

ANNUAL REPORT



LAPORAN TAHUNAN



Background of STIDC	2
Corporate Vision, Mission, Functions	4
Objectives	6
Client's Charter	8
Corporate Song	9
Quality Policy	10
Logo	11
Corporate Structure	12
Corporate Management	16
Chairman's Statement	22
GM's Preface	24
T-MEGA	26
Bamboo	48
SayD'Signer Sarawak	56
2021 Activities	65
2021 VS 2020 Trade Statistics	76
2021 Financial Statements	89

Editorial Team

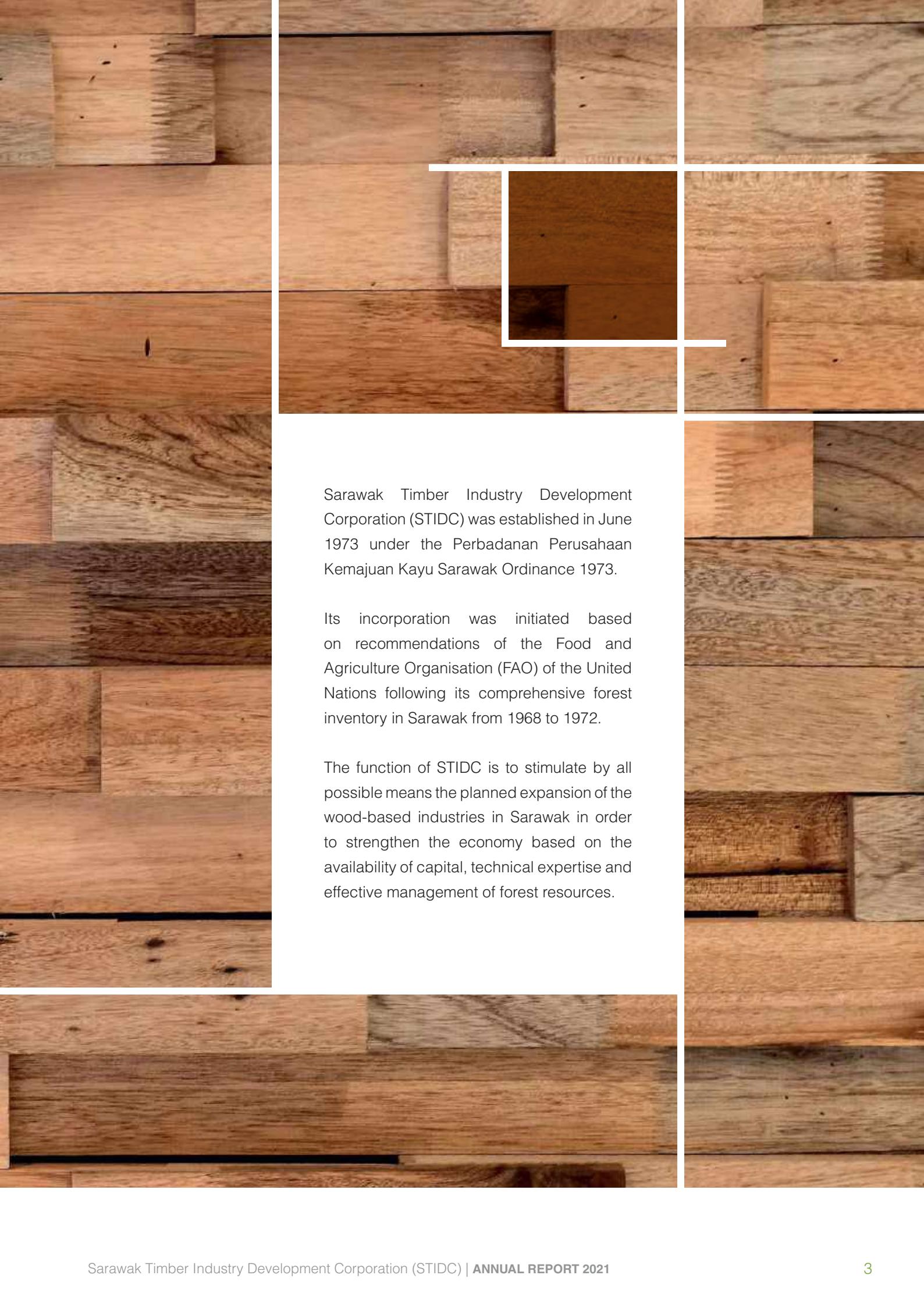
Chief Editor
Datu Haji Hashim Haji Bojet
General Manager

Editor
Sharifah Norolah Wan Ahmad
Corporate Affairs Manager

Writer and Co-ordinator
Norman Botes Noma



CORPORATE BACKGROUND



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

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

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

CORPORATE VISION, MISSION AND FUNCTIONS

► **CORPORATE VISION**

Spearheading the Advancement of Timber Industry

► **CORPORATE MISSION**

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



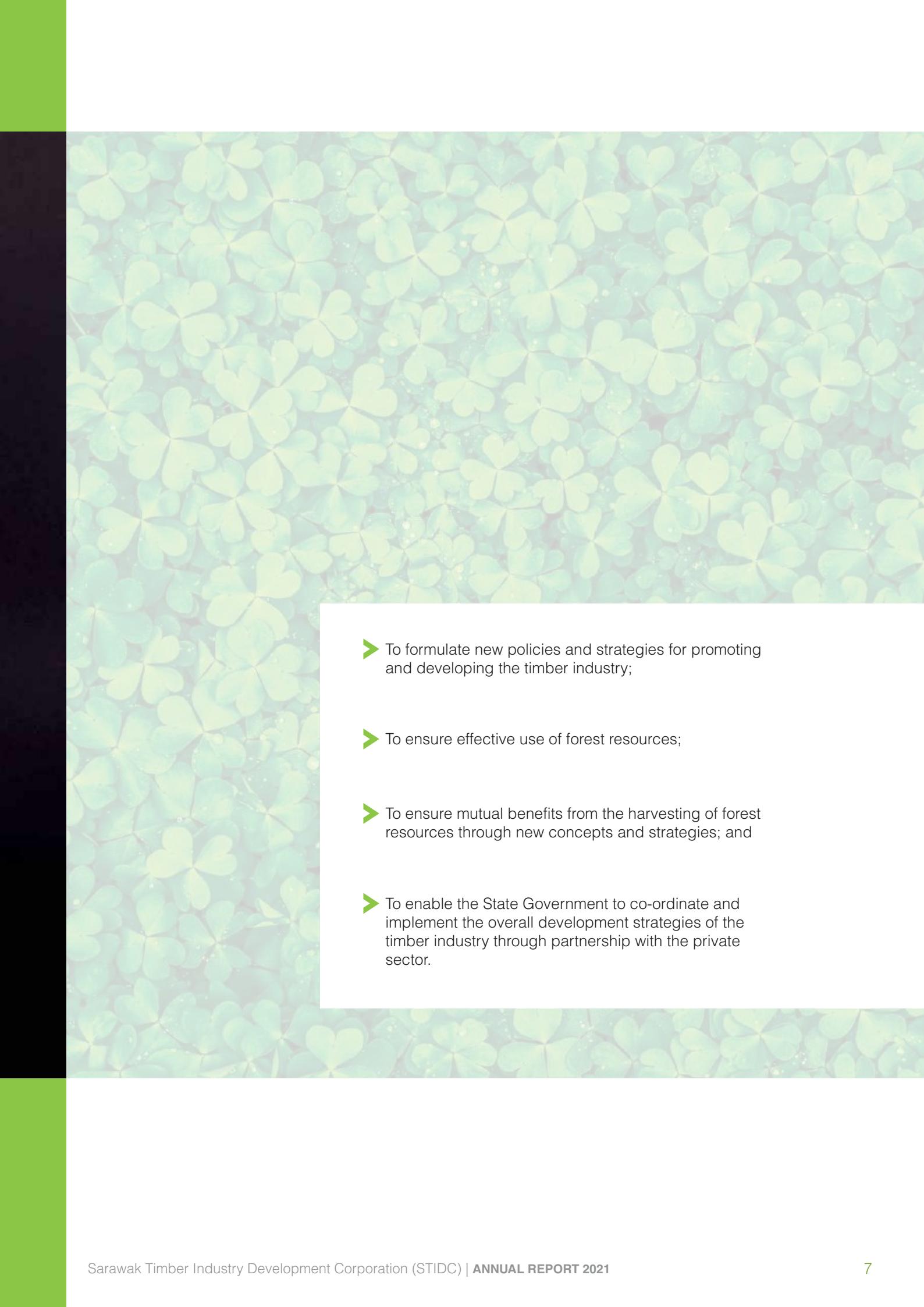
➤ **CORPORATE FUNCTIONS**

The core functions of STIDC are to:

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

CORPORATE OBJECTIVES





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



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



STIDC

CORPORATE

SONG

PUSAKA KITA

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

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

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

STIDC QUALITY POLICY

Continuously committed to
providing Quality Services to
stakeholders.



