AND CASH EQUIVALENTS (CONT'D)

The fixed deposits with licensed banks of the Group and the Corporation at the end of the reporting period bore effective interest rates ranging from 1.50% to 3.15% (2019: 2.65% to 3.70%) per annum. The fixed deposits have maturity period ranging from 7 to 94 (2019: 29 to 92) days.

21. RETAINED EARNINGS

The Group's policy is to treat all gains and losses that pass through the statements 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 earnings of the Group and of the Corporation are available for distribution by way of cash dividends or dividends in specific. Under the single-tier system of taxation, dividends 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.

22. DEFERRED GRANT INCOME

	The Group/Corporation	
	2020	2019
	RM	RM
Balance at 1 January		
- Total government grant received	410,273,535	409,640,932
- Utilised for project	(342,168,893)	(265,349,100)
Net carrying amount at 1 January	68,104,642	144,291,832
- Government grant received during the year	3,880,000	632,603
- Amortisation for the year (Note 11)	(12,808)	(76,819,793)
	71,971,834	68,104,642
Balance at 31 December		
- Total government grant received	414,153,535	410,273,535
- Cumulative amount recognised in profit or loss	(342,181,701)	(342,168,893)
	71,971,834	68,104,642



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23. LOANS AND BORROWINGS

	Note	The Group		The Corporation	
		2020 RM	2019 RM	2020 RM	2019 RM
<u>Current liabilities</u>					
Bank overdrafts	23.1	6,056,067	7,648,327	-	-
Bankers' acceptances	23.2	6,208,371	13,875,307	-	-
Revolving credits	23.3	23,000,000	23,000,000	-	-
Term loans	23.4	13,694,926	11,837,564	-	-
Loan from GP Pusaka	23.5	110,719,595	114,180,775	110,719,595	114,180,775
Loan from Sarawak State Government	23.6	9,168,600	9,168,600	-	-
Redeemable preference shares	23.7	8,000,000	8,000,000	-	-
		176,847,559	187,710,573	110,719,595	114,180,775
<u>Non-current liabilities</u>					
Term loans	23.4	33,318,973	45,060,654	-	-
Loan from Sarawak State Government	23.6	101,635,993	109,374,382	78,420,827	78,420,827
Redeemable preference shares	23.7	181,900,000	189,900,000	-	-
Sub total		316,854,966	344,335,036	78,420,827	78,420,827
Total loans and borrowings		493,702,525	532,045,609	189,140,422	192,601,602

The bank borrowings of the Group are secured by:-

Bank overdrafts

- (a) fixed and floating charge over all present and future property, plant and equipment of a subsidiary company;
- (b) all present and future stocks, shares, bonds and securities of a subsidiary company;
- (c) all present and future debts revenues and claims of a subsidiary company;
- (d) all present and future intellectual properties of a subsidiary company;
- (e) all present and future goodwill and connections of the business carried out by or on behalf of the subsidiary company;
- (f) assignment over all rents and other monies payable and all the subsidiary company's rights, remedies and benefits under the contract agreement;
- (g) pledge on two subsidiaries' fixed deposits;
- (h) upfront cash deposit from Sarawak Timber Industry Development Corporation of RM3,000,000 to be deposited into investment account pledged on-lien to the bank with all profits are to be capitalised and formed part of the security;
- (i) assignment of rental proceeds via irrevocable Letter of Instruction from a subsidiary company to the tenant, Sarawak Timber Industry Development Corporation to remit rental proceeds into the subsidiary company's Non-Checking Current Account maintained with the Bank; and
- (j) first party first legal charge over 9 pieces of land known as Lots 114-122, all of Block 5, Seduan Land District, Sibu, Sarawak with a single storey detached warehouse and a 3-storey building built thereon.

