

# STIDC ANNUAL REPORT

2020



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## **Editorial Team**

### **Chief Editor**

Tuan Haji Hashim Haji Bojet  
*General Manager*

### **Editor**

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*Corporate Affairs Manager*

### **Writer and Co-ordinator**

Norman Botes Noma







# Background

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

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

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

# Corporate Functions

STIDC core functions are to:

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





### **Corporate Vision**

Spearheading the Advancement of  
Timber Industry

### **Corporate Mission**

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

### **Quality Policy**

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







# Objectives

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

# STIDC Client's Charter

1. To process all types of registration applications within five (5) working days.
2. To process and issue the Grading Certificates within seven (7) working days.
3. To process and issue Import and 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 physical inspection of wood-based mills layout plans 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

The STIDC Corporate Song '**PUSAKA Kita**' was launched on 7<sup>th</sup> May 1993 in conjunction with STIDC's 20<sup>th</sup> Anniversary.

## Lyrics

Bersama kita tingkatkan kejayaan  
Dengan semangat berkerjasama  
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 dan gemilang.





# 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.





## Logo

This logo was officially launched on 7 May 1993 during the Corporation's 20<sup>th</sup> Anniversary.

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.





# Office Complex

The STIDC new office complex, known as Wisma Sumber Alam was officially handed over to STIDC on 5<sup>th</sup> December 1986. In a simple ceremony held at the STIDC Theatre, Mr. Wan Hoon Chee of Messrs. Low Kim Seng, the main contractor handed over the mock key to the late Honourable Datuk Haji Noor Tahir, the Chairman of STIDC. The management of STIDC officially started to move to the new building on 15<sup>th</sup> December 1986.

The official opening of Wisma Sumber Alam, STIDC's sprawling headquarters complex was graced by the then Chief Minister of Sarawak, His Excellency Tun Pehin Sri Haji Abdul Taib Mahmud on 7<sup>th</sup> September 1988.

The RM38.4 million complex was one of the most modern, 22-storey building in Sarawak, symbolises the state government's efforts to upgrade and modernise the development of the timber industry in the state.

The building has a total floor area of 39,000 sq. metres comprising a podium and a tower block.



A glass terrarium sits on a surface of cracked, dry earth. Inside the terrarium, there is a small green plant, some soil, and several light-colored pebbles. To the left of the terrarium, a thin, dry plant stem with a few small, brown, dried leaves grows out of the cracked ground. The background is a blurred field of similar dry vegetation and soil, suggesting a harsh, arid environment. The lighting is warm, casting soft shadows and highlighting the textures of the soil and the glass.

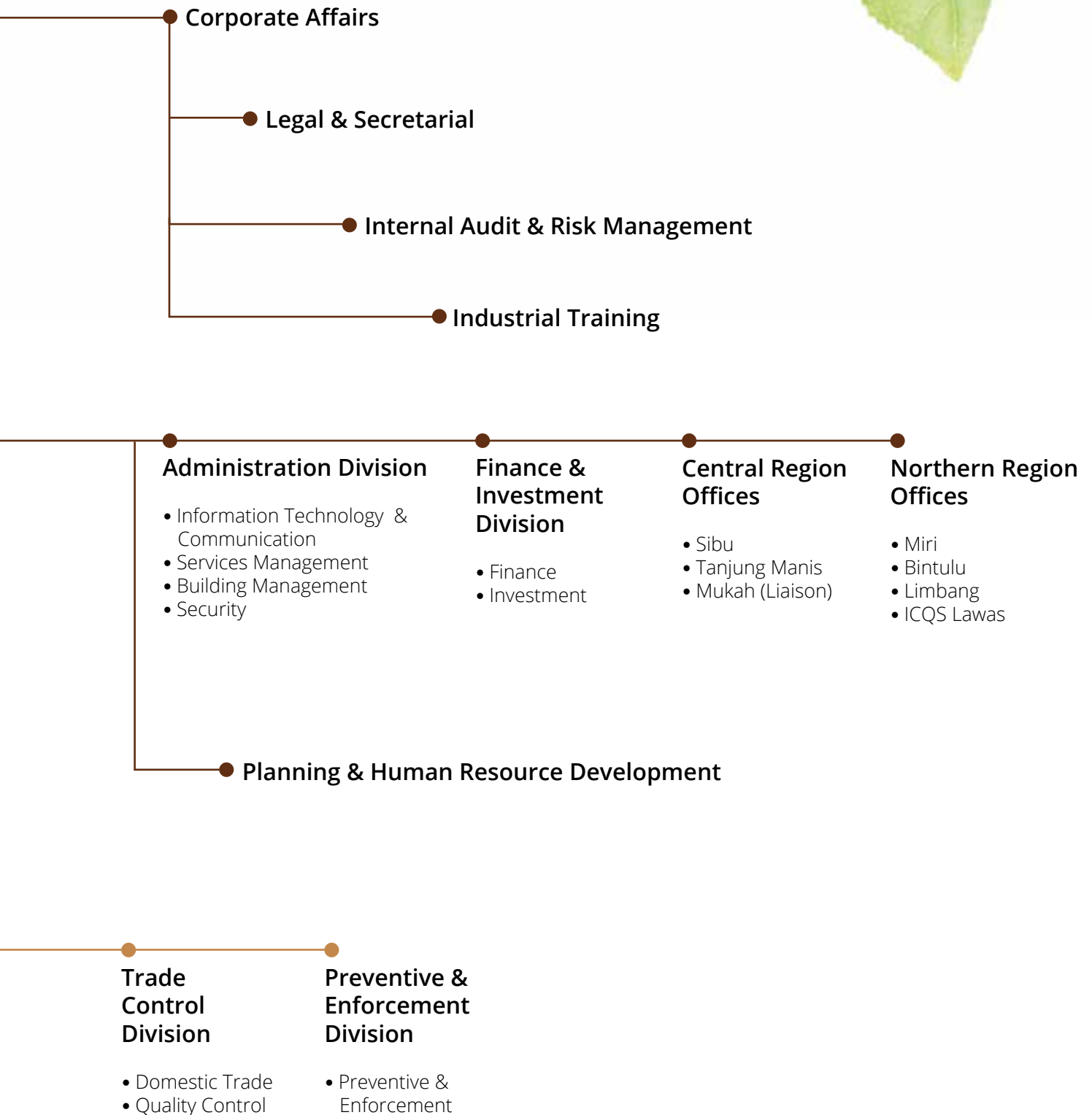
# Corporate Structure











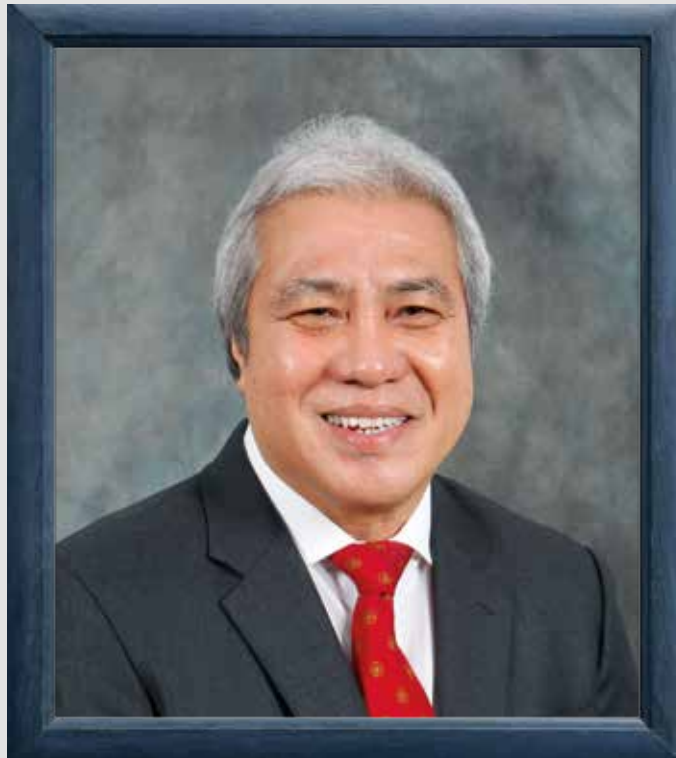






# Corporate Management

# Board Of Management



## Chairman

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

Deputy Chief Minister  
Minister of Industrial and Entrepreneur Development  
Second Minister of Urban Development & Natural Resources





**YB Tan Sri Datuk Amar Haji  
Mohamad Morshidi Bin Abdul  
Ghani**

*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*



**YBhg Datu Haji Mohamad  
Abu Bakar Bin Marzuki**

*Deputy State Secretary Sarawak  
(Socio Economic Transformation)*



**YBhg Datu Dr. Haji Wan  
Lizozman Bin Wan Omar**

*Permanent Secretary  
Ministry of Urban Development &  
Natural Resources*

# 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**  
*Senior Assistant General Manager  
(Registration & Licensing)*



**Encik Bill Ensol Anak  
Abang**  
*Assistant General Manager  
(Project & Engineering)*



**Puan Ruth Sibab @ Nur  
Mithali Abdullah**  
*Assistant General Manager  
(Administration)*



**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)*



The background of the entire page is a close-up photograph of a wooden surface. It features a prominent vertical wood grain with various shades of brown, from light tan to dark, almost black, lines and knots. The texture is organic and detailed.

Chairman's

# *Statement*



# Chairman's Statement



Timber and timber products accounted for RM5.4 billion in 2018. This represented a decrease of 11% from RM6.1 billion in 2017.

Weaker export value were recorded for plywood (7%), veneer (12%), sawn-timber (16%), particle board (16%), block board (24%), logs (36%) and dowel (52%).

Significant growth in export value, however, were recorded for woodchips (92%) and moulding (65%). These were followed by fibreboard and laminated board/flooring which grew by 5% respectively.

Plywood, logs and sawn-timber which contributed RM3 billion, RM773 million and RM673 million respectively, accounted for 82% to the overall export revenue of timber and timber products in 2018.

Other timber products such as veneer, dowels, mouldings, particle board, fibreboard, block board, laminated board/flooring, woodchip and others contributed RM961 million and 18% to the overall export value of timber and timber products in 2018.

The export volume of particle board, veneer, block board and dowel decreased by 16%, 20%, 23% and 50% respectively.

The export volume of moulding, woodchip, fibre board and laminated board/flooring, however, increased by 96%, 73%, 8% and 7% respectively.

The major consumers of Sarawak's timber and timber products in 2018 were Japan (RM2.69 billion), India (RM545 million), Korea (RM424 million), the Middle East (RM385million), Taiwan (RM358 million) and the ASEAN countries including Thailand, the Philippines, Indonesia and Vietnam which accounted for RM666 million.

Timber production from natural forests continued to show a downward trend, with 4.7 million m<sup>3</sup> in 2018 compared with 10 million m<sup>3</sup> in 2010. This trend is expected to continue to the level of 1.7 million m<sup>3</sup> by 2030.

To ensure sustainable supply of raw materials for downstream activities, Sarawak aims to establish one million hectares of planted forests by 2025 which could produce 15-20 million m<sup>3</sup> of logs annually.

In consonance with this, there is a need for industry players to invest in new technology to process logs from planted forests and to produce value-added timber products.

**Datuk Amar Haji Awang Tengah Ali Hasan**

*Deputy Chief Minister*

*Minister of Industrial and Entrepreneur Development*

*Second Minister of Urban Development & Natural Resources*



A close-up photograph of a green leaf, showing a dense network of veins. The veins are a lighter green color, contrasting with the darker green of the leaf's surface. The veins form a complex, branching pattern across the entire frame.

GM's

*Response*



# GM's Preface



2018 marked the 45<sup>th</sup> Anniversary of STIDC in spearheading the advancement of timber industry in Sarawak.

With the help 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 as well as preventive and enforcement.

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

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

A handwritten signature in black ink, appearing to read 'Haji Hashim' followed by a stylized flourish.

**Haji Hashim Haji Bojet**

*General Manager*

*Sarawak Timber Industry Development Corporation*





A close-up photograph of a dark, textured log with several light-colored, curled wood shavings scattered on its surface. The background is blurred, showing more wood shavings.

# 2018 **Activities**





22 January 2018

The Occupational Safety and Health Workshop was held at STIDC Headquarters in Kuching.



1 February 2018

Participants of the Lab To Review The Vendor Development Programme.



10-11 March 2018

The Honourable Datu Haji Len Talif Salleh, Assistant Minister of Urban Planning, Land Administration and Environment (3rd. right) flanked by Haji Hashim Haji Bojet, STIDC Deputy General Manager (2nd. right) launching the Tanjung Manis Day 2018.



20 March 2018

Datu Haji Sarudu Haji Hoklai, STIDC General Manager (centre) receiving the mock cheques from the sponsors of STIDC Golf Tournament 2018.







21 March 2018

The Timber Portal Committee posing for the album after a meeting and work visit to Bintulu.



27 March 2018

One of the Sarawak Timber Legality Verification System (STLVS) road-shows held at the STIDC headquarters in Kuching.



10 April 2018

STIDC participated in the Team Excellence Mini Convention for Sarawak Region 2018.



12 April 2018

STIDC, led by Puan Dayang Nena Binti Abang Bruce, Deputy General Manager paid a courtesy call to Datu Dr Haji Wan Lizozman Bin Wan Omar, Permanent Secretary of Ministry of Urban Development and Natural Resources (centre).





3 May 2018

Sarawak Head of State, His Excellency Tun Pehin Sri Haji Abdul Taib Mahmud (centre) signing the plaque to mark the ground breaking of the Tanjung Manis Administrative Centre while the other VIPs look on.



25 May 2018

STIDC reached out to SK. Agama Datuk Haji Abdul Kadir Hassan as part of its corporate social responsibilities.



8 June 2018

Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister, Minister of Industrial and Entrepreneur Development, Minister of Urban Development & Natural Resources II and Chairman of STIDC Board of Management addressing the recipients of monetary donation from STIDC and its subsidiaries.



9 June 2018

STIDC giving monetary donation to villages in Tanjung Manis.







27 June 2018

STIDC in collaboration with the Fire and Rescue Department conducted an Emergency Response Training.



28 June 2018

Some of the STIDC staff posing for the album after the monthly assembly at the headquarters in Kuching.