STIDC LOGO



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

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

The green letter "P" depicts the abbreviated name of the Corporation in Bahasa Melayu PUSA KA 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 PUSA KA in the development of the timber industry.

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

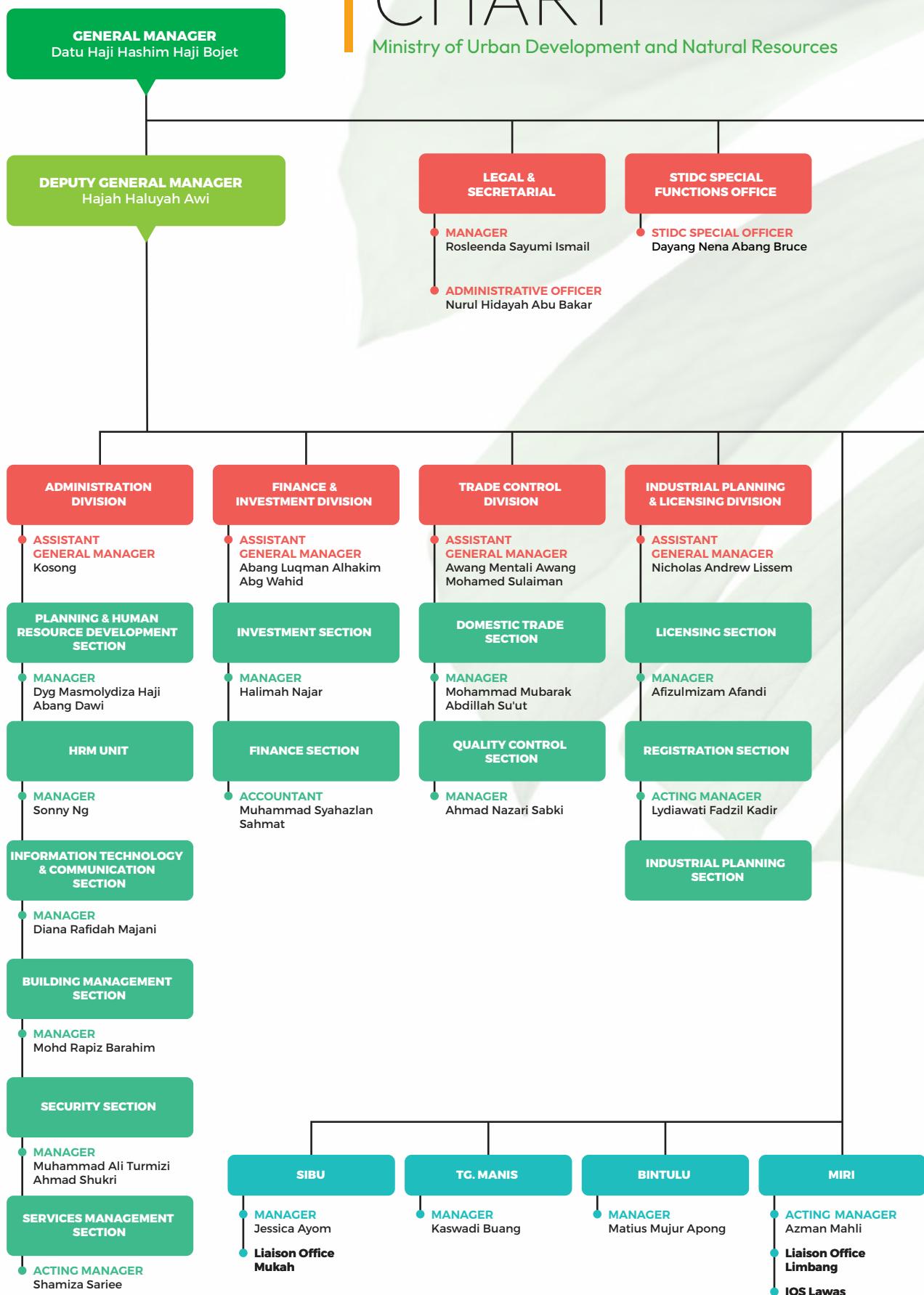


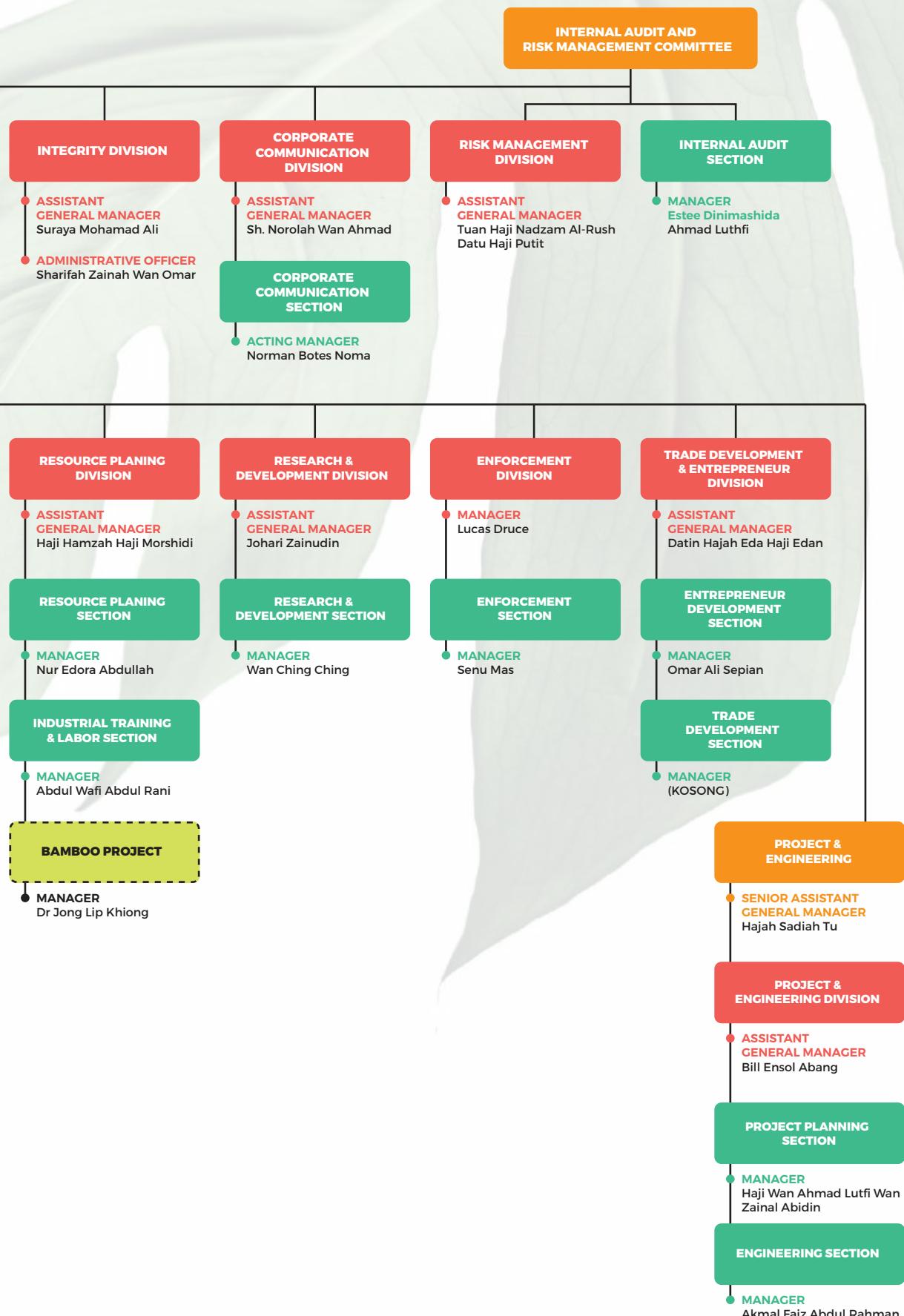


CORPORATE STRUCTURE

ORGANISATIONAL CHART

Ministry of Urban Development and Natural Resources







CORPORATE MANAGEMENT



BOARD OF MANAGEMENT



CHAIRMAN

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

Deputy Chief Minister of Sarawak

Second Minister for Natural Resources and Urban Development

Minister for International Trade, Industry and Investment Sarawak

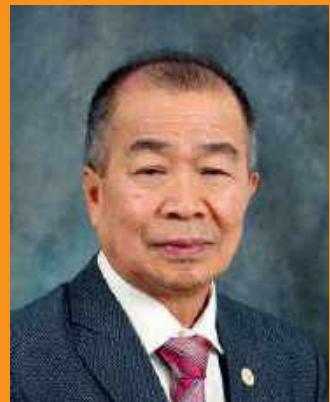
Chairman of Sarawak Timber Industry Development Corporation
(STIDC)



Yang Berhormat Datuk Amar

Jauh Samion

Sarawak State Secretary



**YB Datuk Haji Mohd Naroden
Bin Haji Majais**

Assistant Minister of E-Commerce
Assistant Minister of Entrepreneur
and Small, Medium Enterprise (SME)
Development



YB Datu Haji Len Talif Salleh

Assistant Minister of Urban Planning,
Land Administration and Environment



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

Chairman of Sarawak Economic
Development Corporation



**YBhg Datuk Amar Haji Ahmad
Tarmizi Bin Haji Sulaiman**

State Financial Secretary



**Yang Berbahagia Datu Sr Zaidi
Bin Haji Mahdi**

Permanent Secretary
Ministry Of Urban Development &
Natural Resources



**Yang Berusaha Encik Abdullah
Bin Julaihi**

Director,
Land and Survey Department,
Sarawak.