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23. LOANS AND BORROWINGS (CONT'D)

The bank borrowings of the Group are secured by (cont'd):-

Bankers' acceptances

- (a) fixed and floating charge over the present and future assets of a subsidiary company;
- (b) a corporate guarantee from one of the subsidiary companies;
- (c) proportionate corporate guarantee from Blackhem Holdings Sdn. Bhd.; and
- (d) legal charge and assignment over two (2) designated current accounts maintained with the Bank in respect of all sales proceeds arising from the subsidiary company's business operation.

Revolving credits

- (a) fixed and floating charge over all present and future property, plant and equipment of a subsidiary company;
- (b) all present and future stocks, shares, bonds and securities of a subsidiary company;
- (c) all present and future debts revenues and claims of a subsidiary company;
- (d) all present and future intellectual properties of a subsidiary company;
- (e) all present and future goodwill and connections of the business carried out by or on behalf of the subsidiary company;
- (f) assignment over all rents and other monies payable and all the subsidiary company's rights, remedies and benefits under the contract agreement;
- (g) pledge on two subsidiaries' fixed deposits;
- (h) a Letter of awareness executed by Sarawak Timber Industry Development Corporation; and
- (i) negative pledge executed in favour of the Bank.

Term loans

- (a) fixed and floating charge over all present and future property, plant and equipment of a subsidiary company;
- (b) all present and future stocks, shares, bonds and securities of a subsidiary company;
- (c) all present and future debts revenues and claims of a subsidiary company;
- (d) all present and future intellectual properties of a subsidiary company;
- (e) all present and future goodwill and connections of the business carried out by or on behalf of the subsidiary company;
- (f) assignment over all rents and other monies payable and all the subsidiary company's rights, remedies and benefits under the contract agreement;
- (g) pledge on two subsidiaries' fixed deposits;
- (h) a corporate guarantee from one of the subsidiary companies;
- (i) specific debenture over 2 units Mobile Harbour Cranes;
- (j) deed of assignment of the relevant takaful plan/insurance policies of a subsidiary company;
- (k) an amount equivalent to not less than 3 monthly principal and profit amount in the Finance Payment Reserve Account (FPRA) during the tenure of the facility;
- (l) charge over the Finance Payment Reserve Account;
- (m) fixed and floating charge over the present and future assets of a subsidiary company;
- (n) upfront cash deposit from Sarawak Timber Industry Development Corporation of RM3,000,000 to be deposited into investment account pledged on-lien to the bank with all profits are to be capitalised and formed part of the security;
- (o) assignment of rental proceeds via irrevocable Letter of Instruction from a subsidiary company to the tenant, Sarawak Timber Industry Development Corporation to remit rental proceeds into the subsidiary company's Non-Checking Current Account maintained with the Bank; and
- (p) first party first legal charge over 9 pieces of land known as Lots 114-122, all of Block 5, Seduan Land District, Sibu, Sarawak with a single storey detached warehouse and a 3-storey building built thereon.



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23. LOANS AND BORROWINGS (CONT'D)

At the end of the reporting period, the effective interest rates of loans and borrowings bore by the Group and the Corporation are disclosed as follows:-

	Interest rates per annum	
	2020	2019
23.1 Bank overdrafts	6.64% - 6.97%	7.95% - 8.45%
23.2 Bankers' acceptances	1.90% - 3.43%	3.40% - 3.72%
23.3 Revolving credits	3.71% - 5.25%	5.25% - 5.67%
23.4 Term loans	3.80% - 5.79%	5.00% - 5.79%
23.5 Loan from GP Pusaka	4% - 7.4%	4% - 7.4%
23.6 Loan from Sarawak State Government	4% - 6.5%	4% - 6.5%
23.7 Redeemable preference shares		

Redeemable preference shares – Class A ("RPS")

- (a) Each RPS holder is entitled to be paid out of the distributable profits which shall be at the discretion of the Directors;
- (b) No dividends or any other distributions shall be declared or made to the RPS holder before the full redemption of all the RCPS and full settlement or repayment of loan to the related company;
- (c) RPS holders are not entitled to any voting rights;
- (d) RPS holders shall always rank after the RCPS holders in terms of priority for any dividend made or paid by the Group; and
- (e) The Group irrevocably and unconditionally agrees and undertakes to the RPS holder to redeem the shares at the redemption dates without any set-off, deduction or counter claim.