3 July 2018

Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister, Minister of Industrial and Entrepreneur Development, Minister of Urban Development & Natural Resources II and Chairman of STIDC Board of Management (centre) officiating the Wood Utilisation For Construction Structure Seminar.



5 July 2018

STIDC reached out to SMK. Tunku Abdul Rahman as part of its corporate social responsibilities.





11 July 2018

STIDC carrying out an outreach activity to SMK Beladin.



20 July 2018

Blood donation is one of the social activities carried out by STIDC to save lives.



1 August 2018

The Honourable Deputy Chief Minister of Sarawak and STIDC Chairman, Datuk Amar Haji Awang Tengah Ali Hasan (5th. left) witnessing the exchange of MoU documents between Sarawak Forestry Corporation Sendirian Berhad and Vietnam Academy of Forest Science.



6 August 2018

Tuan Haji Hashim Haji Bojet, STIDC General Manager (centre) presenting a gift to a Muslim staff departing for pilgrimage.







7 August 2018

First Workshop For Forestry & Timber Industry Master Plan For Sarawak.



10-12 August 2018

Winners of Tanjung Manis Fishing Safari 2018 posing with STIDC General Manager, Haji Hashim Haji Bojet (standing - 4th. left).



15 August 2018

A visit was organised to Sarawak Planted Forest site in Bintulu to assess the progress of the planted forest project.



23 August 2018

STIDC giving the meat to the needy in conjunction with the Ibadah Qurban.





**3-7 September 2018**

Engineered Office Chair Making Course in progress.



**4-5 September 2018**

Participants of the Occupational Safety and Health Campaign held in Sibu.



**8-9 September 2018**

STIDC First-half of 2018 Strategic Planning Review in progress.



**18-20 September 2018**

Lab concerning the review of Tanjung Manis Masterplan.







21 September 2018

STIDC conducting a talk at SMK. Bandar Bintulu concerning the courses offered and the career opportunities in the wood-based sectors in Sarawak.

25 September 2018

The Honourable Deputy Chief Minister of Sarawak and STIDC Chairman, Datuk Amar Haji Awang Tengah Ali Hasan (centre) witnessing the signing ceremony of the MoA between PUSAKA Capital Sendirian Berhad, TM Agro Holdings and Sun Valley Holdings Sendirian Berhad on 25 September 2018 in Fuzhou, Fujian, China in which China agreed to invest RM809 million in aquaculture in Sarawak.



6 October 2018

Participants of STIDC Futsal Competition posing with some of the STIDC management members.



10 October 2018

STIDC in collaboration with the Universiti Teknologi MARA (UiTM) organised the Mathematic competition for schools in Sarawak.





11 October 2018

STIDC cares. This was manifested by the visit to the Sarawak General Hospital, as part of its corporate social responsibilities.



16 October 2018

2018 marked the 45<sup>th</sup> anniversary of STIDC in spearheading the advancement of the timber industry in Sarawak. A dinner was held in Miri in commemoration of this auspicious occasion.



18 October 2018

Winners of STIDC Photography Competition 2018 posing with the STIDC management members.



24-28 October 2018

Datuk Amar Haji Awang Tengah (third right) witnessing the exchange of Memorandum of Agreement (MoA) documents between Tuan Haji Hashim (second right) and Dr. Imam (third left). The MoA paves the way to enhance Pool of Young Designers (POYOD) training programme to produce young designers between STIDC and ITB.







26 October 2018

The Honourable Deputy Chief Minister of Sarawak and STIDC Chairman, Datuk Amar Haji Awang Tengah Ali Hasan (5th. right) witnessing the exchange of Memorandum of Agreement (MoA) documents between STIDC and Fakultas Seni Rupa Dan Desain - Institut Teknologi Bandung (FSRD-ITB) on 26 October 2018.

30 October 2018

A dinner was held in Sibu to commemorate the 45<sup>th</sup> Anniversary of STIDC.



3 November 2018

STIDC participated in the Sarawak Reggatta in support of healthy lifestyle and competition efforts.



7 November 2018

STA Mutual Sendirian Berhad and STIDC giving monetary aid to SK Nanga Kua, Selangau.





26-27 November 2018

A speaker addressing the audience in conjunction with the Forestry Lab in which STIDC was among the participants.



3 December 2018

STIDC officer addressing the audience in conjunction with the Stakeholders' Briefing in Sibul.



3 December 2018

Hajjah Haluyah Awi, Senior Assistant General Manager (second left) receiving the Quality Award from the Right Honourable Chief Minister of Sarawak, Datuk Amar Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg in conjunction with the State Civil Service Excellence Night 2018.



5 December 2018

The Honourable Minister of Primary Industries, Teresa Kok Suh Sim (seated) and her entourage visiting STIDC.







7 December 2018

Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister, Minister of Industrial and Entrepreneur Development, Minister of Urban Development & Natural Resources II and Chairman of STDC Board of Management (centre) presiding the Board Meeting.



14 December 2018

Closing Ceremony of Pool of Young Designers (POYOD) First Industrial Training Programme.



23 December 2018

STDC-Media Bowling Competition 2018 was held to foster good rapport with the members of the media.





2018 vs 2017

# Trade Statistics



# Table 1

## Export Summary Of Timber And Timber Products From Sarawak

PRODUCTS	2018p January -December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
LOG	1,418,743	773,448	14.21	2,238,278	1,208,083	19.71	(36.61)	(35.98)
SAWNTIMBER	375,106	672,958	12.37	510,282	802,847	13.10	(26.49)	(16.18)
PLYWOOD	1,426,010	3,034,467	55.77	1,737,029	3,274,372	53.41	(17.91)	(7.33)
VENEER	92,151	154,230	2.83	115,472	174,369	2.84	(20.20)	(11.55)
LAMINATED BOARD / FLOORING	10,747	40,027	0.74	10,049	38,192	0.62	6.94	4.81
MOULDING	11,278	20,814	0.38	5,756	12,580	0.21	95.95	65.45
DOWEL	141	535	0.01	280	1,096	0.02	(49.52)	(51.20)
FIBREBOARD	186,641	322,454	5.93	173,488	307,980	5.02	7.58	4.70
BLOCKBOARD	2,355	3,095	0.06	3,067	4,083	0.07	(23.20)	(24.21)
PARTICLE BOARD	55,871	36,624	0.67	66,308	43,779	0.71	(15.74)	(16.34)
OTHER PRODUCTS*	176,001	201,802	3.71	110,683	144,485	2.36	59.01	39.67
OTHER PRODUCTS**[Units]	3,911,662	42,921	0.79	3,513,835	46,628	0.76	11.32	(7.95)
WOODCHIP [Tonne]	317,215	138,025	2.54	182,840	72,074	1.18	73.49	91.50
<b>TOTAL (m3) (RM)</b>	<b>3,755,045</b>	<b>5,441,401</b>	<b>100</b>	<b>4,970,693</b>	<b>6,130,569</b>	<b>100</b>	<b>(24.46)</b>	<b>(11.24)</b>

### \*Other Timber Products:

- Briquette
- Charcoal
- Chopping Board
- Core Plugs
- Densified Wood
- Door & Door Frames
- Door Skin
- Finger Jointed
- Lamin Board
- Laminated Beam
- Laminated Post
- Laminated Veneer Lumber (Lvl)
- Railways Sleepers
- Shuttering Board
- Wood Pellets
- Wooden Fence
- Wooden Frames
- Wooden Lattice
- Wooden Handle
- Wooden Panels
- Wooden Stakes

### \*\*Other Timber Products:

- Furniture & Furniture Parts
- Wooden Pallets

### 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)]

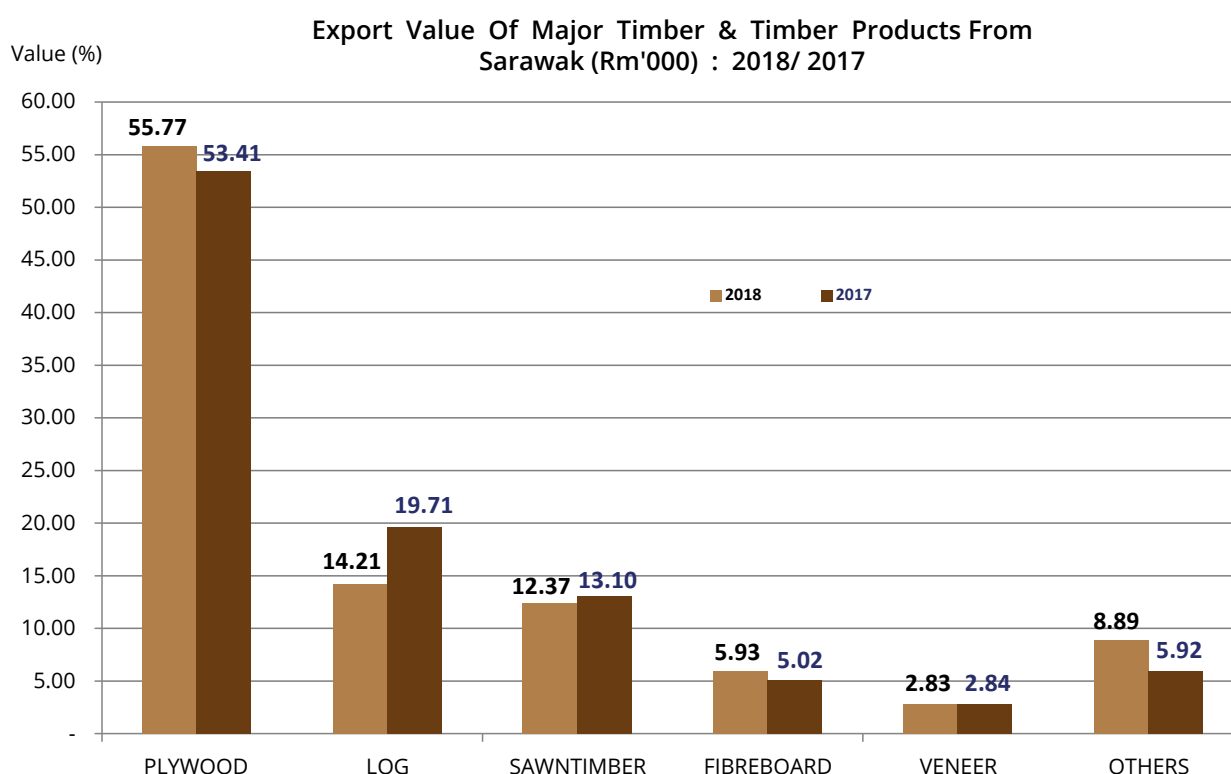


Table 2  
Export Of Logs By Country Of Destinations

PRODUCTS	2018p January - December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	695,654	133,312	17.24	1,128,392	203,075	16.81	(38.35)	(34.35)
INDIA	541,615	487,292	63.00	858,665	799,850	66.21	(36.92)	(39.08)
TAIWAN	98,650	89,523	11.57	93,946	84,201	6.97	5.01	6.32
VIETNAM	36,163	21,591	2.79	81,273	56,727	4.70	(55.50)	(61.94)
JAPAN	33,970	31,928	4.13	40,543	40,456	3.35	(16.21)	(21.08)
CHINA	11,439	7,951	1.03	24,958	17,192	1.42	(54.17)	(53.75)
KOREA	1,253	1,851	0.24	10,474	6,535	0.54	(88.04)	(71.67)
OTHERS	-	-	-	27	48	0.00	(100.00)	(100.00)
<b>TOTAL</b>	<b>1,418,743</b>	<b>773,448</b>	<b>100</b>	<b>2,238,278</b>	<b>1,208,083</b>	<b>100</b>	<b>(36.61)</b>	<b>(35.98)</b>

\*Other Destinations:

- United States

Export Value (%) Of Logs To Major Destinations: 2018 / 2017

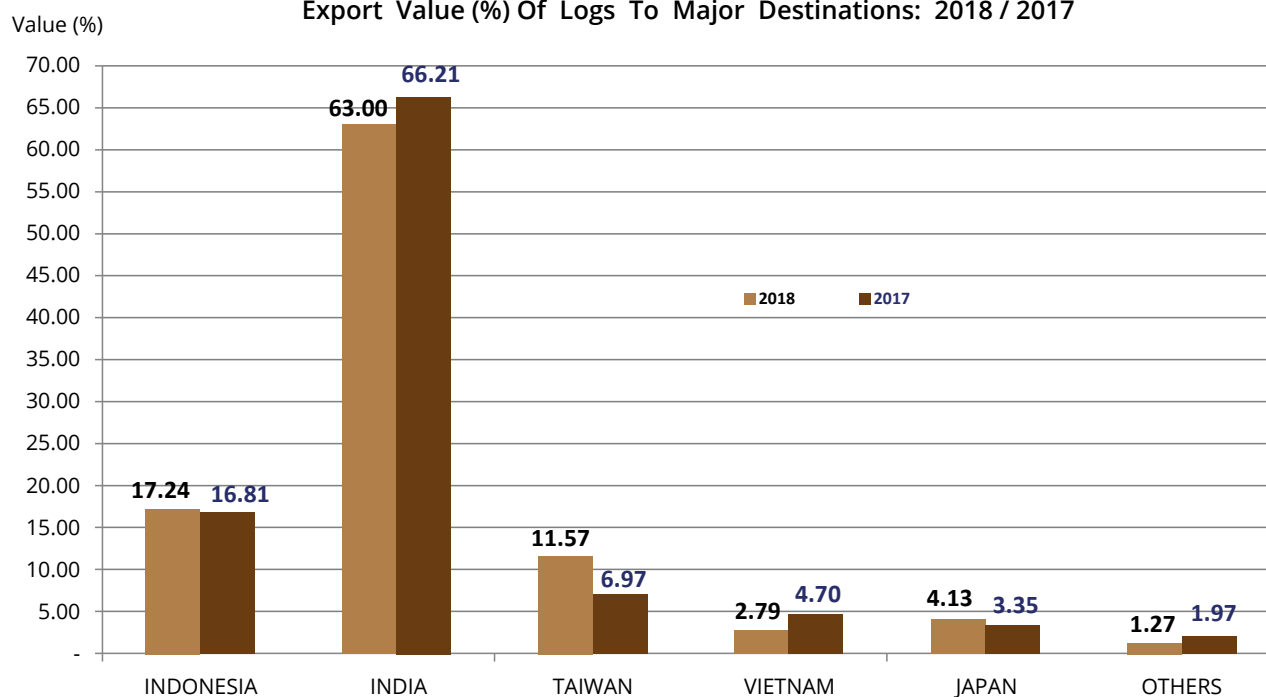




Table 3

## Export Of Sawntimber By Country Of Destinations

PRODUCTS	2018p January -December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
PHILIPPINES	122,642	220,442	32.76	172,502	254,785	31.74	(28.90)	(13.48)
MIDDLE EAST	92,009	182,077	27.06	114,350	217,254	27.06	(19.54)	(16.19)
THAILAND	49,451	66,951	9.95	84,002	108,144	13.47	(41.13)	(38.09)
TAIWAN	44,144	76,518	11.37	53,967	69,751	8.69	(18.20)	9.70
KOREA	17,325	30,228	4.49	20,689	35,820	4.46	(16.26)	(15.61)
JAPAN	14,573	34,071	5.06	17,086	39,564	4.93	(14.71)	(13.88)
CHINA	12,463	14,681	2.18	16,366	19,995	2.49	(23.85)	(26.58)
SRI LANKA	5,059	10,677	1.59	5,813	12,527	1.56	(12.98)	(14.77)
INDIA	4,678	8,211	1.22	9,559	17,197	2.14	(51.07)	(52.25)
SOUTH AFRICA	3,759	7,054	1.05	2,618	5,041	0.63	43.59	39.94
OTHERS	9,003	22,047	3.28	13,328	22,769	2.84	(32.45)	(3.17)
<b>TOTAL</b>	<b>375,106</b>	<b>672,958</b>	<b>100</b>	<b>510,282</b>	<b>802,847</b>	<b>100</b>	<b>(26.49)</b>	<b>(16.18)</b>