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

Deputy State Secretary Sarawak
(Socio Economic Transformation)
(Alternate Member To Datuk Amar
Jauh Samion)



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

Deputy State Financial Secretary
(Alternate Member To YBhg Datuk
Amar Haji Ahmad Tarmizi Bin Haji
Sulaiman)

MANAGEMENT TEAM



GENERAL MANAGER

Datu Haji Hashim Bin Haji Bojet



Cik Hajah Haluyah Binti Awi

Deputy General Manager



Puan Hajah Sadiah Binti Tu

Senior Assistant General Manager
(Project & Engineering)



Puan Suraya Binti Mohamad Ali

Assistant General Manager
(Integrity & Risk Management)



Encik Bill Ensol Anak Abang

Assistant General Manager
(Project & Engineering)



Tuan Haji Hamzah Haji Morshidi

Assistant General Manager
(Resource Planning)



Puan Ruth Sibat @ Nur Mithali Abdullah

Assistant General Manager
(Registration)



Encik Johari Zainuddin

Assistant General Manager
(Central Region)



Encik Nicholas Andrew Lissem

Assistant General Manager
(Industrial Planning & Licensing)



Encik Awang Mentali Bin Awang Mohamed Sulaiman

Assistant General Manager
(Trade Control)



Encik Abang Luqman Alhakim bin Abang Wahid

Assistant General Manager
(Finance & Investment)



Datin Hajah Eda Edan

Assistant General Manager
(International Trade Development)



Encik Dahrawi Bin Muhammad

Assistant General Manager
(Enforcement)



Puan Sharifah Norolah Binti Wan Ahmad

Assistant General Manager
(Corporate Affairs)



Puan Rosleenda Sayumi Ismail

Legal & Secretarial Manager

CHAIRMAN'S STATEMENT



Sarawak experienced bullish market performance of timber and timber products in 2021 compared with the previous year despite COVID-19 pandemic. This was attributed by good prices of main export items such as plywood, logs, sawn-timber and fibreboard.

Export earnings from wood-based products of Sarawak grew by four percent to RM3.9 billion in 2021 compared with RM3.7 billion in 2020. Plywood contributed RM2.1 billion (55 percent) of the overall income in 2021. Japan being the main market contributed RM2 billion (53 percent) of the export earnings in 2021.

The government is committed to increasing export earnings by promoting high value-added and engineered wood products such as furniture besides encouraging research and development initiatives in order to sustain the wood-based sector as the mainstay of the economy of Sarawak. This augured well with the State Post COVID-19 Development Strategy (PCDS) 2030 to boost export earnings of wood-based products to RM8 billion by 2030.

Research and Markets, US 2022 reported that the global furniture market value accounted for USD945 billion annually by 2030 compared with USD637 billion in 2021. Market value for engineered wood products was projected to reach more than USD400 million annually by 2030 compared with USD284 million in 2019 as reported by Allied Market Research, US 2022. Market value for bamboo-based products is poised to reach USD6.9 billion in 2022 and is expected to reach USD12.4 billion annually by 2032 according to report by Future Market Insights Global and Consulting, US 2022.

Industry players are urged to take this opportunity and boost their value-added products such as furniture, engineered wood and bamboo-based products. At the same time, they need to embrace IR4.0 and digital technology in order to reduce dependency on foreign workers and costs.

A furniture testing lab is under construction in Kota Samarahan to provide furniture testing services to meet the global standards for both domestic and international markets. The government is also collaborating with the industry players to develop furniture parks in Kuching and Tanjung Manis to lure investors to develop furniture industry for export markets. This would bring RM500 million worth of investment to Sarawak besides generating RM4 billion export earnings by 2030.



Under the Sarawak Young Designers (SayD'SignerSarawak) Programme, STIDC is collaborating with Bandung Institute of Technology, Polytechnic University of Milan and UNIMAS to nurture and to produce world class furniture designers to support the timber industry and to produce furniture for global market.

At the same time the government through STIDC is promoting bamboo planting. The Bamboo Industry Development Masterplan was formulated in 2019 with emphasis on resource management, market development, technology adoption & commercialization, research & development, sustainable environment, capacity building, corporate social responsibility as well as policy and institutional strengthening. By 2030, Sarawak aspires to have various bamboo-based industries to produce charcoal, pharmaceutical, cosmetic, textile, pulp and paper, food, handicraft and engineered bamboo products such as bamboo ply, strand woven bamboo and glued-laminated-bamboo. We also aim to plant at least 20,000 hectares of bamboo for industrial purposes to generate RM200 million in export earnings by 2030 and to create 5,000 employments with household income of RM36 million per year.

In tandem with this STIDC is collaborating with research institutions such as FRIM and SIRIM as well as universities like UNIMAS, UiTM, UPM, UCTS and Swinburne in conducting research and development on local planted timber and bamboo species. The aim is to innovate production technology towards producing high value-added wood-based and bamboo-based products to generate high income.

DATUK AMAR HAJI AWANG TENGAH ALI HASAN

Deputy Chief Minister of Sarawak

Second Minister for Natural Resources and Urban Development

Minister for International Trade, Industry and Investment
Sarawak

Chairman of Sarawak Timber Industry Development Corporation
(STIDC)

GM'S PREFACE



COVID-19 continued to pose adverse impacts on business sectors across the globe. The wood-based sector was not spared from this global phenomenon. Economic activities in the timber sector were disrupted by lockdown and control measures.

STIDC viewed these challenges as new opportunities to deliver services innovatively by leveraging on digital technology for the benefit of the wood-based industry and the state as a whole. Core activities such as issuance of Timber Industry Licenses, Export and Import Permits and Grading Certificates were done online anytime anywhere.

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

Efforts were also made to promote the furniture industry through the young designers' programme and collaboration with University of Malaysia, Sarawak (UNIMAS), Institut Teknologi Bandung and industry players.

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

Apart from serving the timber industry, STIDC also played pivotal role in promoting Tanjung Manis as the preferred investment hub of the central region of Sarawak through collaboration with the related government agencies. The Tanjung Manis Economic Growth Area (T-MEGA) marked a new milestone in the development of Tanjung Manis by focussing on high impact economic activities and investments in this area. Basic infrastructure such as roads, bridges, water and electricity supply, airport and telecommunication were provided to facilitate investments and to meet investors' needs.



STIDC also played important role in spearheading the bamboo industry of Sarawak by implementing the Bamboo Industry Development Masterplan. The Masterplan emphasised on resource management, market development, technology adoption & commercialization, research & development, sustainable environment, capacity building, corporate social responsibility as well as policy and institutional strengthening.

Sarawak aims to have various bamboo-based industries to produce charcoal, pharmaceutical, cosmetic, textile, pulp and paper, food, handicraft and engineered bamboo products such as bamboo ply, strand woven bamboo and glued-laminated-bamboo.

Sarawak also aim is to plant at least 20,000 hectares of bamboo for industrial purposes to generate RM200 million in export earnings by 2030 apart from creating 5,000 employments with household income of RM36 million per year.

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

DATU HAJI HASHIM BIN HAJI BOJET
General Manager
Sarawak Timber Industry Development Corporation



The image is a collage of five photographs of green foliage, likely palm leaves, arranged in a grid-like pattern. The central photograph contains the text 'T-MEGA' in a large, white, sans-serif font. The other four photographs are smaller and positioned around the central one, showing different angles and parts of the green plants.

T-MEGA



T-MEGA Catalyst Of Growth In Tanjung Manis And Central Region

The Right Honourable
Datuk Patinggi Tan Sri (Dr) Abang
Haji Abdul Rahman Zohari Bin Tun
Datuk Abang Haji Openg

Chief Minister of Sarawak



Tanjung Manis Economic Growth Area (T-MEGA) is one of the growth nodes under Sarawak Corridor of Renewable Energy (SCORE). The industries identified and promoted under T-MEGA were shipbuilding, Palm Oil Industry Cluster (POIC), Central Oil Distribution Terminal (CODT), timberbased products, fishery and aquaculture, livestock and agriculture including halal food processing.

T-MEGA was planned for the development of these large-scale economic activities to complement the efforts of the state government in socio-economic development to bring rural transformation. The economic spin-off from large-scale investments would provide the local community with employment and business opportunities through participation in hospitality industry such as homestay and eco-tourism as well as in contract farming.