Redemption

During the financial year, the Group has approved the redemption of the Class A Redeemable Preference Shares ("RPS") registered in the name of a related company. On 30 December 2020, 8,000,000 out of 197,900,000 Class A - RPS shares held by a related Company - Sarawak Capital Assets Sdn. Bhd. with total consideration of RM8,000,000 is satisfied in cash.

In the previous financial year, the Group had approved the redemption of the Class A RPS registered in the name of a related company. On 6 December 2019, 5,000,000 out of 202,900,000 Class A - RPS shares held by a related company - Sarawak Capital Assets Sdn. Bhd. with total consideration of RM5,000,000 was satisfied in cash.

All the redemptions are made out of the capital of the Group in accordance with Section 72 (6) of Companies Act, 2016.

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24. HIRE PURCHASE PAYABLES

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Minimum hire purchase payments:				
- not later than one year	1,105,480	886,456	92,988	92,988
- later than one year and not later than five years	2,719,983	2,757,480	263,398	356,386
	3,825,463	3,643,936	356,386	449,374
Less: Future finance charges	(398,783)	(434,095)	(27,869)	(44,479)
	3,426,680	3,209,841	328,517	404,895
Present value of hire purchase liabilities				
Analysed by:-				
Non-current liabilities	2,507,540	2,502,506	248,269	328,517
Current liabilities	919,140	707,335	80,248	76,378
	3,426,680	3,209,841	328,517	404,895

The hire purchase payables of the Group and the Corporation at the end of the reporting period bore effective interest rates ranging from 2.28% to 3.50% (2019: 2.28% to 3.50%) per annum.

25. RETIREMENT BENEFIT OBLIGATIONS

The Group and the Corporation operate an unfunded, post-retirement benefit plan for their eligible employees. Movements in the liability of retirement benefit obligations in the financial year were as follows:

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	7,774,701	7,251,152	2,736,282	2,315,445
Recognised in profit or loss	910,551	1,110,550	457,612	578,776
Payout during the year	(350,420)	(587,001)	(133,090)	(157,939)
At 31 December	8,334,832	7,774,701	3,060,804	2,736,282

Present value of unfunded defined benefit obligations

Non-current	7,466,471	7,145,873	2,672,443	2,280,072
Current	868,361	628,828	388,361	456,210
	8,334,832	7,774,701	3,060,804	2,736,282



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26. DEFERRED TAX

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January				
Recognised in profit or loss	(25,308,741)	(28,092,463)	8,218,521	8,218,521
	1,181,656	2,783,722	-	-
At 31 December				
	(24,127,085)	(25,308,741)	8,218,521	8,218,521

Presented after appropriate offsetting as follows:-

Deferred tax assets	8,218,521	8,218,521	8,218,521	8,218,521
Deferred tax liabilities	(32,345,606)	(33,527,262)	-	-

Deferred tax assets:

Tax losses and unabsorbed capital allowances				
At 1 January	8,218,521	8,218,521	8,218,521	8,218,521
Recognised in profit or loss	-	-	-	-
At 31 December	8,218,521	8,218,521	8,218,521	8,218,521

Deferred tax liabilities:

Accelerated capital allowances				
At 1 January	(33,527,262)	(36,310,984)	-	-
Recognised in profit or loss	1,181,656	2,783,722	-	-
At 31 December	(32,345,606)	(33,527,262)	-	-

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

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unabsorbed capital allowances	18,302,804	7,494,492	2,708,204	1,399,485
Unutilised tax losses	30,695,875	23,484,426	19,133,007	14,211,988
Other temporary differences	5,325,153	5,225,307	-	-
	54,323,832	36,204,225	21,841,211	15,611,473

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27. TRADE AND OTHER PAYABLES

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	30,263,423	38,472,204	9,849,454	15,475,711
Other payables	27,966,217	42,544,803	10,963,292	10,954,508
Accruals	7,783,762	4,456,197	3,295,665	4,356,494
	66,013,402	85,473,204	24,108,411	30,786,713

The normal trade credit term granted to the Group ranged from 30 to 90 days. (2019: 30 to 90 days).