## \*Other Destinations:

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

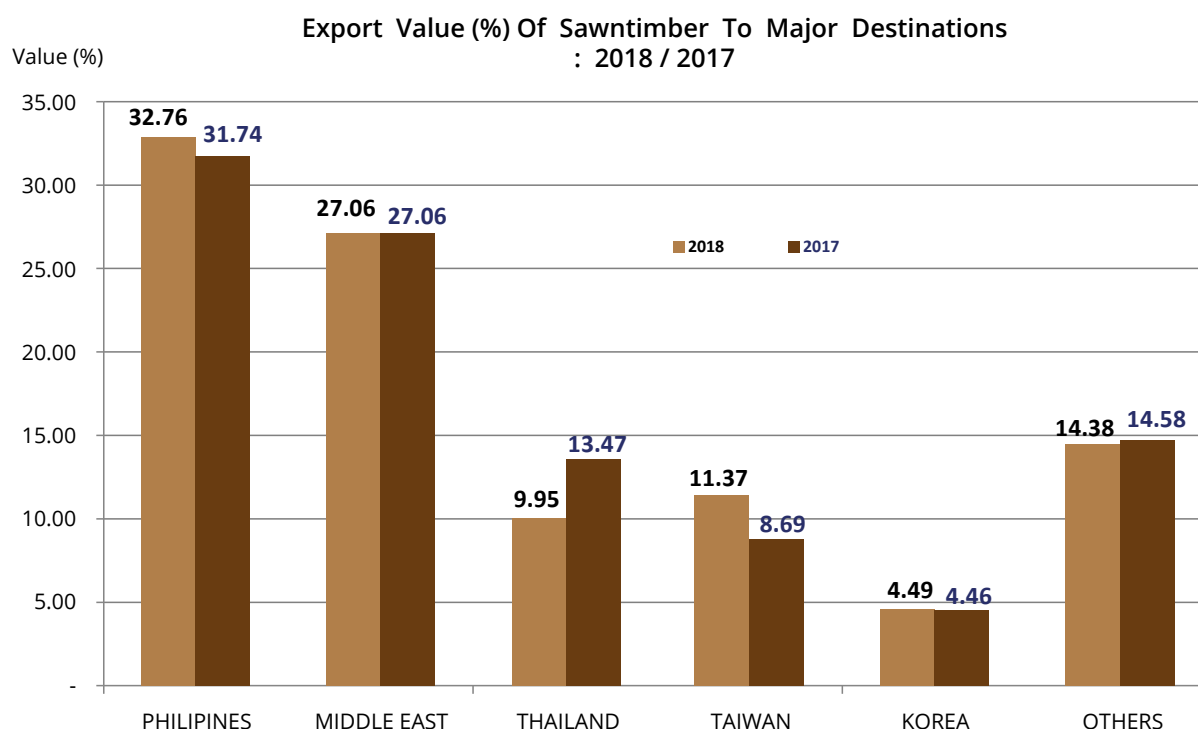
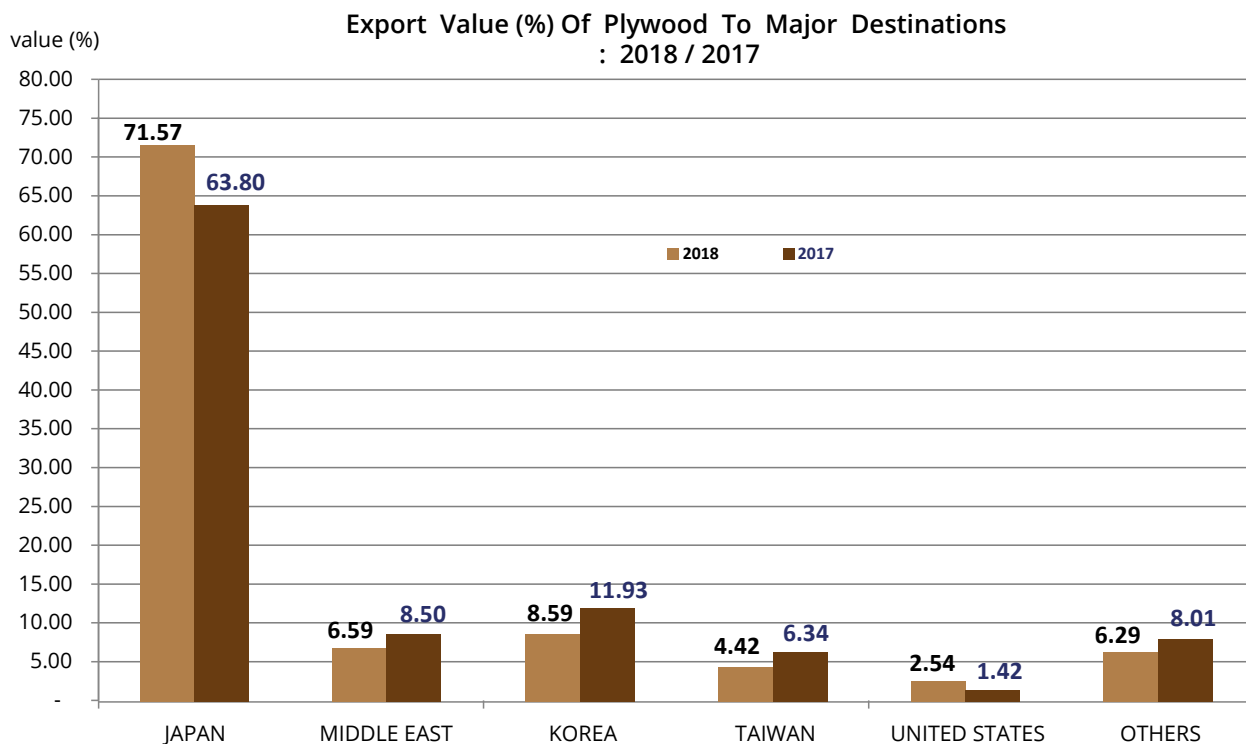


Table 4  
Export Of Plywood By Country Of Destinations

PRODUCTS	2018p January - December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	990,413	2,171,796	71.57	1,047,744	2,089,080	63.80	(5.47)	3.96
MIDDLE EAST	124,944	199,965	6.59	179,947	278,424	8.50	(30.57)	(28.18)
KOREA	123,168	260,769	8.59	231,036	390,719	11.93	(46.69)	(33.26)
TAIWAN	75,487	134,167	4.42	128,191	207,497	6.34	(41.11)	(35.34)
UNITED STATES	27,690	77,013	2.54	22,578	46,355	1.42	22.64	66.14
CHINA	15,058	31,495	1.04	26,193	48,509	1.48	(42.51)	(35.07)
AUSTRALIA	12,309	31,484	1.04	14,440	36,107	1.10	(14.76)	(12.80)
INDIA	11,407	29,728	0.98	14,724	35,946	1.10	(22.53)	(17.30)
HONG KONG	9,204	19,954	0.66	25,406	47,412	1.45	(63.77)	(57.91)
VIETNAM	8,805	19,807	0.65	8,309	17,544	0.54	5.97	12.90
OTHERS	27,524	58,289	1.92	38,461	76,779	2.34	(28.44)	(24.08)
<b>TOTAL</b>	<b>1,426,010</b>	<b>3,034,467</b>	<b>100</b>	<b>1,737,029</b>	<b>3,274,372</b>	<b>100</b>	<b>(17.91)</b>	<b>(7.33)</b>

\*Other Destinations:

- Brunei Darussalam
- Bangladesh
- Canada
- Djibouti
- Egypt
- Eu
- Fiji
- Indonesia
- Malaysia (Peninsular Or Sabah-Free Zone)
- Maldives
- Mexico
- New Zealand
- Northern Maria Island
- Pakistan
- Papua New Guinea
- Philippines
- Puerto Rico
- Seychelles
- Singapore
- Solomon Islands
- Somalia
- South Africa
- Sri Lanka
- Syrian Arab Republic
- Thailand
- Turkey





# Table 5

Table 5. Export Of Veneer By Country Of Destinations

PRODUCTS	2018p January - December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	42,597	75,201	48.76	53,854	87,076	49.94	(20.90)	(13.64)
TAIWAN	30,592	45,928	29.78	47,818	61,870	35.48	(36.02)	(25.77)
CHINA	9,835	14,612	9.47	6,020	7,773	4.46	63.36	87.99
JAPAN	5,181	12,343	8.00	4,414	10,069	5.77	17.36	22.58
PHILIPPINES	3,218	3,500	2.27	1,631	2,009	1.15	97.26	74.19
OTHERS	728	2,646	1.72	1,734	5,572	3.20	(58.04)	(52.52)
<b>TOTAL</b>	<b>92,151</b>	<b>154,230</b>	<b>100</b>	<b>115,472</b>	<b>174,369</b>	<b>100</b>	<b>(20.20)</b>	<b>(11.55)</b>

\*Other Destinations:

- Australia
- Brunei Darussalam

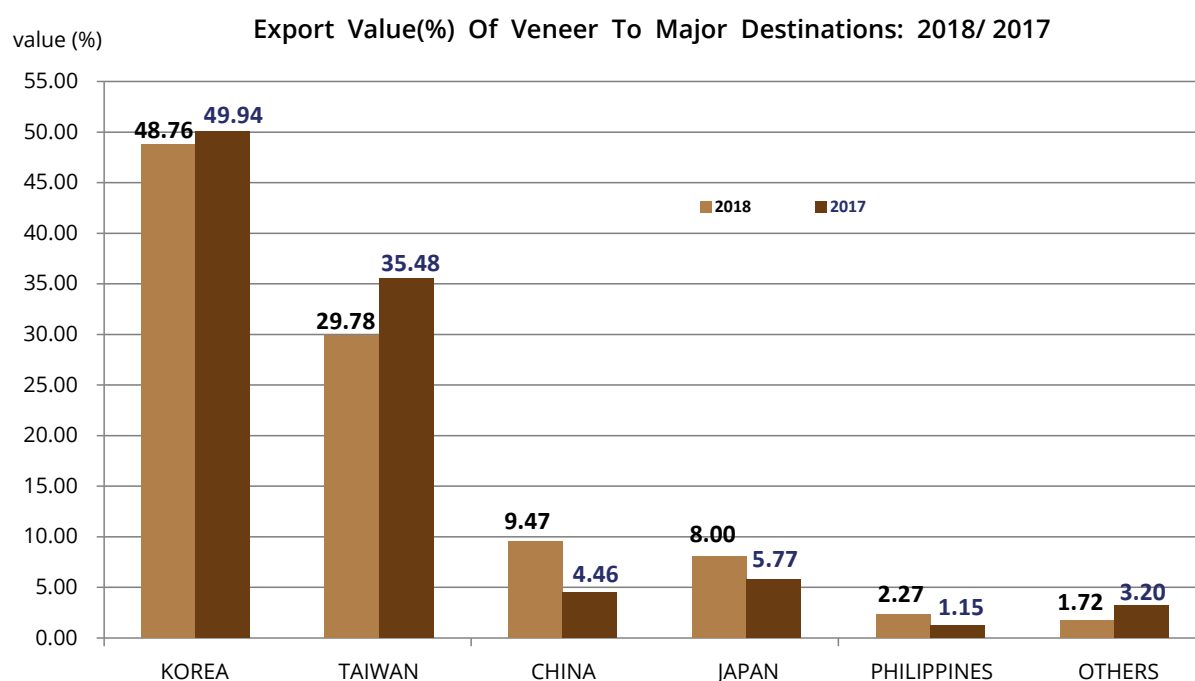


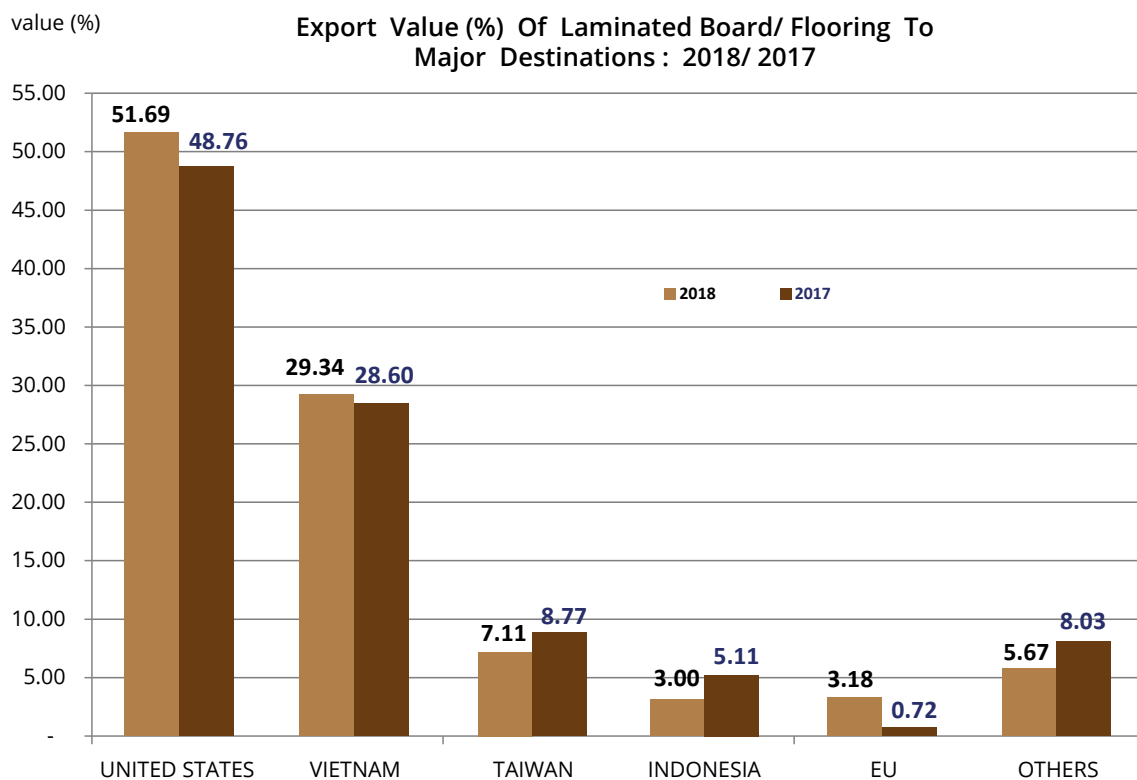
Table 6

## Export Of Laminated Board/Flooring By Country Of Destinations

PRODUCTS	2018p January - December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	4,938	20,696	51.70	4,201	18,624	48.76	17.54	11.13
VIETNAM	3,387	11,748	29.35	2,809	10,925	28.60	20.55	7.54
TAIWAN	976	2,847	7.11	1,315	3,350	8.77	(25.80)	(15.00)
INDONESIA	371	1,203	3.00	667	1,951	5.11	(44.30)	(38.35)
EU	307	1,273	3.18	68	275	0.72	350.00	362.24
BRUNEI DARUSSALAM	172	668	1.67	255	845	2.21	(32.58)	(21.00)
MIDDLE EAST	143	361	0.90	115	235	0.61	24.53	53.64
KOREA	127	306	0.76	354	857	2.24	(64.14)	(64.34)
SINGAPORE	108	211	0.53	100	290	0.76	8.20	(27.24)
INDIA	69	278	0.69	-	-	-	100.00	100.00
OTHERS	150	437	1.09	166	840	2.20	(9.81)	(47.97)
<b>TOTAL</b>	<b>10,747</b>	<b>40,027</b>	<b>100</b>	<b>10,049</b>	<b>38,192</b>	<b>100</b>	<b>6.94</b>	<b>4.81</b>

## \*Other Destinations:

- Australia
- China
- Mauritius
- Bangladesh
- Japan
- Myanmar





# Table 7

## Export Of Moulding By Country Of Destinations

PRODUCTS	2018p January -December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	4,089	7,548	36.26	435	1,085	8.63	840.77	595.51
JAPAN	3,512	7,884	37.88	3,432	8,354	66.41	2.33	(5.63)
CHINA	2,733	2,687	12.91	1,286	1,282	10.19	112.57	109.58
TAIWAN	361	555	2.67	52	94	0.74	587.48	493.23
SOUTH AFRICA	206	795	3.82	120	388	3.08	72.19	105.10
MALDIVES	120	542	2.60	-	-	-	100.00	100.00
UNITED STATES	117	278	1.33	305	869	6.91	(61.52)	(68.04)
OTHERS	140	525	2.52	127	507,791	4.04	11.00	3.40
<b>TOTAL</b>	<b>11,278</b>	<b>20,814</b>	<b>100</b>	<b>5,756</b>	<b>12,580</b>	<b>100</b>	<b>95.95</b>	<b>65.45</b>

**\*Other Destinations:**

- Australia
- Hong Kong
- EU
- Seychelles
- Mauritius

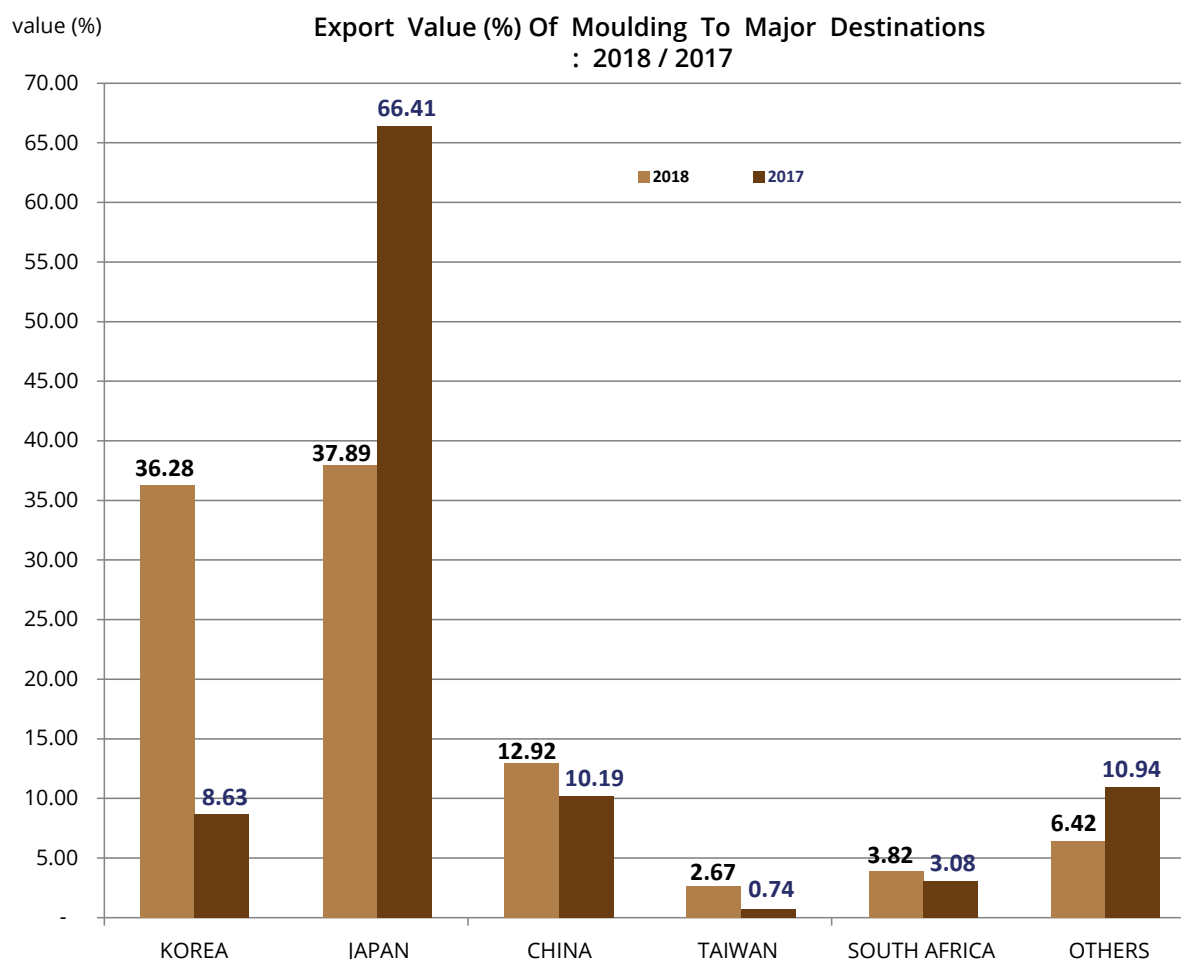
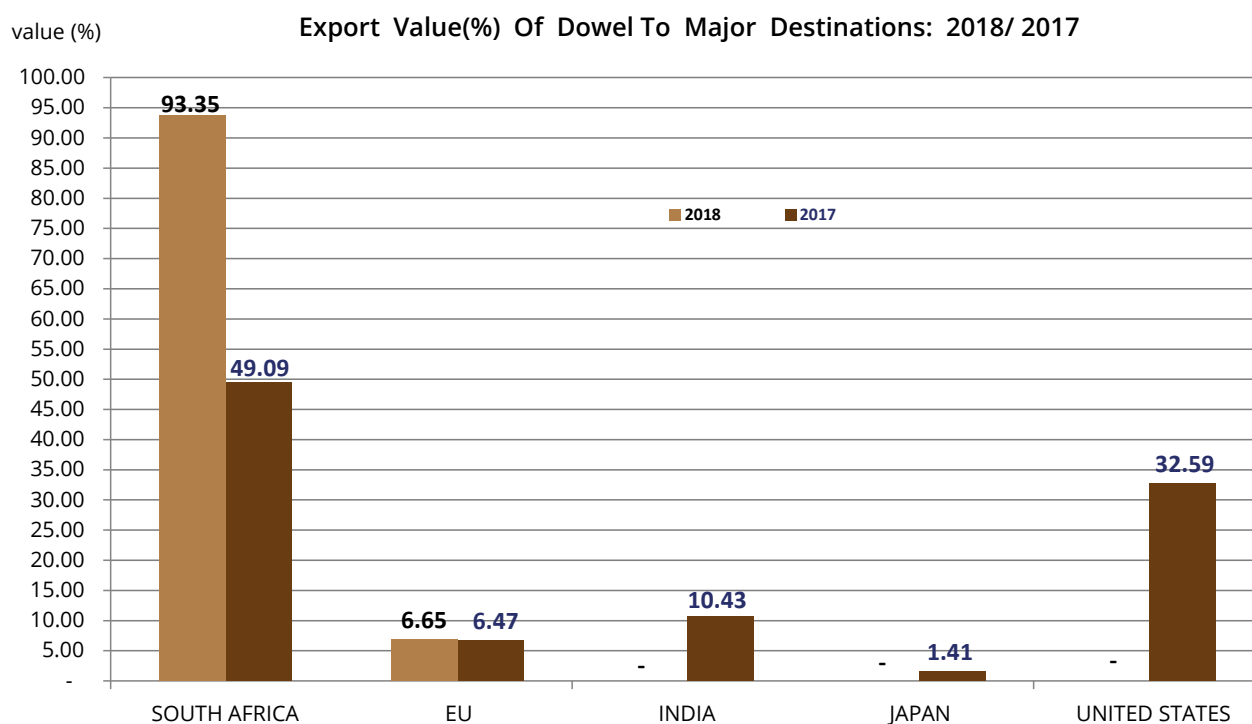


Table 8  
Export Of Dowel By Country Of Destinations

PRODUCTS	2018p January -December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
SOUTH AFRICA	133	499	93.35	151	538	49.09	(12.19)	(7.20)
EU	9	36	6.65	9	71	6.47	(8.21)	(49.85)
INDIA	-	-	-	45	114	10.43	(100.00)	(100.00)
JAPAN	-	-	-	3	15	1.41	(100.00)	(100.00)
UNITED STATES	-	-	-	72	357	32.59	(100.00)	(100.00)
<b>TOTAL</b>	<b>141</b>	<b>535</b>	<b>100</b>	<b>280</b>	<b>1,096</b>	<b>100</b>	<b>(49.52)</b>	<b>(51.20)</b>





# Table 9

Table 9. Export Of Fibreboard By Country Of Destinations

PRODUCTS	2018p January -December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	145,601	250,370	77.64	135,985	244,796	79.48	7.07	2.28
PHILIPPINES	20,555	37,717	11.70	12,418	18,945	6.15	65.53	99.09
INDONESIA	8,382	11,840	3.67	7,857	12,364	4.01	6.68	(4.24)
VIETNAM	6,047	12,148	3.77	6,395	12,418	4.03	(5.45)	(2.18)
KOREA	2,633	4,565	1.42	4,596	8,382	2.72	(42.72)	(45.54)
TAIWAN	2,590	4,827	1.50	2,514	4,523	1.47	3.03	6.73
INDIA	592	793	0.25	1,734	2,159	0.70	(65.87)	(63.26)
OTHERS	242	194	0.06	1,989	4,393	1.43	(87.83)	(95.58)
<b>TOTAL</b>	<b>186,641</b>	<b>322,454</b>	<b>100</b>	<b>173,488</b>	<b>307,980</b>	<b>100</b>	<b>7.58</b>	<b>4.70</b>