The development of food processing and ports facilities in T-MEGA also complements the fruit basket initiatives by state government.

The 124,514 hectares T-MEGA development project has significant catalytic impact to the development of the central region of Sarawak. Endowed with strategic location and excellent natural river system and logistic facilities Tanjung Manis is becoming a new trade 'Gateway' for international trade.

The Oil Gas and Chemical (OGC) jetty in Tanjung Manis is equipped with facilities to store and distribute products such bitumen for road construction throughout Sarawak and serves as petroleum and diesel distribution centre for the central region. The OGC terminal also serves as outlet for exports of Crude Palm Oil (CPO) not only for the central region but also caters for transhipments of CPO from Indonesia.

Tanjung Manis is also the major export point for sago, timber products and coals. Being an important gateway in the central region of Sarawak it registered the export value of RM2.5 billion in 2020 and is poised to increase to RM3.5 billion by 2030.

Sarawak granted RM11 billions of state fund to Public Works Department to upgrade the existing 896 km coastal roads. This allocation would include pavement upgrading and improvement works, construction of 232 km of Second Trunk Road in eight years and the construction of nine new bridges along the coastal road network.

The nine new bridges are Batang Rajang (1.208 km), Batang Saribas (1.550 km), Batang Paloh (1.7 km), Muara Lassa (2.43 km), Bintulu Jepak (1.212 km), Batang Lumar (5.1 km), Batang Rambungan (560 m), Sungai Krian (690 m) and Batang Igan (1.8 km).

The implementation of the proposed coastal road network includes replacing the existing ferry services at Batang Saribas, Sungai Krian, Batang Paloh and Muara Lassa with permanent bridges; building the missing link between Sarikei and Tanjung Manis; improving and rehabilitating certain stretches of the existing coastal road stretches; enhancing accessibility and connectivity which offers seamless connectivity between towns like Kota Samarahan, Sadong Jaya, Sebuyau, Kabong, Tanjung Manis, Daro, Matu, Balingian and Bintulu to the Pan Borneo Highway and could boost socio-economic development of the coastal regions where large population resides.

The building of the missing link between Sarikei and Tanjung Manis will catalyse the development of Tanjung Manis hinterland besides reducing travel time to and from Tanjung Manis throughout the central region. This will make Tanjung Manis an ideal gateway to attract international trade and investment.

The State Planning Unit of Sarawak and key implementing agencies such as Public Works Department, STIDC, Department of Irrigation and Drainage, Department of Rural Water Supply and Sibu Water Board invested substantially in terms of money and efforts to ensure the success of the development aspiration of T-MEGA.

The state government can also help in other aspects such as:

- i. To continue providing fund wherever possible for additional basic infrastructure required by the industries;
- ii. To formulate laws and policies to facilitate investments and businesses;
- iii. To develop human capital and capacity building to ensure sufficient skilled and semi-skilled manpower supply for the industry;
- iv. To allocate adequate land for the promoted industries;
- v. To ensure a balanced development concept for the conservation of pristine water resources and sustainable environment in supporting aquaculture and river-caged culture industry through integrated waste management, establishment of green buffer zone

- and wildlife conservation area; and
- vi. To facilitate in luring strategic investors and collaborating partners to invest in Tanjung Manis.

Since 1990, STIDC and the Public Works Department are among the key agencies entrusted to develop infrastructure and support the promoted industries in T-MEGA. More than RM3 billion was invested by the state government thus far to put in place the required infrastructure including the upcoming water supply from Sibu. We are looking for another RM989.3 million in the 12th Malaysia Plan (2021-2025) both through government funding and initiatives by private sectors for the following infrastructure:

- i. Integrated Paloh Marine Engineering Park and Access Road (with utilities and amenities) - RM397.3 million;
- ii. Dredging of Kuala Rejang navigation channel - RM200 million;
- iii. Tanjung Manis Furniture Park - RM12 million;
- iv. Food Processing Industrial Park (basic infrastructure) - RM65 million;
- v. Upgrading of Tanjung Manis Airport to Code 3C (B737) - RM300 million; and
- vi. Controlled Environment Agriculture (CEA) - RM15 million.





T-MEGA Projects



The 14 sectors of Sarawak were grouped into eight economic sectors to accelerate economic growth by 8% annually in order to double the size of our economy from RM133 billion in 2018 to RM282 billion by 2020.

These economic sectors are in turn driven by the six enabler sectors namely digital transformation, innovation and entrepreneurship, education, infrastructure, transport and utilities.

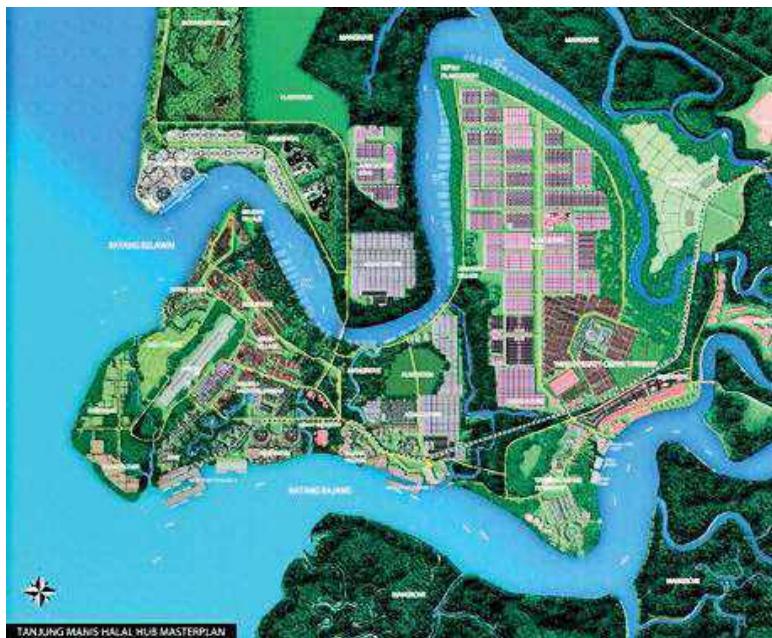
Tanjung Manis is moving in tandem with Industry 4.0 revolution. Its commercial agriculture and food production activities which are among the eight identified economic sectors require automation, smart or precision farming and electronic surveillance and security system. Like any other parts of Sarawak, the new norm for companies and the public evolves around IOT and good internet access. Thus, three packages of telecommunication (fiberization) projects valued at RM26.79 million were completed by the government through STIDC. The Fiberization of Tanjung Manis will provide the ICT infrastructure with high speed broadband connection up to 800mbps to support the industry and business users as well as the residents around Tanjung Manis New Township. Currently, UNIFI is available in Tanjung Manis.

From the seafront, a digital navigation aids costing RM40 million was completed. This would enhance safety and security of vessels navigating Tanjung Manis Port channel. To complete the Vessels Traffic Management and Control by the Port Authority, Port Operators, Marine Department and Sarawak Rivers Board, state-of-the-art Integrated Vessel Traffic System (IVTS) is necessary.

For industry players, the Managed Dedicated Internet and Data services are available to support any required bandwidth requirement in near future. Fiberization is poised to be ready soon to complete accessibility of telecommunication infrastructure to the public particularly in Belawai and Rejang area.

The basic infrastructure such as roads and bridges, utilities, airport and port facilities are completed except the commissioning of water supply from Sibu. However, there are more key enablers need to be addressed such as:

- i. The establishment of Integrated Marine Park in Paloh would ideally provide for shipbuilding and repairs, supply base, decommissioning yard and wet storage to oil and gas structures. This development will attract various marine engineering activities due its relatively deep natural draft, isolated area away from busy commercial activities including



its strategic location across Pengerang, Singapore and oil and gas offshore exploration activities within Sarawak;

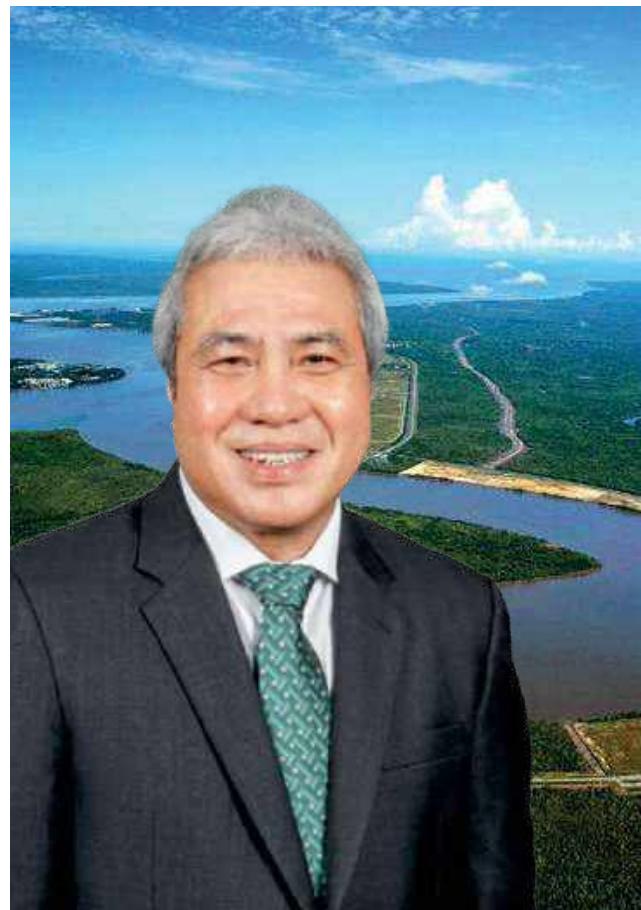
- ii. Accessibility to the Tanjung Manis Port needs to be urgently addressed to ensure effective logistic network and safety of navigation channel that could attract bigger ships and foreign investment in T-MEGA;
- iii. Establishment of furniture park for production of furniture to complement STIDC's transformation blue print in intensifying downstream processing for timber industry to achieve total export value of RM8 billion by 2030;
- iv. Establish R & D and product development (Centre of Excellence) in collaboration with investors and Institution of Higher Learning such as UPM; and
- v. Carry out Masterplan for domestic, industrial, agricultural wastes and waste water management system to be implemented in phases.