28. REVENUE

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Aviation services	134,739,830	103,020,322	-	-
Contract income	60,849	11,202,653	-	-
Crude palm oil bulking services	2,597,316	2,906,828	-	-
General repair and maintenance services	99,048	757,844	-	-
Grant amortised	12,808	76,819,793	12,808	76,819,793
Gross dividend:				
- Other investments	1,636,954	1,469,255	1,636,954	1,469,255
- Associates	-	-	1,350,000	4,200,000
- Subsidiaries	-	-	1,343,750	2,877,511
Gain on fair value changes in investment	8,265,026	4,313,392	8,265,026	4,313,392
Interest income	152,784	293,104	-	-
Operating grant received	5,244,951	4,412,192	5,244,951	4,412,192
Other operating income	2,301,024	3,486,796	1,106,421	905,589
Other services	14,079,226	21,671,345	352,430	450,040
Project revenue	2,375,500	9,815,256	2,375,500	9,815,256
Registration fees	532,025	556,692	532,025	556,692
Rental income	2,507,252	2,550,890	-	-
Sales of construction, furniture and hardware materials	152,761,862	169,065,865	-	-
Sale of woodchips, timber logs, sawn timber, peat swap logs and pulpwoods	317,291,871	306,613,264	-	-
Timber premium	6,168,298	12,790,411	6,168,298	12,790,411
Wharfage, stevedorage, barging and other port users' services	17,004,259	20,843,933	-	-
	667,830,883	752,589,835	28,388,163	118,610,131



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29. FINANCE COSTS

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Bankers' acceptance interests	406,326	594,443	-	-
Bank overdraft interests	396,106	400,157	-	-
Redeemable convertible unsecured loan stocks - imputed interests	397,593	315,484	-	-
Revolving credit interests	1,027,453	1,328,464	-	-
Interests on loan	9,196,076	9,536,717	5,430,549	4,783,740
Hire purchase interests	208,619	138,273	16,610	3,093
Others	2,312,911	1,095,982	-	-
	13,945,084	13,409,520	5,447,159	4,786,833

30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on - receivables	3,795,295	119,718	3,761,388	-
- investment in subsidiaries	-	-	675,000	-
Amortisation of goodwill	176,700	176,700	-	-
Amortisation of intangible assets	4,333	4,334	-	-
Auditors' remuneration - current year	254,654	272,139	18,554	19,939
- under/(over)provision in prior year	500	3,800	-	-
Bad debts written off	859	5,624	-	-
Board members' fees	268,500	249,300	268,500	249,300
Depreciation of property, plant and equipment	36,605,698	38,490,788	6,145,352	6,146,208
Depreciation of investment properties	86,556	86,556	-	-
Depletion of biological assets	41,992,374	31,478,414	-	-
Directors' remuneration: - fees	2,027,720	1,247,040	-	-
- bonus	40,312	136,437	-	-
- non-fees emoluments	1,976,972	1,164,989	-	-