**\*Other Destinations:**

- Brunei Darussalam
- EU
- Pakistan
- South Africa
- Thailand

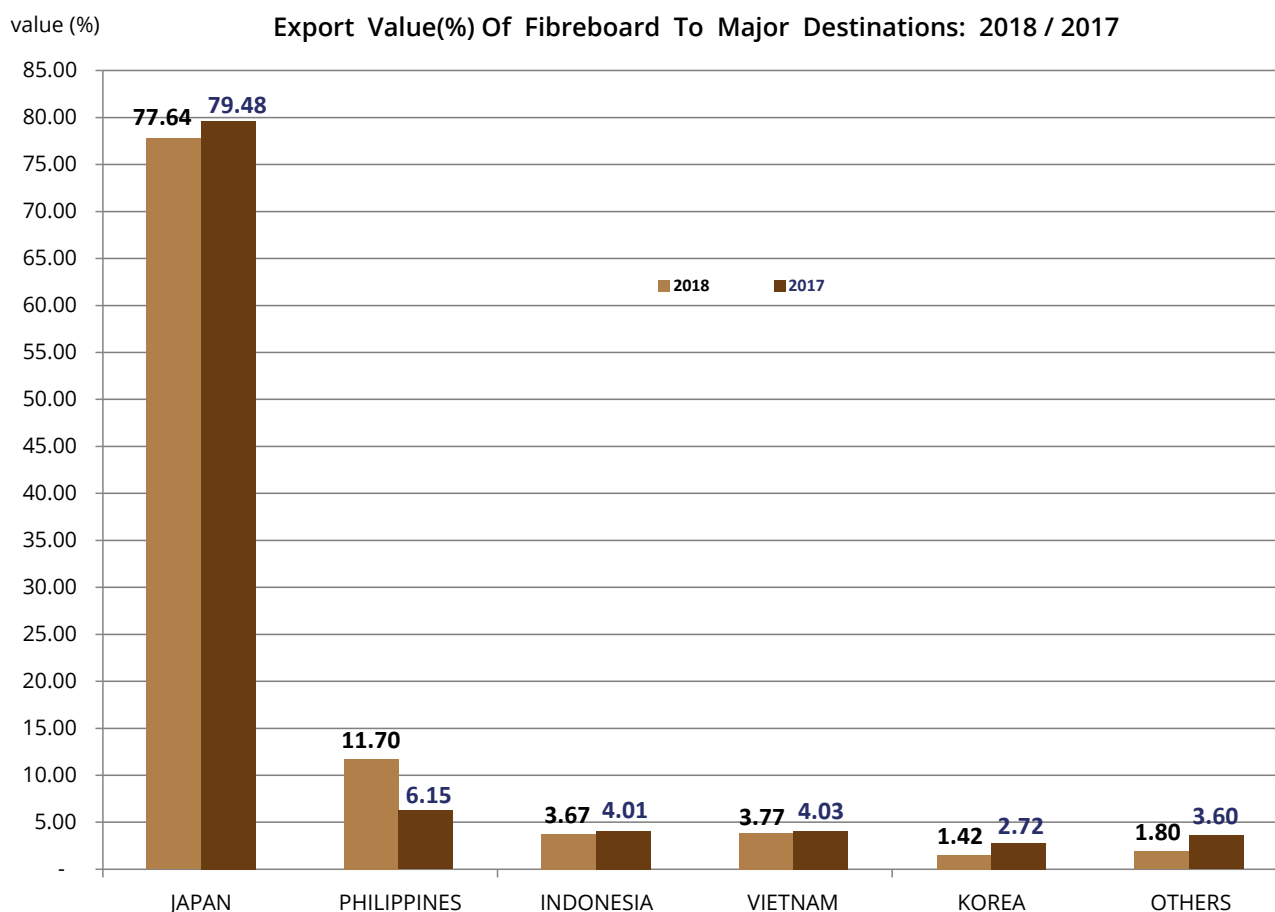


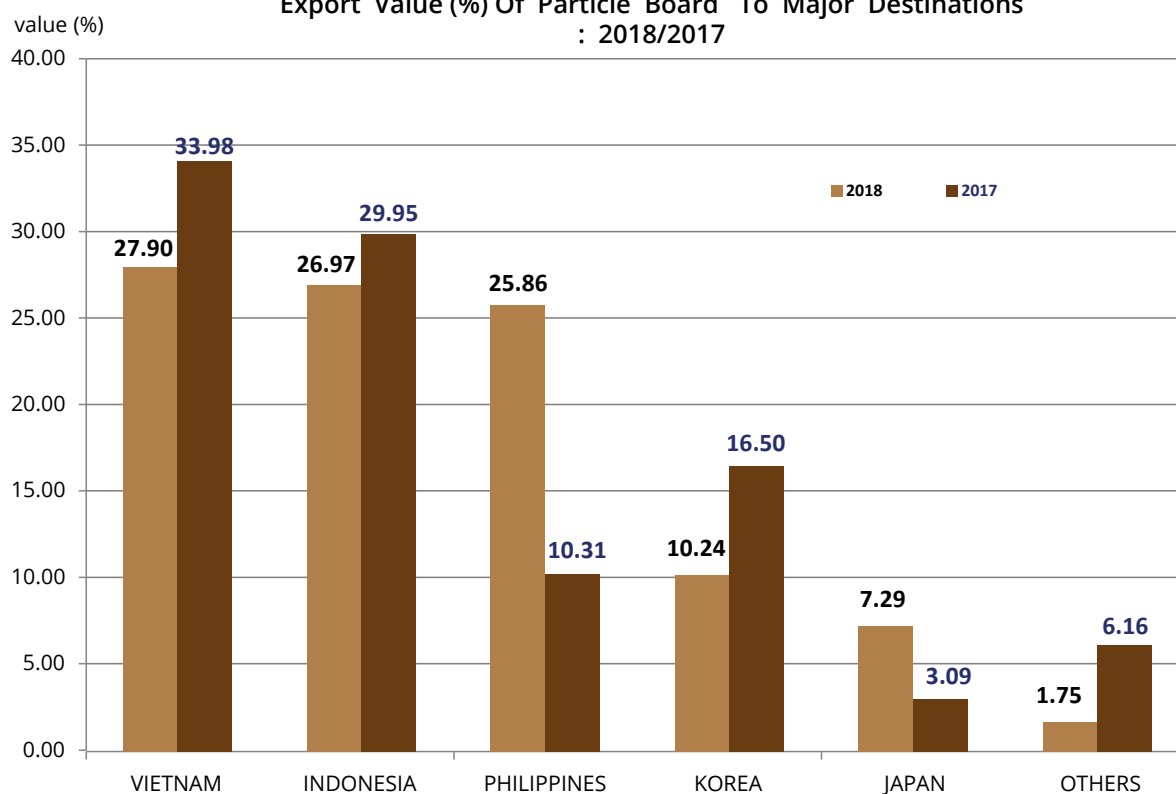
Table 10

Table 10. Export Of Particle Board By Country Of Destinations

PRODUCTS	2018p January - December			2017a January - December			% Change 2018/2017	
	Volume (m3)	FOB Value (RM'000)	Value %	Volume (m3)	FOB Value (RM'000)	Value %	Volume	Value
VIETNAM	16,506	10,217	27.90	22,494	14,877	33.98	(26.62)	(31.32)
INDONESIA	16,014	9,877	26.97	20,047	13,111	29.95	(20.12)	(24.67)
PHILIPPINES	13,076	9,471	25.86	7,223	4,515	10.31	81.02	109.78
KOREA	5,486	3,750	10.24	10,143	7,225	16.50	(45.91)	(48.10)
JAPAN	3,711	2,669	7.29	2,036	1,355	3.09	82.25	97.05
BANGLADESH	1,006	588	1.61	2,507	1,510	3.45	(59.87)	(61.05)
NEW ZEALAND	43	29	0.08	-	-	-	100.00	100.00
OTHERS	29	23	0.06	1,857	1,187	2.71	(98.42)	(98.08)
<b>TOTAL</b>	<b>55,871</b>	<b>36,624</b>	<b>100</b>	<b>66,308</b>	<b>43,779</b>	<b>100</b>	<b>(15.74)</b>	<b>(16.34)</b>

## \*Other Destinations:

- Brunei Darussalam
- China
- India
- Middle East
- Singapore
- Sri Lanka
- Taiwan

Export Value (%) Of Particle Board To Major Destinations  
: 2018/2017



# Summary All Products

## Summary All Prod. (1) Jan-Dec

	2018	2017
PLYWOOD	55.77	53.41
LOG	14.21	19.71
SAWNTIMBER	12.37	13.10
FIBREBOARD	5.93	5.02
VENEER	2.83	2.84
OTHERS	8.89	5.92
	100.00	100.00

## Laminated Board/ Flooring (6) Jan-Dec

	2018	2017
UNITED STATES	51.69	48.76
VIETNAM	29.34	28.60
TAIWAN	7.11	8.77
INDONESIA	3.00	5.11
EU	3.18	0.72
OTHERS	5.67	8.03
	100.00	100.00

## Logs (2) Jan-Dec

	2018	2017
INDONESIA	17.24	16.81
INDIA	63.00	66.21
TAIWAN	11.57	6.97
VIETNAM	2.79	4.70
JAPAN	4.13	3.35
OTHERS	1.27	1.97
	100.00	100.00

## Moulding (7) Jan-Dec

	2018	2017
KOREA	36.28	8.63
JAPAN	37.89	66.41
CHINA	12.92	10.19
TAIWAN	2.67	0.74
SOUTH AFRICA	3.82	3.08
OTHERS	6.42	10.94
	100.00	100.00

## Sawntimber (3) Jan-Dec

	2018	2017
PHILIPPINES	32.76	31.74
MIDDLE EAST	27.06	27.06
THAILAND	9.95	13.47
TAIWAN	11.37	8.69
KOREA	4.49	4.46
OTHERS	14.38	14.58
	100.00	100.00

## Dowels (8) Jan-Dec

	2018	2017
SOUTH AFRICA	93.35	49.09
EU	6.65	6.47
INDIA	-	10.43
JAPAN	-	1.41
UNITED STATES	-	32.59
	100.00	100.00

## Plywood (4) Jan-Dec

	2017	2016
JAPAN	71.57	63.80
MIDDLE EAST	6.59	8.50
KOREA	8.59	11.93
TAIWAN	4.42	6.34
UNITED STATES	2.54	1.42
OTHERS	6.29	8.01
	100.00	100.00

## Fibreboard (9) Jan-Dec

	2017	2016
JAPAN	77.64	79.48
PHILIPPINES	11.70	6.15
INDONESIA	3.67	4.01
VIETNAM	3.77	4.03
KOREA	1.42	2.72
OTHERS	1.80	3.60
	100.00	100.00

## Veneer (5) Jan-Dec

	2018	2017
KOREA	48.76	49.94
TAIWAN	29.78	35.48
CHINA	9.47	4.46
JAPAN	8.00	5.77
PHILIPPINES	2.27	1.15
OTHERS	1.72	3.20
	100.00	100.00

## Particleboard (10) Jan-Dec

	2018	2017
VIETNAM	27.90	33.98
INDONESIA	26.97	29.95
PHILIPPINES	25.86	10.31
KOREA	10.24	16.50
JAPAN	7.29	3.09
OTHERS	1.75	6.16
	100.00	100.00



# 2018 Financial Statements

## Sarawak Timber Industry Development Corporation

**31 December 2018**

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

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

**Board Members, Officers and Professional Advisors**

---

Chairman	: YB Datuk Amar Haji Awang Tengah Ali Hasan
Board Members	: YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani
	: YB Datuk Haji Mohd Naroden Bin Haji Majais (Appointed on 1 <sup>st</sup> July 2018)
	: YB Datu Haji Len Talif Salleh
	: YBhg. Tan Sri Datuk Amar (Dr) Hj Abdul Aziz bin Dato Hj Husain
	: YBhg. Dato Sri Ahmad Tarmizi bin Haji Sulaiman
	: YBhg. Datu Haji Mohamad Abu Bakar Bin Marzuki
	: YBhg. Dr Wan Lizozman Bin Wan Omar
General Manager	: YBhg Tuan Haji Hashim Bin Haji Bojet (Appointed on 6 <sup>th</sup> April 2018)
	: YBhg. Datu Haji Sarudu bin Haji Hoklai (Until 5 <sup>th</sup> April 2018)
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
	: Kuwait Finance House

**PENYATA PENERUSI DAN SEORANG AHLI LEMBAGA PENGARAH  
(AKAUN KUMPULAN)**

Kami, **YB DATUK AMAR HAJI AWANG TENGAH ALI HASAN** dan **YBHG DATO SRI AHMAD TARMIZI BIN HAJI SULAIMAN**, yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK pada 31 Disember 2018 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



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

Kuching, Sarawak, Malaysia

Tarikh : **20 AUG 2019**

Bagi pihak Lembaga,



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

Kuching, Sarawak, Malaysia

Tarikh : **20 AUG 2019**



**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**, dengan ikhlasnya mengakui bahawa Penyata kedudukan Kewangan , Penyata Pendapatan dan Keuntungan Terkumpul dan Penyata Aliran Tunai dalam kedudukan kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akaun Berkanun, 1960.

Sebenarnya dan sesungguhnya diakui oleh

**HAJI HASHIM BIN HAJI BOJET**

di Kuching, Sarawak pada **20 AUG 2019**

.....  


Di hadapan saya,



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



**LAPORAN KETUA AUDIT NEGARA  
MENGENAI PENYATA KEWANGAN  
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK  
BAGI TAHUN BERAKHIR 31 DISEMBER 2018**

**Laporan Mengenai Penyata Kewangan**

**Pendapat**

Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2017 dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 8 hingga 52.

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 2018 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance*, 1973.

**Asas Kepada Pendapat**

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

**Kebebasan dan Tanggungjawab Etika Lain**

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



## **Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya**

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

## **Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan**

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

Semasa penyediaan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta 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 Laporan Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *The International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

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

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



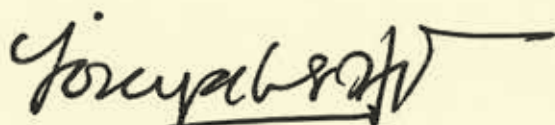
## Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

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

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

## Hal-hal Lain

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



(TOIEYAH BINTI HAJI TIOH)

b.p. KETUA AUDIT NEGARA  
MALAYSIA

KUCHING

TARIKH: 23 AUG 2019



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

**Statements of Financial Position**  
**As at 31 December 2018**

		<b>Group</b>		<b>Corporation</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	456,598,692	485,429,129	200,631,882	204,481,450
Investment in subsidiaries	6	-	-	271,067,127	276,267,127
Investment in associates	7	216,791,038	216,734,767	88,233,039	88,233,039
Other investments	8	325,916,698	275,578,491	99,372,883	101,761,873
Property development expenditure	9	181,490,754	154,848,264	181,490,754	154,848,264
Plantation development expenditure	10	602,896	602,896	-	-
Tree planting expenditure	11	387,229,260	359,589,527	-	-
Deferred tax assets	19	8,218,521	4,815,908	8,218,521	3,750,206
Goodwill on consolidation	12	1,060,200	1,236,900	-	-
<b>Total Non-current Assets</b>		<b>1,577,908,059</b>	<b>1,498,835,882</b>	<b>849,014,206</b>	<b>829,341,959</b>
<b>CURRENT ASSETS</b>					
Inventories	13	142,824,716	155,920,150	118,555,199	133,659,269
Trade and other receivables	14	183,337,370	149,212,056	120,952,635	103,153,373
Fixed deposit with licensed bank	15	28,061,799	29,303,669	28,061,799	24,074,178
Cash and cash equivalents	16	173,861,589	194,564,591	118,449,104	136,698,454
<b>Total Current Assets</b>		<b>528,085,474</b>	<b>529,000,466</b>	<b>386,018,737</b>	<b>397,585,274</b>
<b>TOTAL ASSETS</b>		<b>2,105,993,533</b>	<b>2,027,836,348</b>	<b>1,235,032,943</b>	<b>1,226,927,233</b>

The accompanying notes form an integral part of financial statements.