Sarawak food trade deficit is anticipated to increase by RM6 billion in 2030 going by the current deficit of RM3.8 billion recorded in 2018. The state government food production agenda is to reduce the gap by intensifying efforts in food security. For T-MEGA, the promoted activities are agriculture, aquaculture, livestock and poultry, plantation of cash crops and food processing including processing of palm oil related products. Leveraging on Tanjung Manis being HALMAS certified by Halal Development Corporation, not only it will be an important halal food production and processing area but also as gateway for fruit export from 'food baskets' in central region which augurs well with the state and national agenda in 'Food security'.

T-MEGA The Development Impetus Of The Central Region

The Honourable
Datuk Amar Haji Awang Tengah Ali Hasan

Deputy Chief Minister of Sarawak II
Second Minister for Natural Resources and Urban Development,
Minister for International Trade, Industry and Investment Sarawak
Chairman of Sarawak Timber Industry Development Corporation
(STIDC)



T-MEGA is one of the growth nodes initiated under Sarawak Corridor of Renewable Energy (SCORE) where the promoted niche industries identified were shipbuilding, Palm Oil Industry Cluster (POIC), wood-based products, fishery and aquaculture as well as agriculture and halal food processing. T-MEGA has the potential to be developed into an important food production area for agriculture, aquaculture and livestock to address food security issue in this region.

T-MEGA was planned for the development of large-scale economic activities within the promoted industry cluster thereby complementing the state government's aspiration for socio-economic development that brings rural transformation and poverty eradication. The economic multiplier effect from large-scale investments will provide the local community with employment opportunities, participation in hospitality industry such as homestays and eco-tourism as well as participation in contract farming and other emerging business opportunities.

The development of food processing and logistics facilities in T-MEGA will also complement the fruits baskets initiatives by the state government.

The overall development must also consider the environmental sustainability and conservation of wildlife and water quality through the creation of green lungs and adoption of best practices in agricultural activities.

The development of T-MEGA has significant catalytic impact on the development of the central region of Sarawak. The logistic facilities in Tanjung Manis opened new trade gateway with better capacity for international trade.

The Oil Gas Chemical (OGC) jetty in Tanjung Manis is equipped with facilities to store and distribute bitumen for road construction throughout Sarawak and serves as petroleum and diesel distribution centre for the central region. The OGC Terminal also serves as outlet for exports of Crude Palm Oil (CPO) not only for the central region but also caters for transhipments of CPO from Indonesia.

Tanjung Manis is also the major export point for sago, wood-based products and coals. The Royal Malaysian Customs Department revealed that Tanjung Manis registered the export value of RM2.5 billion in 2020. The statistics manifested the significant role of Tanjung Manis as trade gateway. The export value is

poised to increase to RM3.5 billion by 2030.

Sarawak green lungs are forests, parks and vegetated land within the adjoining urban areas that help to create healthy living environment as green lungs maintain the balance between carbon dioxide and oxygen within the atmosphere.

The State Forest Policy 2019 serves as an official document to establish green lungs where sustainable development is the overarching principle underpinned by green conservation and growth. In this regard, policies and legislation will be reviewed to support the establishment of green lungs.

Tanjung Manis development is of no exception. The overall development masterplan considered conservation of greens and wildlife habitats through balanced development by maintaining green belts, green buffer between industries and maintaining mangrove sanctuary.

Ministry of International Trade & Industry, Industrial Terminal & Entrepreneur Development (MINTRED)

of Sarawak plans to develop Tanjung Manis Marine Engineering Park in Tanjung Manis due to its strategic location and deep draft to accommodate shipbuilding and repairs of more than 10,000 GRT. This will provide better opportunities for existing players to expand their operation. Sarawak Association of Marine Industries (SAMIN) estimated that Paloh Shipbuilding & Marine Engineering could generate the annual export earnings of RM1.5 billion and 1500 direct employment opportunities.

The 1,000 acres of land would provide good integrated facilities not only for shipbuilding and repair but also for Oil & Gas industry particularly for wet storage for Oil & Gas platforms and also for decommissioning of Oil & Gas structures. The possibility of providing common use terminal for marine engineering activities would also entail the potential of creating free trade zones based on proposal by SAMIN.

Currently, the government through STIDC is carrying out a viability study on the establishment of marine engineering park in Kuala Paloh.



RM3.19 Billion Invested In Tanjung Manis Since 1990

The Honourable
Datu Haji Len Talif Salleh

N41 Kuala Rajang Assemblyman
Assistant Minister of Urban Planning Land Administration and Environment

In the 1980s, Tanjung Manis was nothing more than a mangrove forest. A study was conducted by a consultant, HA Simons. This led to the drawing of the Rajang River Basin Master Plan in 1984. The study looked into the ideal location to establish a zone where timber related industries could be sited. Tanjung Manis was identified due to its strategic location. Subsequently, a recommendation was made by STIDC for the establishment of a Timber Processing Zone.

The state government through STIDC pioneered the development of Tanjung Manis as the Timber Processing Zone since 1990. The only mode of transportation to Tanjung Manis was by express and speed boats. The focus then was to develop basic infrastructure such as roads, express terminal, housings, mosque, community hall and a STOL Airport including massive sand filling to cater for timber mills and small and medium-sized enterprises (SMEs). Amenities such as electricity, water and telecommunication were also put in place to facilitate timber-based operators. Along the way, other industries such as Deep Sea Fishing Industry (2004), Shipbuilding and Repair Industry (2007), Palm Oil Industry Cluster (POIC) in 2008 and the latest are activities involving Aquaculture (Shrimp Farming) and Agriculture (Pineapple Planting & Nursery) and Service Industry evolves as part of mixed development promoted under T-Mega. All these gives rise to the need for better road connectivity and logistic ecosystem when the 94-KM Sibu-Tanjung Manis road was completed in November 2011 concurrent with the operation of OGC Jetty and Tanjung Manis Port. Since then, Tanjung Manis continues to be a major catalyst for the development of the central region of Sarawak. Since the development of Tanjung Manis started in 1990, RM3.19 billion was invested by the government



through STIDC, Public Works Department, Sarawak Rural Water Supply Department, Department of Irrigation and Drainage, and Sibu Water Board to develop infrastructure including the upcoming water supply from Sibu.

(a) The recently completed projects apart from those mentioned are:

- i. Proposed Road at lot 119, Tanjung Manis (RM7,878,000.00);
- ii. Acess Road to Halal Hub Parcel One (RM52,915,973.40);
- iii. Refurbishment of Tanjung Manis Port (RM88,000,000.00);
- iv. Palm Oil Industrial Cluster (RM83,298,800.00);
- v. Proposed Road from Serdeng Junction through Halal Hub to Kpg Rajang (RM47,100,000.00); and
- vi. Pontoon at Tanjung Manis Express Terminal (RM4,684,613.49).

(b) Projects In Progress include:

- i. 16-Storey One-Stop Admin Centre (RM100 Million): 96% Completed;
- ii. Installation of digital Aids To Navigation (Aton) for Batang Rajang Access;
- iii. Channel to Tanjung Manis Port (RM40 Million): 60% Completed;
- iv. Tanjung Manis Airport Refurbishment Work (RM10 Million) : 63% Completed;
- v. Electrical Infrastructure For Halal Hub Area : (RM65,763,257.69): LOA done & Works commenced in September, 2021; andvi) Telecommunication Infrastructures (Fiberisation) For Tanjung Manis (RM21,422,800.00) 95% Completed.

(c) The Development Anticipated under RMK12 (2021-2025) are:

- i. Feasibility Study For Paloh Marine Engineering Centres (RM3.0 Million);
- ii. Tanjung Manis Furniture Park (RM11 Million) and
- iii. Few other projects to be funded under private sector initiatives.