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30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Hire of equipment	1,046,547	1,121,594	1,008,747	1,088,594
Impairment loss on property, plant and equipment	625,907	139,100	625,907	139,100
Rental expenses	3,638,924	3,564,492	324,000	324,000
Inventories written off	3,357	45,461	-	-
Property, plant and equipment written off	28,037	31,553	-	23,704
Realised loss on foreign exchange	564,819	581,000	-	-
Rental of aircraft	35,545,305	21,728,868	-	-
Retirement benefit obligations	910,551	1,110,550	457,612	578,776
Staff costs:				
- wages, salaries and allowances	74,641,271	73,218,706	22,564,635	22,908,701
- EIS	17,537	16,521	-	-
- EPF	7,501,327	7,514,780	543,687	567,580
- Socso	501,177	501,667	11,950	10,768
- Other staff related expenses	3,414,695	4,279,159	2,156,941	2,135,207
Unrealised (gain)/loss on foreign exchange	(122,353)	262,144	-	-
Loss on disposal of associates	-	203,628	-	-
Bad debts recovered	(400,000)	-	(400,000)	-
(Gain)/Loss on fair value changes in:-				
- other investments	(7,150,986)	(421,217)	(6,710,724)	182,315
- biological assets	9,239,588	43,144,087	-	-
(Gain)/Loss on disposal of:-				
- other investments	(58,801)	(17,974)	-	-
- shares	-	(290,033)	-	-
- property, plant and equipment	6,161	(4,195,443)	106,311	(1,049,051)
Interest income	(7,872,587)	(6,369,345)	(7,829,341)	(5,204,818)
Rental income	(3,680,106)	(4,785,136)	(869,954)	(895,231)
Reversal of impairment on receivables	(231,552)	(1,224,264)	-	-
Reversal of allowance for impairment losses on investment	-	(2,967,407)	-	(2,967,407)
Reversal of provision for obsolete stocks	(3,241)	-	-	-
Waiver of payables	(1,469,180)	-	-	-



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31. TAXATION

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
- Current financial year	15,275,173	10,395,771	-	-
- Underprovision in the previous financial years	622,292	7,940,508	-	5,874,645
	15,897,465	18,336,279	-	5,874,645
Deferred tax (Note 26):				
- Current financial year	(888,585)	(3,502,258)	-	-
- Overprovision in the previous financial years	(293,071)	(174,543)	-	-
	14,715,809	14,659,478	-	5,874,645

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

	The Group		The Corporation	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before taxation	23,886,793	(45,961,861)	(23,837,521)	(45,685,059)
Tax at the statutory tax rate of 24% (2019 - 24%)	5,732,830	(11,030,847)	(5,721,005)	(10,964,414)
Tax effects of:-				
Share of results in associates	3,024,217	1,574,249	-	-
Non-deductible expenses	13,559,798	13,878,003	10,061,448	6,265,945
Non-taxable income	(12,278,962)	(4,497,309)	(5,835,580)	(1,385,746)
Utilisation of capital allowances brought forward	(35,227)	(113,762)	(108)	(511)
Utilisation of business losses	(3,155,530)	-	(3,065,334)	-
Deferred tax assets not recognised	7,539,462	7,083,179	4,560,579	6,084,726
Underprovision of income tax in the previous financial year	622,292	7,940,508	-	5,874,645
Overprovision of deferred taxation in the previous financial year	(293,071)	(174,543)	-	-
Taxation for the financial year	14,715,809	14,659,478	-	5,874,645

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32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	22,980,015	32,918,949	247,935	2,540,944
Amount financed through hire purchases	(990,400)	(1,776,000)	-	(417,300)
Cash disbursed for purchase of property plant and equipment	21,989,615	31,142,949	247,935	2,123,644

33. COMMITMENTS

(a) Capital commitments

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
Approved and contracted for:				
Property, plant and equipment	2,059,800	3,638,000	-	-
Renovation at Wisma Sumber Alam Tower	20,872,000	28,039,334	20,872,000	28,039,334
Approved and not contracted for:				
Property, plant and equipment	16,143,648	6,174,016	-	-
Renovation at Wisma Sumber Alam Tower	9,206,218	893,598	9,206,218	893,598
	48,281,666	38,744,948	30,078,218	28,932,932