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

**Statements of Financial Position (contd.)**  
**As at 31 December 2018**

		Group		Corporation	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>EQUITY</b>					
Retained earnings	17	1,379,531,954	1,322,508,816	811,071,204	817,712,080
		1,379,531,954	1,322,508,816	811,071,204	817,712,080
<b>Accumulated funds</b>					
Non-controlling interests		54,593,358	62,728,969	-	-
<b>TOTAL EQUITY</b>		<b>1,434,125,312</b>	<b>1,385,237,785</b>	<b>811,071,204</b>	<b>817,712,080</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred income	18	144,291,832	115,037,588	144,291,832	115,037,588
Deferred tax liabilities	19	38,039,984	30,085,350	-	-
Borrowings	20	182,245,351	210,817,805	78,420,801	114,024,104
Retirement benefit obligations	21	6,774,517	6,600,548	2,225,930	1,994,707
<b>Total Non-current Liabilities</b>		<b>371,351,684</b>	<b>362,541,291</b>	<b>224,938,563</b>	<b>231,056,399</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	22	128,379,224	173,854,480	84,449,065	110,379,318
Retirement benefit obligations	21	476,635	56,687	89,515	-
Borrowings	20	166,819,758	105,152,347	114,484,596	67,779,436
Tax payable		4,840,920	993,758	-	-
<b>Total Current Liabilities</b>		<b>300,516,537</b>	<b>280,057,272</b>	<b>199,023,176</b>	<b>178,158,754</b>
<b>TOTAL LIABILITIES</b>		<b>671,868,221</b>	<b>642,598,563</b>	<b>423,961,739</b>	<b>409,215,153</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,105,993,533</b>	<b>2,027,836,348</b>	<b>1,235,032,943</b>	<b>1,226,927,233</b>

The accompanying notes form an integral part of financial statements.

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

**Statements of Comprehensive Income**  
**For the year ended 31 December 2018**

		<b>Group</b>		<b>Corporation</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Continuing Operations</b>					
Revenue	23	672,965,578	536,006,745	62,966,511	56,799,919
Cost of sales	24	(465,449,796)	(339,346,106)	(15,104,070)	(339,961)
Gross profit		207,515,782	196,660,639	47,862,441	56,459,958
Other incomes	25	13,536,757	22,170,600	13,336,852	15,519,824
Total income		221,052,539	218,831,239	61,199,293	71,979,782
Administration expenses		(144,832,234)	(119,345,243)	(74,073,353)	(60,683,550)
Finance costs	26	(14,688,253)	(17,869,432)	(6,373,131)	(5,275,241)
Others		-	(261,501)	-	-
Share of results of associates		3,683,917	4,899,474	-	-
<b>Profit / (loss) before tax</b>	27	65,215,969	86,254,537	(19,247,191)	6,020,991
Tax expenses	28	(8,192,831)	(16,035,136)	12,606,315	5,956,582
<b>Profit / (loss) for the financial year</b>		57,023,138	70,219,401	(6,640,876)	11,977,573
Retained profits brought forward		1,322,508,816	1,252,289,415	817,712,080	805,734,507
Available for appropriations		1,379,531,954	1,322,508,816	811,071,204	817,712,080
<b>Profit for the year attributable to:</b>					
Non-controlling interests		8,834,101	7,495,740	-	-
Owners of the parents		48,189,037	62,723,661	(6,640,876)	11,977,573
		57,023,138	70,219,401	(6,640,876)	11,977,573
<b>Profit for the year attributable to:</b>					
Non-controlling interests		8,834,101	7,495,740	-	-
Owners of the parents		1,370,697,853	1,315,013,076	811,071,204	817,712,080
		1,379,531,954	1,322,508,816	811,071,204	817,712,080

The accompanying notes form an integral part of financial statements.



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

**Statements of Changes in Equity**  
**For the year ended 31 December 2018**

	<b>Group</b>			<b>Total RM</b>
	<b>Capital reserve RM</b>	<b>Available-for sale-reserve RM</b>	<b>Retained profits RM</b>	
At 1 January 2017	183,882	699,575	1,251,405,958	1,252,289,415
Allocation for the year	-	823,618	(823,618)	-
Transfer for the year	(183,882)	(1,523,193)	1,707,075	-
Profit for the year	-	-	70,219,401	70,219,401
At 31 December 2017	-	-	1,322,508,816	1,322,508,816
Profit for the year	-	-	57,023,138	57,023,138
At 31 December 2018	-	-	1,379,531,954	1,379,531,954

	<b>Corporation Total RM</b>
At 1 January 2017	805,734,507
Profit for the year	11,977,573
At 31 December 2017	817,712,080
Loss for the year	(6,640,876)
At 31 December 2018	811,071,204

The accompanying notes form an integral part of financial statements.

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

**Statement of Cash Flows**  
**For the financial year ended 31 December 2018**

Note	Group		Corporation	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flow From Operating Activities</b>				
Profit / (loss) before tax	65,215,969	86,254,537	(19,247,191)	6,020,991
Adjustments for:				
Amortisation of goodwill	176,700	176,700	-	-
Bad debts written off	5,035	-	-	-
Depreciation of property, plant and equipment	38,275,692	39,395,598	5,264,207	4,171,490
Finance costs	14,206,103	17,869,432	6,373,131	5,275,241
Grant amortised	(4,545,757)	(10,417,517)	(4,545,757)	(10,417,517)
Gross dividend:				
- Other investment	(10,053,584)	(8,140,695)	(12,053,584)	(8,140,695)
- Subsidiaries	(1,343,750)	(1,414,626)	(1,343,750)	(1,414,626)
Impairment loss on property, plant and equipment	4,539,647	51,082	-	-
Interest income	(5,891,179)	(12,307,211)	(5,245,978)	(5,656,435)
Property, plant and equipment written off	213,034	3,698	-	-
Profit from disposal of property, plant and equipment	12,915,223	336,871	1,259,328	336,871
Loss on disposal of investment	-	(19,677)	-	-
Retirement benefit obligations	419,948	4,749	320,738	-
Reversal of provision for diminution in value of investment	532,505	133,035	-	-
Share of results in associates	(3,683,917)	(4,899,474)	-	-
Operating profit / (loss) before changes in working capital	110,981,669	107,026,502	(29,218,856)	(9,824,680)
(Increase) / decrease in:				
Inventories	13,095,434	5,405,177	15,104,070	339,962
Trade and other receivables	(34,125,314)	7,913,832	(9,661,262)	(315,440)
Increase / (decrease) in:				
Trade and other payables	(53,436,898)	29,027,881	(25,930,253)	12,073,056
Cash flow from/(used in) operation	36,514,891	149,373,392	(49,706,301)	2,272,898
Interest paid	(14,206,103)	(17,869,432)	(6,373,131)	(5,275,241)
Tax paid, net of tax refunded	(177,781)	914,260	-	2,206,376
Net cash generated from/ (used in) operating activities	22,131,007	132,418,220	(56,079,432)	(795,967)

The accompanying notes form an integral part of financial statements.



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

**Statement of Cash Flows (contd.)**  
**For the financial year ended 31 December 2018 (contd.)**

Note	Group		Corporation	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flow From Investing Activities</b>				
Additional / (Disposal) of investment in associate	3,627,646	(67,223,036)	-	(66,723,036)
Increase in tree planting expenditure	(27,639,733)	(25,037,573)	-	-
Purchase of property, plant and equipment	(10,536,162)	(40,954,610)	(1,421,312)	(18,608,659)
Increase / (decrease) in investment, net	(50,870,712)	(63,813,231)	7,588,990	16,773,392
Placement of deposit with maturity than three months	(3,987,621)	-	(3,987,621)	-
Increase in plantation development expenditure	(26,642,490)	(10,458,717)	(26,642,490)	(11,503,736)
(Disposal) / Proceed from property, plant and equipment	(16,197,899)	3,265,762	(1,252,655)	3,316,016
Gross dividends:				
- Other investment	10,053,584	8,140,695	12,053,584	8,140,695
- Subsidiaries	1,343,750	1,414,626	1,343,750	1,414,626
Interest income	5,891,179	12,307,211	5,245,978	5,656,435
Net cash used in investing activities	<u>(114,958,458)</u>	<u>(182,358,873)</u>	<u>(7,071,776)</u>	<u>(61,534,267)</u>
<b>Cash Flow From Financing Activities</b>				
Government grant received, net	33,800,001	12,810,000	33,800,001	12,810,000
Additional / (Repayment) of finance lease	1,751,890	(1,305,339)	-	-
Additional / (Repayment) of loan	27,114,137	(67,063,124)	11,101,857	(39,763,135)
Revolving credit obtained, net	-	3,000,000	-	-
Increase / (Decrease) in fixed deposits pledged and fixed deposits with maturity more than 3 months	9,911,191	(746,537)	-	-
Net cash generated from/ (used in) investing activities	<u>72,577,219</u>	<u>(53,305,000)</u>	<u>44,901,858</u>	<u>(26,953,135)</u>

The accompanying notes form an integral part of financial statements.

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

**Statement of Cash Flows**

**For the financial year ended 31 December 2018 (contd.)**

		<b>Group</b>		<b>Corporation</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net movement in cash and cash equivalents		(20,250,232)	(103,245,653)	(18,249,350)	(89,283,369)
Cash and cash equivalents:					
- at beginning of year		194,111,821	297,357,474	136,698,454	225,981,823
- at end of year	16	173,861,589	194,111,821	118,449,104	136,698,454

The accompanying notes form an integral part of financial statements.



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

**Notes to the Financial Statements**  
**For the financial year ended 31 December 2018**

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**1. Corporate information**

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

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

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

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

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

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

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

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

The financial statements were authorised for issue by the Board of Management on 24 April 2019.

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

**Notes to the Financial Statements**

**For the financial year ended 31 December 2018**

**1. Corporate information (contd.)**

**1.1 Composition of the Group**

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

	<b>Principal place of business</b>	<b>Parent's effective ownership</b>		<b>Principal activities</b>
		<b>2018</b>	<b>2017</b>	
		<b>%</b>	<b>%</b>	
<b>Direct subsidiaries:</b>				
PUSAKA Capital Sdn. Bhd.	Malaysia	100	100	Investment holding
Harwood Timber Sdn. Bhd.	Malaysia	100	100	Timber trading
STIDC Belian Holdings Sdn. Bhd.	Malaysia	100	100	Timber trading
Hillog Sdn. Bhd.	Malaysia	100	100	Woodworking and related timber-processing services
Tanjong Manis Furniture Sdn. Bhd.	Malaysia	100	100	Furniture manufacturer
Tanjong Manis Sawmill Sdn. Bhd.	Malaysia	100	100	Log trading
Saratim Insurance Agency Services Sdn. Bhd.	Malaysia	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd.	Malaysia	60	60	Production of wood chip
Hornbill Skyways Sdn. Bhd.	Malaysia	67	67	Aviation services
Sarawak Planted Forest Sdn. Bhd.	Malaysia	100	100	Planted forest
Selah Timber Sdn. Bhd.	Malaysia	75	75	Dormant
Amra Timbers Sdn. Bhd.	Malaysia	100	100	Dormant
Kestrel Sdn. Bhd.	Malaysia	100	100	Dormant
Tinamou Sdn. Bhd.	Malaysia	100	100	Dormant
Balamra Sdn. Bhd.	Malaysia	100	100	Dormant
Teratim Sdn. Bhd.	Malaysia	100	100	Dormant
Elmhurst Sdn. Bhd.	Malaysia	75	75	Under winding up process
Tanjung Manis Timber Training Centre Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Construction Sdn. Bhd.	Malaysia	100	100	Dormant



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

**Notes to the Financial Statements**  
**For the financial year ended 31 December 2018**

**1. Corporate information (contd.)**

**1.1 Composition of the Group (contd.)**

	Principal place of business	Parent's effective ownership		Principal activities
		2018 %	2017 %	
<b>Indirect subsidiaries</b>				
<b>Held by PUSAKA Capital Sdn. Bhd.</b>				
PUSAKA Timber Industries Sdn. Bhd.	Malaysia	100	100	Investment holding, operating of management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd.	Malaysia	100	100	
PUSAKA Realty & Construction Sdn. Bhd.	Malaysia	100	100	Property development and construction work
PUSAKA Logistics & Services Sdn. Bhd.	Malaysia	100	100	Investment holding, management of port and shipping operation and other logistic related business
<b>Held by PUSAKA Palm Oil Industry Sdn. Bhd.</b>				
Tanjung Manis Bulkiers Sdn. Bhd.	Malaysia	70	70	Own and manage crude palm oil bulking installation and dry bulk facilities
<b>Held by PUSAKA Realty &amp; Construction Sdn. Bhd.</b>				
Tanjong Manis Development Sdn. Bhd.	Malaysia	100	100	Provision of general repairs and maintenance and supervision work
Tanjong Manis Realty Sdn. Bhd.	Malaysia	100	100	Planning, operating, maintenance and marketing of realty projects
<b>Held by PUSAKA Logistics &amp; Services Sdn. Bhd.</b>				
Tanjung Manis Integrated Port Sdn. Bhd.	Malaysia	100	100	General port management
Tanjong Manis Shipping Sdn. Bhd.	Malaysia	100	100	Provision of transportation and wharfing services, trading in construction materials, renting of barges, speed boat and supplying of port handling equipment
PUSAKA Pratama Sdn Bhd	Malaysia	50	50	Wholesale of liquefied

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**1. Corporate information (contd.)**

**1.1 Composition of the Group (contd.)**

	<b>Principal place of business</b>	<b>Parent's effective ownership</b>		<b>Principal activities</b>
		<b>2018</b>	<b>2017</b>	
		<b>%</b>	<b>%</b>	
<b>Held by Harwood Timber Sdn. Bhd.</b>				
Bigwood Sdn. Bhd.	Malaysia	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd.	Malaysia	66	66	Assembling, importing and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd.	Malaysia	100	100	Production and sale of sawn timber and moulding products

**2. Basis of preparation**

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

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

**3. Significant accounting policies**

**(a) Basis of consolidation**

**(i) Subsidiaries**

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

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

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**3. Significant accounting policies (contd.)**

**(a) Basis of consolidation (contd.)**

**i. Subsidiaries (contd.)**

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

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

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

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

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

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.