Although the basic infrastructure is yet to be fully completed to cater for the needs of investors, the progress of investments is encouraging with 77 investors pouring RM1.4 billion in total investment. Another five potential investors are poised to invest RM716 million in halal food production projects. Significant achievements were made in the last 30 years in the development of Tanjung Manis although much more could be done.

When government opens up major development in Green Field area like Tanjung Manis, the noble intention always aims for economic rural transformation. With mega investments coming in the economic spin-off will be in the form of;

- Employment Opportunities
- Benefits from Skill & Entrepreneurship Development
- Participation in hospitality industry such as homestay, food & beverages & related services
- Participation in Tourism Industry
- Participation on Contract Farming or development of idle land through community farming.

The standard of living also increased, for instance, the nearby villages particularly Kampung Rajang, Jerijih, Belawai, Tusok, Sebayang, Serdeng and Pulau Brui continue to enjoy the multiplier effects of the development of Tanjung Manis particularly in terms of basic infrastructure such as roads and bridges.

The infrastructure connects them not only to Tanjung Manis but also to the nearby towns such as Sibu and Sarakei.

The roads and bridges also brought along other infrastructure such as treated pipe water and electricity power supply as well as telecommunication. The telecommunication infrastructure in Tanjung Manis was upgraded and fully fiberized enabling the local communities to enjoy high speed internet services. Presently, UNIFY services is available in some parts of Tanjung Manis.

The development of Tanjung Manis also brings other facilities like fire station, post office, schools, recreational facilities, Police station, clinic, airport, express terminal with upgraded pontoon and port.

By December 2021, with the completion of the 16-Storey one-stop service centre in Tanjung Manis, the local communities can expect all the government services to be available under one roof including other auxiliary services such as food court, banking and postal services.

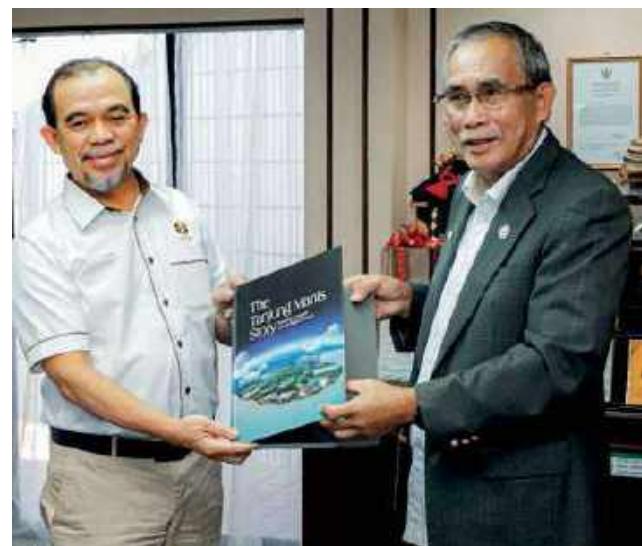
Tanjung Manis was rebranded as Tanjung Manis Economic Growth area (T-MEGA). Once the basic infrastructure and utilities are fully developed, most large-scale economic activities particularly agriculture, aquaculture and livestock would come in.

Presently, pineapple planting and aquaculture are progressing steadily. Livestock, poultry and food processing on the other hand require good treated water supply. Hopefully these activities will commence soon.

Once the primary agriculture and aquaculture projects materialized, more downstream food processing activities would take place to leverage on the Tanjung Manis Halal Food Processing Area which is HALMAS-Certified by Halal Development Corporation, Malaysia.

Currently, a feasibility study is being carried out for an expansion of the current shipbuilding and repairing industry in Paloh. 1,000 acres were earmarked for an integrated marine engineering centre to build and repair vessels above 10,000 GRT and at the same time to provide facilities for oil and gas industry including decommissioning activities.

With the approved budget under RMK12, we also look forward to promoting the timber-based downstream processing activities by establishing a furniture park in Tanjung Manis and a bamboo nursery to cater for the bamboo plantations in the central region. The service and hospitality industry would naturally emerge as demand arises.



The Honourable Datu Haji Len Talif Salleh (right) and Datu Haji Hashim Bin Haji Bojet (left) showing the book on the success story of Tanjung Manis.



Tanjung Manis Pivotal In The Development Of The Central Region

**The Honourable
Ir Tuan Haji Yusuf Haji Wahab**
P.206 Tanjong Manis Member of Parliament

The development of Tanjung Manis did not happen by coincidence but through strategic planning. Plan to develop Tanjung Manis started in 1981. Tanjung Manis, initially was known as the timber processing area. It was elevated to a district status in 2015 with villages such as Rajang, Jerijeh, Belawai, Semalau, Sebayang, Tusok, Stalun and Paloh came under its jurisdiction.

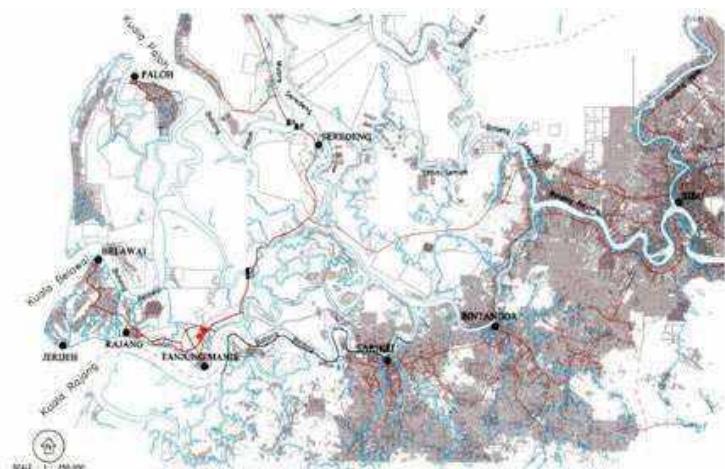
Presently, Tanjung Manis is an important economic and administrative centre particularly for these villages although some of the government offices are still in Belawai.

The express boat terminal in Tanjung Manis offers an alternative mode of transportation and complements the land and air transportation. The water transportation connects Tanjung Manis to Sarikei, Sibu and Kuching.

At the moment, there are also direct flights from Kuching and Mukah to Tanjung Manis and viceversa taking advantage of Tanjung Manis Airport. The direct flights ensure convenience to travelers by bypassing Sibu Airport.

Currently, Tanjung Manis is also connected to Sibu by road. Tanjung Manis will also be connected to Pulau Beruit and Daro by road once the 1.7 km Batang Paloh and 2.43 km Muara Lasa bridges complete in 2023. Meanwhile, Daro is poised to link Tanjung Manis to Mukah once the Batang Igan bridge is completed. The RM300 million Pasti-Tanjung Manis Road which is expected to complete in 2023 will link Tanjung Manis to Sarikei.

Presently, Tanjung Manis has almost all the basic infrastructure including roads, bridges, airport, deep sea port and basic utilities such as electricity, water and telecommunication.



Road network from Sibu to Tanjung Manis.

The state government plays important role in ensuring the smooth development of Tanjung Manis by providing fund to build basic infrastructure while STIDC plays its role as an implementing agency.

I believe Tanjung Manis will soon become a gateway particularly for the central region of Sarawak and also its surrounding area. It also has the potential to become international gateway.

Tanjung Manis is endowed with natural deep-sea port enabling direct export to countries such as China, Japan, Korea and Singapore. In future, we hope Tanjung Manis Airport will be upgraded to cater for bigger aircrafts and more flights to connect Tanjung Manis to other parts of the world besides ensuring Tanjung Manis to flourish further due to direct access to International markets.

We can expect the influx of investors taking advantage of the varied economic sectors of Tanjung Manis. This will benefit the socio-economy and wellbeing of the local populace particularly in terms of business and employment opportunities.

Apparently, Tanjung Manis plays pivotal role in the development of the central region besides connecting the major cities such as Miri and Kuching.

Being a parliamentarian for Tanjung Manis, I will continue to play my role by raising the matter in the parliament and proposing the upgrading of Tanjung Manis Airport besides requesting for development fund from the Ministry of Transportation to finance the project.

Aside from this, I will also request for fund to dredge Batang Rajang river mouth so that big freighters could come to Tanjung Manis port.

My priority also includes the promoting of Tanjung Manis Halal Hub at international arena in order to lure foreign investors to invest in Tanjung Manis.

In ensuring that the Tanjung Manis Economic Growth Area (T-MEGA) is developed in accordance with the development master plan, the local issues must be addressed and resolved so that development can be implemented smoothly for mutual benefit. In addition, infrastructure must be upgraded in order to woo investors.

Forty units of shophouses and 200 units of Government Quarters.