(b) Non-cancellable lease commitments

As at the end of the financial year, the future aggregate minimum lease payments payable as a lessee under non-cancellable operating leases contracted were as follows:

	The Group	
	2020	2019
	RM	RM
Not later than one year	25,817,430	26,824,316
Later than 1 year and not later than 5 years	11,167,838	38,404,342
	36,985,268	65,228,658



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34. CONTINGENT LIABILITIES

On 19th September 2016, Tanjung Manis Feedmill Sdn. Bhd. (TMF) filed a Writ of Summons and Statement of Claim against the Corporation to claim for Plots 2 & 3, Loba Semareng or in the alternative for Plots 3 & 4, Batang Belawai. TMF also claimed against the Corporation damages for TMF's alleged total loss of RM34,795,005. The case went for trial from 21st May 2018 until 25th May 2018. Ruling of the case was heard on 19th June 2019 where the Court ruled in favour of TMF.

Upon receiving the judge's decision on ruling of the case, the Corporation has filed a Notice of Appeal on 9th July 2019 to the Court of Appeal. The date of hearing is scheduled on May 2021.

35. RELATED PARTY DISCLOSURES

Other than those disclosed elsewhere in the financial statements, the Group and the Corporation also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Corporation	
	2020	2019	2020	2019
	RM	RM	RM	RM
Transactions with subsidiaries:				
Grass cutting services	-	-	-	116,200
Interest income received/ receivable	-	-	(1,335,410)	(1,465,374)
Management services	-	-	3,978,436	5,071,757
Project coordinator fee	-	-	-	1,314,000
Rental expenses	-	-	300,000	300,000
Rental income	-	-	(66,600)	(66,300)
Secondment fees	-	-	-	83,430
Supply and installation of furniture	-	-	-	(1,436,932)
Transactions with associates:				
Interest income received/ receivable	(328,396)	(118,102)	-	-
Rental expenses and operating services	2,827,330	2,779,031	-	-
Sales of goods	(500,320)	(607,040)	-	-
Transactions with related companies:				
Aviation services rendered	(127,507,847)	(96,612,949)	-	-
Contract fee	102,411	205,949	-	-
Office rental	203,976	203,976	-	-
Premium received	(45,513)	(82,299)	-	-
Purchase of goods	18,161,924	25,197,064	-	-
Rental income	(190,512)	(218,400)	-	-
Sales of sawdust	(31,536)	-	-	-

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
 (Incorporated under the Sarawak State Ordinance No.3 of 1973)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

	The Group 2020 RM	The Corporation 2019 RM	The Corporation 2020 RM	The Corporation 2019 RM
Financial Assets				
<u>Fair Value through Profit or Loss</u>				
Other investments	283,681,564	240,502,991	43,979,366	37,346,612
<u>Amortised Cost</u>				
Trade and other receivables	296,741,175	395,045,673	35,830,432	71,505,904
Amount owing by subsidiaries	-	-	41,748,085	44,237,660
Amount owing by associates	11,207,938	11,813,846	9,572,161	9,572,161
Amount owing by related companies	4,038,880	4,249,570	-	-
Other investments	54,434,452	74,895,163	35,198,397	47,035,997
Cash and cash equivalents	154,523,499	127,901,688	106,746,412	84,862,842
	520,945,944	613,905,940	229,095,487	257,214,564
Financial Liabilities				
<u>Amortised Cost</u>				
Trade and other payables	66,013,402	85,473,204	24,108,411	30,786,713
Amount owing to subsidiaries	-	-	2,841,650	2,978,727
Amount owing to associates	3,704,403	3,704,403	157,404	157,404
Amount owing to related companies	12,122,864	17,673,255	-	-
Hire purchase payables	3,426,680	3,209,841	328,517	404,895
Loans and borrowings	493,702,525	532,045,609	189,140,422	192,601,602
	578,969,874	642,106,312	216,576,404	226,929,341