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**3. Significant accounting policies (contd.)**

**(a) Basis of consolidation (contd.)**

**i. Subsidiaries (contd.)**

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

**ii. Associates**

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

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

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

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

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

**(b) Goodwill**

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

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

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**3. Significant accounting policies (contd.)**

**(c) Property, plant and equipment**

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

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

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

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

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

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

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**3. Significant accounting policies (contd.)**

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

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

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

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

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

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

**(d) Other non-current investments**

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h).

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

**(e) Project development expenditure**

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



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**3. Significant accounting policies (contd.)**

**(f) Plantation development expenditure**

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

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

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

**(g) Tree planting expenditure**

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

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

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

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

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

**Notes to the Financial Statements**  
**For the financial year ended 31 December 2018**

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**3. Significant accounting policies (contd.)**

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

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

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

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

**(i) Financial assets**

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

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

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

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

**(i) Financial assets (contd.)**

**i. Financial assets measured at fair value through profit or loss**

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

Changes in fair value are recognised in profit or loss.

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

**ii. Financial assets that are debt instruments measured at amortised cost**

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

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

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

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



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**3. Significant accounting policies (contd.)**

**(j) Inventories**

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

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

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

**(k) Receivables**

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

**(l) Marketable securities**

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

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**3. Significant accounting policies (contd.)**

**(m) Cash and cash equivalents**

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

**(n) Liabilities and equity**

**i. Classification of liabilities and equity**

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

**ii. Equity Instruments**

Ordinary shares are classified as equity.

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

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

**iii. Financial liabilities**

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

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

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

**3. Significant accounting policies (contd.)**

**(n) Liabilities and equity (contd.)**

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

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

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

**v. Financial liabilities measured at amortised cost**

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

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

**vi. Derecognition of financial liabilities**

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

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



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**3. Significant accounting policies (contd.)**

**(o) Provisions**

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

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

**(p) Loans and borrowings**

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

**(q) Leases- as lessee**

**i. Finance leases**

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

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

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

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**3. Significant accounting policies (contd.)**

**(q) Leases- as lessee (contd.)**

**i. Finance leases (contd.)**

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

**ii. Operating leases**

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

**(r) Deferred income**

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

**(s) Revenue recognition**

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

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

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**3. Significant accounting policies (contd.)**

**(s) Revenue recognition (contd.)**

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

**(t) Foreign currencies**

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

The principal exchange rates used for every unit of foreign currency ruling at statement of financial position date used are as follows:

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
United States Dollars	4.132	4.059
European Dollars	4.803	4.876
Singapore Dollars	3.032	3.024
	=====	=====



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**3. Significant accounting policies (contd.)**

**(u) Income tax**

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

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

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

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

**(v) Employee benefits**

**i. Short term benefits**

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

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

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

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**3. Significant accounting policies (contd.)**

**(v) Employee benefits (contd.)**

**i. Short term benefits (contd.)**

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

**ii. Defined contribution plans**

As required by law, the Group's local subsidiaries make contributions to the Employees Provident Fund. In addition, the Corporation also contributes to the State Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.

**(w) Borrowing costs**

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

**4. Critical accounting judgements and key sources of estimation uncertainty**

**Critical judgements in applying the accounting policies**

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

**Key sources of estimation uncertainty**

**(a) Measurement of a provision**

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

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

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

**Key sources of estimation uncertainty (contd.)**

**(b) Determining the value-in-use**

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

**(c) Loss allowances of financial assets**

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

**(d) Depreciation of property, plant and equipment**

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

**(e) Measurement of income taxes**

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



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**5. Property, plant and equipment**

	Group								Total RM
	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Office furniture, fittings & equipment RM	Plant & machinery RM	Aircraft spare engines and aircraft components RM	Transportation equipment & motor vehicles RM	Construction- in-progress RM	
<b>Cost</b>									
As at 1 January 2018	57,617,457	16,013,953	360,098,681	30,613,846	81,524,903	302,823,476	19,600,268	5,825,498	874,118,082
Additional	597,346	-	3,732,740	3,100,077	59,093	-	3,028,206	18,700	10,536,162
Disposal	-	(560,000)	-	(152,670)	-	(19,775,948)	(386,891)	-	(20,875,509)
Written off	-	-	-	(336,246)	(27,481)	-	-	-	(363,727)
Reclassified	749,478	-	221,767	444,835	(101,639)	-	-	(935,343)	379,098
As at 31 December 2018	58,964,281	15,453,953	364,053,188	33,669,842	81,454,876	283,047,528	22,241,583	4,908,855	863,794,106
<b>Accumulated depreciation</b>									
As at 1 January 2018	5,442,807	7,596,090	92,180,405	19,288,834	34,207,829	216,033,619	13,939,369	-	388,688,953
Additional	909,706	334,726	7,972,791	2,487,920	2,487,733	22,665,746	1,417,070	-	38,275,692
Disposal	-	(210,972)	-	(145,579)	-	(18,875,098)	(386,889)	-	(19,618,538)
Written off	-	-	-	(125,953)	(24,740)	-	-	-	(150,693)
As at 31 December 2018	6,352,513	7,719,844	100,153,196	21,505,222	36,670,822	219,824,267	14,969,550	-	407,195,414
<b>Net book value</b>									
As at 31 December 2018	52,611,768	7,734,109	263,899,992	12,164,620	44,784,054	63,223,261	7,272,033	4,908,855	456,598,692
As at 31 December 2017	52,174,650	8,417,863	267,918,276	11,325,012	47,317,074	86,789,857	5,660,899	5,825,498	485,429,129
<b>Depreciation charged for 2017</b>	573,923	334,728	7,266,700	2,381,056	2,354,586	25,569,549	915,056	-	39,395,598

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5. Property, plant and equipment (contd.)	Corporation				
	Long term leasehold land RM	Buildings RM	Office furniture, fittings & equipment RM	Plant & machinery RM	Transportation equipment & motor vehicles RM
<b>Cost</b>					<b>Total RM</b>
As at 1 January 2018	47,059,917	208,243,716	7,833,375	1,790,584	274,334,512
Additional	-	-	1,011,453	-	1,421,312
Disposal	-	-	(152,251)	-	(449,844)
8As at 31 December 2017	47,059,917	208,243,716	8,692,577	1,790,584	275,305,980
<b>Accumulated depreciation</b>					
As at 1 January 2018	3,655,759	52,612,472	6,793,168	1,345,017	69,853,062
Additional	619,744	3,735,911	286,477	30,092	5,264,207
Disposal	-	-	(145,579)	-	(443,171)
As at 31 December 2018	4,275,503	56,348,383	6,934,066	1,375,109	74,674,098
<b>Net book value</b>					
As at 31 December 2018	42,784,414	151,895,333	1,758,511	415,475	200,631,882
As at 31 December 2017	43,404,158	155,631,244	1,040,207	445,567	204,481,450
<b>Depreciation charged for 2017</b>	298,289	3,316,119	309,480	9,300	4,171,490

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**5. Property, plant and equipment (contd.)**

The title deeds to the leasehold land and buildings acquired by the Corporation with net book value amounted to RM5,382,969 (2017: RM5,382,969) are in the process of being transferred or issued to the Corporation.

**6. Investment in subsidiaries**

	<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	253,301,325	258,501,325
Unquoted shares, at premium	17,765,802	17,765,802
	<u>271,067,127</u>	<u>276,267,127</u>

**7. Investment in associates**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At cost:</b>				
Quoted shares	89,367,821	97,894,941	89,983,037	23,260,001
Additional of associates	-	-	-	66,723,036
Share of post-acquisition retained profits	127,423,217	118,839,826	-	-
Less: Impairment loss	-	-	(1,749,998)	(1,749,998)
	<u>216,791,038</u>	<u>216,734,767</u>	<u>88,233,039</u>	<u>88,233,039</u>
			<b>Group</b>	
			<b>2018</b>	<b>2017</b>
			<b>RM</b>	<b>RM</b>
Represented by:				
Share of net tangible assets			214,470,495	214,414,224
Goodwill on acquisition			2,320,543	2,320,543
			<u>216,791,038</u>	<u>216,734,767</u>



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**8. Other investments**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>i. Quoted unit trusts at cost</b>				
Gross carrying amount	240,294,302	169,082,397	69,582,027	52,775,721
Additional	69,648,719	76,431,493	(16,759,460)	21,806,306
Redemption	(32,000,000)	-	-	-
Disposal / Impairment	(4,312,744)	(5,219,588)	(2,967,407)	(5,000,000)
	<u>273,630,277</u>	<u>240,294,302</u>	<u>49,855,160</u>	<u>69,582,027</u>
Details movement of impairment losses:				
Gross carrying amount	5,219,588	5,219,588	5,000,000	5,000,000
Recoverable	(906,844)	-	(2,032,593)	-
	<u>4,312,744</u>	<u>5,219,588</u>	<u>2,967,407</u>	<u>5,000,000</u>
<b>ii. Unquoted shares at cost</b>				
Gross carrying amount	23,047,500	32,286,837	23,047,500	32,174,018
Disposal	(10,000)	(9,126,518)	(10,000)	(9,126,518)
	<u>23,037,500</u>	<u>23,160,319</u>	<u>23,037,500</u>	<u>23,047,500</u>
Less: Accumulated impairment losses	(91,000)	(91,000)	(91,000)	(91,000)
	<u>22,946,500</u>	<u>23,069,319</u>	<u>22,946,500</u>	<u>22,956,500</u>
<b>iii. Quoted shares at market value</b>				
Gross carrying amount	13,928,556	13,928,556	13,928,556	13,928,556
Additional	14,224,246	-	14,224,246	-
Disposal / Impairment	-	(1,984,950)	-	(1,984,950)
	<u>28,152,802</u>	<u>11,943,606</u>	<u>28,152,802</u>	<u>11,943,606</u>
Less: Accumulated impairment losses	(5,710,956)	(5,710,956)	(5,710,956)	(5,710,956)
	<u>22,441,846</u>	<u>6,232,650</u>	<u>22,441,846</u>	<u>6,232,650</u>

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**8. Other investments (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>iv. Investments managed by</b>				
ASSAR Asset Management				
Sdn Bhd	11,103,009	11,144,289	8,334,311	8,152,765
Less: Accumulated				
impairment losses	(4,210,762)	(5,167,897)	(4,210,762)	(5,167,897)
	<u>6,892,247</u>	<u>5,976,392</u>	<u>4,123,549</u>	<u>2,984,868</u>
<b>v. Structured</b>				
<b>investment</b>	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>
<b>Total</b>	<u>325,916,698</u>	<u>275,578,491</u>	<u>99,372,883</u>	<u>101,761,873</u>

**9. Property development expenditure**

	<b>Group/Corporation</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Development costs brought forward	154,848,264	143,344,528
Development costs incurred in the year	26,642,490	24,720,618
Less: Amount contra against government grants		
- Amount recognised in the current year	-	(13,216,882)
	<u>181,490,754</u>	<u>154,848,264</u>

**10. Plantation development expenditure**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Carrying amount	<u>602,896</u>	<u>602,896</u>

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**11. Tree planting expenditure**

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

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

**12. Goodwill on consolidation**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Balance at 1 January:</b>		
- Gross carrying amount	1,767,000	1,413,600
- Accumulated amortisation and impairment	(530,100)	(353,400)
- Net carrying amount	<u>1,236,900</u>	<u>1,060,200</u>
 Amortisation expenses for the year (Note 25)	 (176,700)	 (176,700)
 <b>Balance at 31 December:</b>		
- Gross carrying amount	1,767,000	1,767,000
- Accumulated amortisation and impairment	(706,800)	(530,100)
- Net carrying amount	<u>1,060,200</u>	<u>1,236,900</u>



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**13. Inventories**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Processed timber				
-plywood and sawn timber	7,783,622	4,461,925	-	-
Consumables	1,632,252	1,483,434	-	-
Industrial land lots	60,137,869	60,137,869	48,137,869	48,137,869
Ship building lots	70,417,330	79,940,096	70,417,330	79,940,096
Shophouses	-	5,581,304	-	5,581,304
Aircraft spares	3,971,764	5,433,643	-	-
Work-in-progress	14,612	14,612	-	-
	<u>143,957,449</u>	<u>157,052,883</u>	<u>118,555,199</u>	<u>133,659,269</u>
Less: Provision for stock obsolescence	(1,132,733)	(1,132,733)	-	-
	<u>142,824,716</u>	<u>155,920,150</u>	<u>118,555,199</u>	<u>133,659,269</u>

**14. Trade and other receivables**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade receivables	81,320,981	71,566,295	42,371,487	32,805,248
Due from subsidiaries	-	-	-	52,000
Less: Accumulated impairment loss	(10,658,478)	(10,658,478)	(10,120,963)	(10,120,963)
	<u>70,662,503</u>	<u>60,907,817</u>	<u>32,250,524</u>	<u>22,736,285</u>
Details movement of impairment losses:				
Gross carrying amount	10,658,478	11,268,424	10,120,963	10,520,963
Recoverable	-	(609,946)	-	(400,000)
	<u>10,658,478</u>	<u>10,658,478</u>	<u>10,120,963</u>	<u>10,120,963</u>
Due from:				
- Subsidiaries	-	-	12,453,089	15,693,489
- Associates	395,971	89,000	89,000	89,000
- Related companies	-	2,673,555	2,446,248	2,515,298
- Contract customers	126,083	61,517	-	-
Dividend receivables	1,950,265	(7,598,608)	1,909,273	(7,598,608)
Tax refundable	32,171,412	26,418,676	27,511,240	23,236,040
Deposits	3,646,381	3,646,381	784,657	782,083
Prepayments	1,335,035	2,836,874	17,025	146,173
Sundry receivables	69,578,461	56,705,585	13,860,568	16,156,142
Less: Accumulated impairment loss	(6,088,245)	(6,088,245)	(18,005,202)	(18,005,202)
	<u>103,115,363</u>	<u>78,744,735</u>	<u>41,065,898</u>	<u>33,014,415</u>

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**14. Trade and other receivables (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Short term loan receivables:				
i Tanjong Manis Food & Industrial Park Sdn. Bhd.	2,000,000	2,000,000	2,000,000	2,000,000
ii Tanjong Manis Integrated Port Sdn. Bhd.	-	-	2,898,168	10,893,169
iii PUSAKA KTS Forest Plantation Sdn. Bhd.	9,059,504	9,059,504	9,059,504	9,059,504
iv PUSAKA KS Pulp Sdn. Bhd.	500,000	500,000	500,000	500,000
v PUSAKA Capital Sdn. Bhd.	-	-	35,178,541	26,950,000
	<u>11,559,504</u>	<u>11,559,504</u>	<u>49,636,213</u>	<u>49,402,673</u>
Less: Provision for doubtful debts	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	<u>9,559,504</u>	<u>9,559,504</u>	<u>47,636,213</u>	<u>47,402,673</u>
	<u>183,337,370</u>	<u>149,212,056</u>	<u>120,952,635</u>	<u>103,153,373</u>

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

**15. Fixed deposit with licensed bank**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits with maturity more than 3 months	<u>28,061,799</u>	<u>29,303,669</u>	<u>28,061,799</u>	<u>24,074,178</u>

The fixed deposit with licensed banks at the end of the reporting period bore an effective interest rate of 3.30% to 4.00% (2017: Nil) with a maturity period of 6-12 months (2017: Nil).