STIDC - The Catalyst Of T-MEGA Development

Datu Haji Hashim Bin Haji Bojet

General Manager
Sarawak Timber Industry Development Corporation



STIDC pioneered the development of Tanjung Manis since 1990 as Timber Processing Zone (TPZ). Back then, the only mode of transportation to and from Tanjung Manis was by express boats and speed boats. The focus of development in 1990s, therefore, was on basic infrastructure including massive sand filling for factories and buildings such as offices, mosque, commercial centres and housing as well as road network within Tanjung Manis and treated water and electricity supply. Early 1990s was the period when most of the timber processing factories started operation.

STIDC was tasked to oversee the overall development of TPZ. A plan was drawn including the 3,000-hectare township. TPZ plan became the blueprint for the

development of the central region of Sarawak with priority given to aquaculture, food processing, shipbuilding, commercial and educational hubs, palm oil industrial cluster, mangrove sanctuary, wood-based industries and residential centre. Once completed, TPZ would become an integrated timber complex.

While developing Tanjung Manis, the government also gave due attention to the quest of the surrounding villages such as Kampung Rajang, Jerijih, Belawai, Tusok, Sebayang, Serdeng and Pulau Bruit for basic needs particularly in terms of infrastructure. This was evident by the construction of roads and bridges to connect these villages to Tanjung Manis which subsequently connect them to big town like Sibu.





*Tanjung Manis
Administrative Tower*



Along with these roads and bridges came power supply, treated pipe water and telecommunication infrastructure to these villages. Tanjung Manis telecommunication infrastructure was upgraded and is fully fiberised so that the local community could enjoy high speed internet including Unifi services provided by Telekom Malaysia to some parts of Tanjung Manis.

The development of Tanjung Manis also brings along other facilities such as fire station, post office, schools, sport and recreational facilities, Police station, clinic, airport, express terminal with upgraded pontoon and port for mutual benefits.

The 16-Storey Tanjung Manis Administrative Tower is poised to become a one-stop service centre for various government departments and agencies to cater for the needs of the public and business community.

Among the government departments and agencies that will be housed in this administrative tower are the District office, Royal Malaysian Customs Department, Malaysian Immigration Department, Malaysian Maritime Enforcement Agency, Sarawak Forestry Corporation and STIDC. Banks and post office will be available at the ground floor. The first floor is designated for a gallery to promote STIDC services and products available in Tanjung Manis.

Meanwhile, the second phase of the building will provide a banquet hall, an auditorium and a surau with a capacity of 1,200 people, 2,000 people and 500 worshippers respectively.

The One-Stop Service Centre will ease the hassle of travelling to Sibu, Mukah or Sarakei for business and official purposes.

With the emergence of Deep-Sea Fishing Industry in 2004, Shipbuilding & Repair Industry in 2007, Palm Oil Industry Cluster (POIC) in 2008 and Tanjung Manis Halal Hub in 2009, new infrastructure was developed to support the industries promoted in Tanjung Manis. More than RM3 billion was invested by the government thus far to develop the infrastructure including the upcoming water supply from Sibu. Although treated water is yet to be fully supplied to cater for the influx of investors, the progress of investment is overwhelming. To date, RM1.4 billion worth of investment poured into Tanjung Manis by 77 investors.

Another 5 potential investors showed keen interest to invest Rm716 million in halal food production area. The last 30 years saw tremendous achievement in terms of development in Tanjung Manis although much more can be done.

PUSAKA Capital Group (PCG) Among The Key Players In Making Tanjung Manis What It Is



Pineapple plantation in Tanjung Manis

The inception of PUSAKA Capital Group (PCG) was the brainchild of The Honourable Datuk Amar Haji Awang Tengah Ali Hasan. PCG was established in July 2013 as a Special Purpose Vehicle to implement the Reorganization and Rationalisation Exercise of Sarawak Timber Industry Development Corporation (STIDC).

As STIDC's investment arm, PCG is entrusted to spearhead the speedy development of Tanjung Manis with the main role of developing and commercializing industrial and economic activities in Tanjung Manis. Through its diversified business portfolio, PCG is prepared to boost the development of Tanjung Manis in support of the overall industrial growth in the central region of Sarawak as well as southern Sarawak Corridor of Renewable Energy (SCORE).

Since its inception, PCG has experienced tremendous growth over the years, diversifying into various commercial segments through its operating subsidiaries, from timber-related business to construction and property, agribusiness and logistics services in Tanjung Manis.

Through one of its operating subsidiaries in Oil & Gas related business, PCG has been entrusted by PETRONAS Dagangan Bhd to be the exclusive

distributor of its bitumen product throughout Sarawak. The company is currently operating from three terminals – IOT Kuching, PST Bintulu, and its own Liquid Bulk Petroleum Product Depot in Tanjung Manis.

Having to own and operate the depot with 12,000 tonnes storage capacity in Tanjung Manis and a fleet of 16 tanker trucks, this enables PCG to ensure sufficient petroleum product supply and also timely delivery of the products to customers in supporting the state's infrastructure development projects notably the Pan Borneo Highway.

PCG is entrusted with developing and managing 1,300 hectares of strategic land in Tanjung Manis exclusively for industrial, commercial, and housing developments. PCG supports key project development activities in Tanjung Manis, including facility management services and property maintenance activities.

In November 2016, PCG had completed 23 units of heavy duty flat-pack cabin accommodation for shortterm and long-term rental to cater for housing demands in Tanjung Manis. Having ready accommodation for workers at a project site can be a plus point to entice potential investors to Tanjung Manis.

PCG was directly involved in the construction and completion of the 200 units residential housing (Government quarters) on Phase 2 of part of Lot 577, Block 12, Buan Land District, Tanjung Manis. The project was officially handed over to Public Works Department, Sarawak on 27th May 2019.

Given the opportunity, PCG will continuously support and deliver Government-led housing development projects in Tanjung Manis as well as other related activities of road construction, civil and building works, and infrastructure works.

Tanjung Manis Palm Oil Bulking Facilities (POBF), which is the first palm-oil based industry in Tanjung Manis Palm Oil Industrial Cluster (POIC) was officially launched in 2017. PCG, through a joint-venture company, had initiated the facilities which shall act as a catalyst for the development of the palm oil industry specifically in Tanjung Manis.

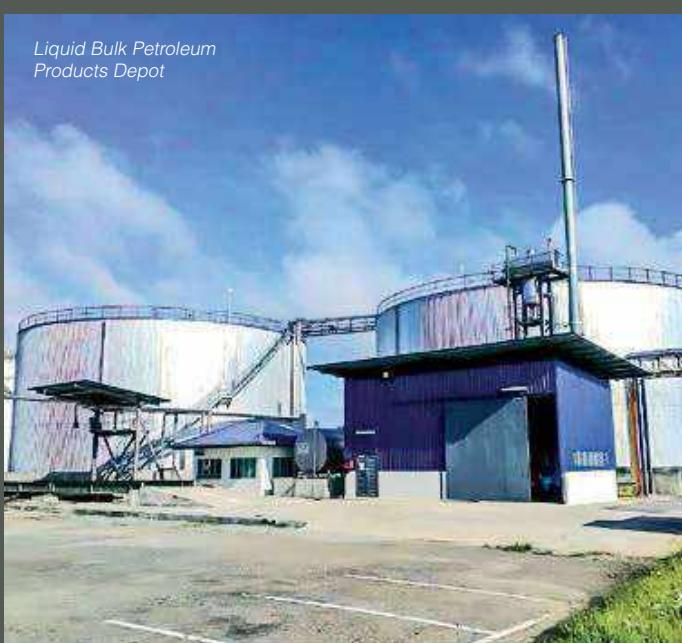
The main facilities of POBF are the 8 storage tanks with a maximum storage capacity of 32,000 metric tonnes. POBF is also equipped with other associated facilities such as oil bays, pump house, boiler room, administrative block etc.

The use of facilities is not confined to STIDC and its subsidiaries only, and with such capacities, it will be able to cater for other players in palm oil industry in Sarawak.

Tanjung Manis has been planned to be the catalyst of economic growth for the state's central region. As the entrusted facilitator in Tanjung Manis, PCG is hopeful for inclusive and sustainable developments by unlocking the land potentials, creating viable business opportunities and nurturing local talents in line with PCG's vision and mission to lead profitable ventures to generate socio-economic impact to Tanjung Manis.

In this regard, PCG has identified and strategized several short-term to mid-term business plans. PCG continues to strengthen its footprints in agribusiness sector in Tanjung Manis. PCG's maiden project involving 4,000 hectares which are designated for commercial and cash crop agriculture activities, has already taken off the ground. For PCG, it means a window of opportunity for Tanjung Manis to be selfsustenance and to an extent, acquire food security.

As the entrusted facilitator of development in Tanjung Manis, PCG shall continue to promote and support effective collaborations and sound inclusivity initiatives with the State Government, authorities and local population.



How The Development Of Tanjung Manis Benefits Local Communities And Industries



Encik Ismail Bin Kasah

Acting District Officer, Tanjung Manis

The development of Tanjung Manis Economic Growth Area (T-MEGA) was planned to be inclusive in nature. While planning and developing large-scale economic activities in

T-MEGA, the government was mindful of the needs of the local communities. Among others, activities like contract farming with big investors were planned for them. The investments that came in also provided employments to the local communities.