36.2 Net gains and losses arising from financial instruments

	The Group 2020 RM	The Corporation 2019 RM	The Corporation 2020 RM	The Corporation 2019 RM
Net gains/(losses) on:				
Financial assets measured at fair value through profit or loss				
	17,069,288	10,687,318	8,347,678	4,254,347
Financial assets measured at amortised cost	4,707,984	7,468,267	4,467,953	5,204,818
Financial liabilities measured at amortised cost	(12,475,904)	(13,409,520)	(5,447,159)	(4,786,833)
	9,301,368	4,746,065	7,368,472	4,672,332



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

37. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:

	As Restated RM	As Previously Reported RM
Consolidated Statement of Financial Position (Extract):-		
Property, plant and equipment	440,734,341	442,632,225
Investment properties	1,531,778	-
Land held for property development	366,106	-
Amount owing by associates (Non-current)	-	9,559,504
Amount owing by associates (Current)	9,572,161	12,657
Trade and other receivables	70,969,284	70,802,831
Trade and other payables	30,786,713	30,620,260
Consolidated Statements of Profit or Loss or Other Comprehensive Income (Extract):-		
Administrative expenses	176,174,630	175,268,086
Finance costs	13,409,520	14,316,064
Consolidated Statement of Cash Flows (Extract):-		
Depreciation of property, plant and equipment	38,490,788	38,577,344
Depreciation of investment properties	86,556	-
Interest expense	13,409,520	14,316,064
Interest paid	(6,484,104)	(7,390,648)
Reversal of allowance for impairment loss on receivables	(1,224,264)	(280,360)
Decrease/(Increase) in trade and other receivables	(74,527,440)	(75,471,344)

38. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic.

Although the Group's operations have been disrupted, its financial performance and cash flows for the current reporting period have not been materially impacted by the COVID-19 pandemic.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
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**DETAILED ADMINISTRATIVE EXPENSES - CORPORATION
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	RM	RM
Audit fee	18,554	19,939
Advertisement	71,497	60,090
Allowance for impairment loss on receivables		
- receivables	3,761,388	-
- property, plant and equipment	625,907	139,100
- investment in subsidiaries	675,000	-
Books, newspapers and periodicals	58,741	56,570
Corporate social responsibilities	629,727	996,262
Depreciation of property, plant and equipment	6,145,352	6,146,208
Electricity and water	751,734	1,001,681
Entertainment	85,204	165,858
Fair value loss	1,554,302	4,495,707
Gallery expenses	499,006	990,400
General office expenses	242,153	293,738
Gifts and contributions	126,500	143,320
Hire of equipment	1,008,747	1,088,594
ICT Development programme	87,450	106,152
Insurance	475,375	461,422
Interest subsidy	432,582	444,315
Legal and professional fee	217,922	213,278
Loss on disposal of property plant and equipment	106,311	-
Maintenance of industrial estate	6,878,358	7,540,829
Market promotion	-	28,957
Medical	1,991,143	2,582,941
Members' fees	268,500	249,300
Miscellaneous	1,797,727	67,261
Museum expenses	930	-
Office rental	324,000	324,000
OSHA	9,437	24,910
Overtime	391,063	529,031
Printing and stationery	204,253	217,633
Rates and assessment	745,720	678,280
Repair and maintenance - motor vehicles	390,493	484,044
Repair and maintenance - office building	2,516,765	3,391,572
Salaries, overtime and allowances	25,736,305	26,201,032
Special projects	991,563	5,874,713
Staff house rental	182,204	224,736
Telephone, fax and postage	290,790	485,663
Training and seminar	411,962	1,292,184
Training for industry	376,949	644,692
Transport and travelling expenses	1,948,054	5,744,003
Uniform	143,369	139,933
Welfare	241,115	445,891
	<hr/> 63,414,152	<hr/> 73,994,239



Sarawak Timber Industry Development Corporation (STIDC)
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