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**16. Cash and cash equivalents**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash on hand and at banks	23,087,677	30,922,875	943,785	2,957,473
Deposits with licensed banks	150,773,912	163,641,716	117,505,319	133,740,981
	173,861,589	194,564,591	118,449,104	136,698,454
Fixed deposits pledge	-	(452,770)	-	-
	173,861,589	194,111,821	118,449,104	136,698,454

The fixed deposit with licensed banks at the end of the reporting period bore an effective interest rate of 3.35% to 4.00% (2017: Nil) with a maturity period of 3 months (2017: Nil).

**17. Retained earnings**

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

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

**18. Deferred income**

	<b>Group/Corporation</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Balance at 1 January		
- Total government grant received	375,840,931	363,030,931
- Utilised for project	(260,803,343)	(250,385,826)
Net carrying amount at 1 January	115,037,588	112,645,105
- Government grants received during the year	33,800,001	12,810,000
- Amortisation for the year	(4,545,757)	(10,417,517)
	144,291,832	115,037,588
Balance at 31 December:		
- Total government grant received	409,640,932	375,840,931
- Cumulative amount recognised in profit or loss	(265,349,100)	(260,803,343)
	144,291,832	115,037,588



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**19. Deferred tax**

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

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	2,357,549	(9,103,691)	3,750,206	-
Recognised in the income statement	11,461,240	11,461,240	4,468,315	3,750,206
	<u>13,818,789</u>	<u>2,357,549</u>	<u>8,218,521</u>	<u>3,750,206</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	8,218,521	4,815,908	8,218,521	3,750,206
Deferred tax liabilities	<u>(38,039,984)</u>	<u>(30,085,350)</u>	<u>-</u>	<u>-</u>
	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Deferred tax assets:</b>				
Tax losses and unabsorbed capital allowances				
At 1 January	4,815,908	7,873,467	3,750,206	-
Recognised in the income statement	3,402,613	(3,057,559)	4,468,315	3,750,206
At 31 December	<u>8,218,521</u>	<u>4,815,908</u>	<u>8,218,521</u>	<u>3,750,206</u>
<b>Deferred tax liabilities:</b>				
Accelerated capital allowances				
At 1 January	(30,085,350)	(16,977,158)	-	-
Recognised in the income statement	(7,954,634)	(13,108,192)	-	-
At 31 December	<u>(38,039,984)</u>	<u>(30,085,350)</u>	<u>-</u>	<u>-</u>

**Sarawak Timber Industry Development Corporation**  
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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2018**

**20. Borrowings**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unsecured				
<b>Non-current borrowings</b>				
Term loans-GP PUSAKA	-	94,665,496	-	94,665,496
Loan payable State Government				
- Interest free	78,420,801	19,358,608	78,420,801	19,358,608
	<u>78,420,801</u>	<u>114,024,104</u>	<u>78,420,801</u>	<u>114,024,104</u>
Unsecured				
<b>Current borrowings</b>				
Term loans-GP PUSAKA	114,484,596	-	114,484,596	-
Loan payable State Government				
- 6.5% p.a	-	48,420,828	-	48,420,828
- Interest free	-	19,358,608	-	19,358,608
	<u>114,484,596</u>	<u>67,779,436</u>	<u>114,484,596</u>	<u>67,779,436</u>
Total unsecured borrowings	<u>192,905,397</u>	<u>181,803,540</u>	<u>192,905,397</u>	<u>181,803,540</u>
Secured				
<b>Non-current</b>				
Term loans	102,319,138	96,726,920	-	-
Finance lease	1,505,412	66,781	-	-
	<u>103,824,550</u>	<u>96,793,701</u>	<u>-</u>	<u>-</u>
Secured				
<b>Current</b>				
Bank acceptance	9,023,532	-	-	-
Bank overdrafts	5,139,554	910,624	-	-
Term loans	14,758,877	13,362,347	-	-
Revolving credit	23,000,000	23,000,000	-	-
Finance lease	413,199	99,940	-	-
	<u>52,335,162</u>	<u>37,372,911</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>156,159,712</u>	<u>134,166,612</u>	<u>-</u>	<u>-</u>

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**20. Borrowings (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Total Non-current:</b>				
Term loans-GP PUSAKA	-	94,665,496	-	94,665,496
Loan payable State Government				
- Interest free	78,420,801	19,358,608	78,420,801	19,358,608
Term loans	102,319,138	96,726,920	-	-
Finance lease	1,505,412	66,781	-	-
	<u>182,245,351</u>	<u>210,817,805</u>	<u>78,420,801</u>	<u>114,024,104</u>
<b>Total Current:</b>				
Sarawak Planted Forest				
Term loans-GP PUSAKA	114,484,596	-	114,484,596	-
Loan payable State Government				
- 6.5% p.a	-	48,420,828	-	48,420,828
- Interest free	-	19,358,608	-	19,358,608
Bank acceptance	9,023,532	-	-	-
Bank overdrafts	5,139,554	910,624	-	-
Term loans	14,758,877	13,362,347	-	-
Revolving credit	23,000,000	23,000,000	-	-
Finance lease	413,199	99,940	-	-
	<u>166,819,758</u>	<u>105,152,347</u>	<u>114,484,596</u>	<u>67,779,436</u>
<b>Total borrowings</b>	<u>349,065,109</u>	<u>315,970,152</u>	<u>192,905,397</u>	<u>181,803,540</u>

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**Sarawak Timber Industry Development Corporation**  
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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2018**

**21. Retirement benefit obligations**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Present value of unfunded defined benefit obligations				
Current	476,635	56,687	89,515	-
Non-current	6,774,517	6,600,548	2,225,930	1,994,707
	<u>7,251,152</u>	<u>6,657,235</u>	<u>2,315,445</u>	<u>1,994,707</u>

**22. Trade and other payables**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	28,640,095	28,607,948	-	-
Bonus shares	-	2,276,196	-	2,276,196
Deferred expenditure	56,161,662	56,161,662	56,161,662	56,161,662
Due to subsidiaries	-	-	2,264,755	2,869,185
Due to associates	3,809,096	-	-	-
Good and service tax	(1,108,302)	(5,478)	(1,108,302)	(5,478)
Sundry payables	40,876,673	86,814,152	27,130,950	49,077,753
	<u>99,739,129</u>	<u>145,246,532</u>	<u>84,449,065</u>	<u>110,379,318</u>
	<u>128,379,224</u>	<u>173,854,480</u>	<u>84,449,065</u>	<u>110,379,318</u>

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

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**Notes to the Financial Statements**

**For the financial year ended 31 December 2018**

**23. Revenue**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Aviation services	107,602,149	82,155,226	-	-
Contract income	45,731,918	-	-	-
Gain on disposal of:				
- Shares	290,033	1,036,505	290,033	1,036,505
General repair and maintenance services	5,064,393	-	-	-
Grant amortised	4,545,757	-	4,545,757	-
Gross dividend:				
- Other investment	10,053,584	8,140,695	12,053,584	8,140,695
- Subsidiaries	1,343,750	1,414,626	1,343,750	1,414,626
Increase in fair value	1,984,950	18,850,179	1,984,950	18,850,179
Management fees	73,000	293,183	-	125,183
Operation grant received	3,834,600	9,000,000	3,834,600	9,000,000
Other operating income	31,667,172	14,671,530	6,517,286	1,081,683
Other services	28,166,132	31,338,437	570,968	637,743
Project revenue	16,759,078	14,314,071	16,759,078	(16,133)
Registration fees	916,418	581,674	582,698	581,674
Rental income	2,363,442	2,175,955	-	-
Sale of construction, furniture and hardware materials	100,423,600	13,985,847	-	-
Sale of woodchips, timber logs, sawn timber and peat swap logs	271,148,602	289,766,290	-	-
Timber premium	14,483,807	15,947,764	14,483,807	15,947,764
Wharfage, stevedorage, barging and other port users' services	26,513,193	32,334,763	-	-
	<b>672,965,578</b>	<b>536,006,745</b>	<b>62,966,511</b>	<b>56,799,919</b>

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**24. Cost of sales**

Cost of sales of the Group consists of the following:

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Contract fee	319,789,799	177,491,918	-	-
Cost of construction, furniture hardware material sold	26,188,284	13,168,551	15,104,070	339,961
Cost of woodchips, timber logs, sawn timber and peat swamp logs sold	25,520,441	38,078,526	-	-
Cost of aviation services	85,729,208	62,192,550	-	-
Cost of other services	8,222,064	16,679,390	-	-
Royalty and cess	-	13,959,890	-	-
Wharfage, stevedorage, barging and other port users' services	-	17,775,281	-	-
	<u>465,449,796</u>	<u>339,346,106</u>	<u>15,104,070</u>	<u>339,961</u>

**25. Other incomes**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bad debts recoverable	6,650,000	400,000	6,650,000	400,000
Bonus shares	181,546	9,126,518	181,546	9,126,518
Interest income	5,445,883	12,307,211	5,245,978	5,656,435
Profit on disposal property, plant and equipment	1,259,328	336,871	1,259,328	336,871
	<u>13,536,757</u>	<u>22,170,600</u>	<u>13,336,852</u>	<u>15,519,824</u>

**26. Finance costs**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest on loan	13,857,150	16,681,328	5,660,465	4,595,473
Interest subsidy	712,666	679,768	712,666	679,768
Others	118,437	508,336	-	-
	<u>14,688,253</u>	<u>17,869,432</u>	<u>6,373,131</u>	<u>5,275,241</u>



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**27. Profit / (loss) before tax**

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

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Amortisation of goodwill	176,700	176,700	-	-
Auditor's remuneration				
- Current	250,130	225,557	18,830	17,257
- Overprovision	2,200	(5,800)	-	-
Bad debts recoverable	(6,650,000)	(400,000)	-	(400,000)
Bad debts written off	5,035	-	-	-
Depreciation of property, plant and equipment	38,275,692	39,395,598	5,264,207	4,171,490
Hire of equipment	1,476,193	1,240,340	1,009,245	777,590
Members' fees	2,102,488	2,231,123	233,200	241,500
Office rental	1,226,415	1,174,468	324,000	297,000
Salaries and allowances	85,752,388	83,151,760	25,039,560	25,722,908
Finance costs	14,206,103	17,869,432	6,373,131	5,275,241
Bonus shares	-	(9,126,518)	(181,546)	(9,126,518)
Gain on disposal of:				
- Investments	-	(19,677)	-	-
- Shares	(290,033)	(1,036,505)	(290,033)	(1,036,505)
Gain on foreign exchange realised	58,753	(23,391)	-	-
Grant amortised	(4,545,757)	-	(4,545,757)	-
Gross dividend:				
- Other investment	(10,053,584)	(8,140,695)	(12,053,584)	(8,140,695)
- Subsidiaries	(1,343,750)	(1,414,626)	(1,343,750)	(1,414,626)
Impairment loss on property, plant and equipment	4,539,647	51,082	-	-
(Decrease) / increase in fair value	(4,667,799)	18,850,179	(4,667,799)	18,850,179
Reversal of provision for diminution in value of investment	532,505	133,035	-	-

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**27. Profit / (loss) before tax (contd.)**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss on foreign exchange				
- Realised	286,170	67,071	-	-
- Unrealised	602,447	85,318	-	-
Interest income	(5,891,179)	(12,307,211)	(5,245,978)	(5,656,435)
Inventories written off	24,445	-	-	-
Property, plant and equipment written off	3,035	3,698	-	-
Operation grant received	(3,834,600)	(9,000,000)	(3,834,600)	(9,000,000)
Loss on disposal property, plant and equipment	(12,915,223)	(336,871)	(1,259,328)	(336,871)
Rental of aircraft	22,863,701	97,417	-	-
Rental income	(2,796,739)	(2,175,955)	-	-

**28. Tax expenses**

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax expense for the year	13,145,256	18,885,959	-	(2,206,376)
(Over) / Under provided in prior year	(929,644)	951,258	-	-
	12,215,612	19,837,217	-	(2,206,376)
Deferred tax:				
Relating to changes in tax rate	(4,022,781)	(3,802,081)	(12,606,315)	(3,750,206)
	(4,022,781)	(3,802,081)	(12,606,315)	(3,750,206)
	8,192,831	16,035,136	(12,606,315)	(5,956,582)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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**28. Tax expenses (contd.)**

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

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit / (loss) before tax	65,215,969	86,254,537	(19,247,191)	6,020,991
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	13,685,553	16,852,656	(1,593,810)	2,874,618
Income not subject to tax	-	-	(1,399,582)	(1,399,582)
Expenses not deductible for tax purposes	(4,563,078)	(1,768,778)	8,640	8,640
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	-	(9,621,563)	(7,440,258)
(Over) / Under provision of tax expenses in prior years	(929,644)	951,258	-	-
	<u>8,192,831</u>	<u>16,035,136</u>	<u>(12,606,315)</u>	<u>(5,956,582)</u>

**29. Contingent liabilities**

On 9 September 2016, Tanjung Manis Feedmill Sdn. Bhd. (TMF) filed a Writ of Summons and Statement of Claim against STIDC to claim for Plots 2 & 3, Loba Semareng or in the alternative for Plots 3 & 4 Batang Belawai. TMF also claimed against STIDC damages for TMF's alleged total loss of RM34,795,004.55 (and continuing).

**30. Comparative figures**

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



**SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION (STIDC)  
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK (PUSAKA)**

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