The good road connectivity particularly Tanjung Manis-Sibu road provides access to better medical services, banking services and education in Sibu. The availability of supermarkets and petrol station in Tanjung Manis also help ease the hassle of travelling to Sibu to obtain necessities. The local populace also enjoy the government services in

Tanjung Manis following the elevation of Tanjung Manis to a district status in 2017.

Plan is also in the pipeline to build the road to connect Paloh, Kedang and Stalon to Tanjung Manis besides providing them with water and electricity supply as well as telecommunication. The government through STIDC also plans to develop a shipbuilding industrial area in Paloh.

With the increase of population and industries in Tanjung Manis, the locals will benefit particularly in terms of business and employment opportunities apart from skill development programmes such as wood craftsmanship, entrepreneurship and many more.

Tanjung Manis is developing rapidly due to the dedication and farsightedness of its assemblyman and parliamentarian. Hopefully both of them will continue to represent us both at the state and federal levels in order to sustain and accelerate the development momentum of Tanjung Manis for mutual benefits.



Pemanca

Haji Morshidi Bin Moris



It never crossed our mind that Tanjung Manis and its surrounding area would be connected to other places. Through development, Tanjung Manis and its surrounding area are connected to other towns such as Sibu, Sarikei and Mukah. The development of Tanjung Manis is indeed beneficial to the local communities particularly in terms of infrastructure development such as roads, bridges, airport, telecommunication, electricity and water supply and many more.

The development of Tanjung Manis also generates multiplier effect particularly in terms of business and employment opportunities that help to boost the economy of the people.

To ensure that the local communities benefit further from the development of Tanjung Manis, it is hoped that the authorities would engage them to participate in Halal Hub projects as entrepreneurs particularly in livestock and butchering business.

This could be achieved by providing the local communities with land, soft financing and skills to start their business.



Penghulu Haji Rosli Haji Mat

The development of Tanjung Manis brings significant multiplier effect particularly in terms of infrastructure such as roads, bridges, airport and express wharf. These infrastructure developments are vital in connecting us

to other towns such as Sibu, Mukah, Sarikei and Kuching besides providing traveling options either by road, water or air and ensuring convenience. The infrastructure developments also help to boost the economy of the local populace.

Education is the key to success. It is, therefore, hoped that the government would pursue the development agenda for Tanjung Manis particularly in terms of education in order to prepare our new generation for the future. The establishment of Institut Kemahiran MARA, Polytechnic and Community College are necessary to meet the needs of the people and at the same time to mitigate rural-urban migration.

Apart from these, banks are also crucial to meet the needs of the business community as well as the local people. We hope that with the opening of Tanjung Manis Administrative Tower, banks will be available for the benefit of the people.



Penghulu Maoh Anak Bohom

Foremost and on behalf of Stalon community, I would like to thank the government particularly STIDC for developing Tanjung Manis and its surrounding area.

The development of Tanjung Manis and its surrounding area is indeed beneficial to the local communities particularly in terms of infrastructure and facilities such as roads, bridges, treated water and electricity. Many of us are either farmers or fishermen. The availability of roads and bridges enable us to sell our agricultural products and marine catch to the markets.

The presence of industries and commercial centres in Tanjung Manis also help to boost our economy in terms of employment and business opportunities.

We hope that the rapid development that is taking place in Tanjung Manis such as infrastructure, facilities, amenities and telecommunication will be extended to the rural areas including Stalon and Paloh to ensure that everyone enjoys the developments and at par with the urban communities.



Kapitan Goh Kun Tech

There is a great difference in terms of development in Tanjung Manis now compared with 30 years ago. When the development of Tanjung Manis started in 1990, Tanjung Manis was nothing more than a traditional fishing village with almost nothing.

After 30 years of the government's consistent efforts, Tanjung Manis is developed rapidly and provided with basic facilities, amenities, telecommunication and infrastructure such

as roads, bridges, commercial centres, housing, airport, schools and many more. The roads and bridges connect Tanjung Manis to other town such as Sibu. The Tanjung Manis Administrative Tower is also beneficial as it becomes a one-stop centre of the government services under one roof, thereby promises convenience to the people. There are also many industries in Tanjung Manis, providing employments to the local populace.

As we look to the future, we hope that the government will continue to intensify the development of Tanjung Manis by putting the development of more housings and new economic activities such as agriculture, aquaculture and livestock as top priority. It is also important to open up banks in Tanjung Manis to serve investors as well as the local people.



Encik Adha Bin Panglima

Manager of Tanjung Manis Airport

Tanjung Manis Airport plays important role in supporting the development of Tanjung Manis in terms of logistic and connectivity particularly for Kuching-Tanjung Manis-Kuching sector catering for the local people and surrounding areas such as Matu-Daro, Sibu and Sarikei. The airport is also essential for investors as well as the government and private sectors.

The Fourth Industrial Revolution focuses on speed and time management. In the past, the only mode of transportation to Tanjung Manis-Kuching-Tanjung Manis was by express boat with minimum travelling duration of four hours. Presently, it takes only 30 minutes to fly from Kuching to Tanjung Manis and vice versa. Apparently, Tanjung Manis Airport ensures convenience to travellers.

Good accessibility and connectivity will support and boost the development and economic activities of Tanjung Manis besides improving the living standard of the people and the surrounding areas.

Tanjung Manis Airport plays important role in enticing investors to Tanjung Manis to open up new area for investment and economic activities. Presently we are focussing on commercial passengers as well as import and export activities particularly aquaculture and agriculture products to other places.

Tanjung Manis has huge land that could be developed into a cargo hub terminal equipped with modern facilities before export to other country like what other airports do.

Tanjung Manis Airport provides good flight services particularly for the local people and solutions for private jets, helicopters, passenger airliners and cargo aircraft charters. We look forward to working with you to find the best solution based on your specific needs.

Now people can fly from Peninsular Malaysia or Kota Kinabalu to Sarawak via Kuching and take a 30-minute connecting flight to Tanjung Manis by Maswings instead of flying to Sibu and drive to Tanjung Manis which takes at least two hours. Tanjung Manis Airport is collaborating with Demak Travel Sdn Bhd, an International Air Transport Association (IATA) appointed travel agency, enabling us to sell air tickets for other airlines such as Malaysia Airlines, Air Asia, Malindo Airlines and Fire Fly. New packages are also in the pipeline for our local tourism products besides Umrah and Hajj which are available for the people of Tanjung Manis.

Other plans include the establishment of Tanjung Manis Aerodrome as a transit hub for maintenance, repair and operations (MRO) for other airline operators. Tanjung Manis Airport can also become a transit point for offshore helicopters.

We have developed a brand, design and reliable ground handling, passenger services, security services, fire rescue services, ramp handling services and flight operation services. Cargo handling services will be developed soon. Apparently, Tanjung Manis Airport has the potential to expand further.

The high impact industries in Tanjung Manis complement the Tanjung Manis Airport Business Aviation Terminal supported by future developments including a high-tech cargo complex, airport aviation park, airport free industrial zone and aviation technical services training centre.

Tanjung Manis Airport recorded 24,796 inbound passengers and 25,203 outbound passengers from 4,573 flights for the period of 2009-September 2021.



Mr. Tony Yu Yong Wei

Managing Director of
Hock Seng Lee Berhad

Our core business activities include ship maintenance and construction works. Good infrastructure particularly roads and bridges are crucial to facilitate and ensure smooth business operation.

Presently, we obtain spare parts and consumable items such as hydraulic jacks, oil, pumps, brakes, breakers, press, hoses, seal, jacks, anchor, chains and paint from Sibu. Good roads and bridges are, therefore, vital to avoid disruption of business operation.

In addition, there is also an urgent need to upgrade the internet services particularly Streamyx and Unifi in view that businesses rely very much on these services.

The Urban Transformation Centre (UTC) is also necessary so that business and other official transactions could be carried out in Tanjung Manis instead of in other towns. This is to ensure convenience and cost effectiveness.

Housing is another pertinent issue that must be addressed immediately in order to prepare Tanjung Manis for the influx of investors, workers and businessmen.

With the presence of these basic needs, I believe that investors, workers and businessmen are ready to invest as well as to work and to stay in Tanjung Manis. This will definitely stimulate the economy of Tanjung Manis and its people.

TMP - Gateway of Tanjung Manis

Tanjung Manis Economic Growth Area (T-MEGA) is one of the growth nodes under Sarawak Corridor of Renewable Energy (SCORE). The high impact industries identified and promoted under T-MEGA were wood-based industry, shipbuilding and maintenance industry, deep-sea fishing industry, palm oil industrial cluster, central oil distribution terminal, fishmeal processing and halal industry (agriculture, aquaculture, livestock and food processing).

Tanjung Manis Integrated Port Sendirian Berhad (TMP) was developed and upgraded to cater for these industries by handling the import and export of raw materials and finished products. TMP is also handling 99 percent of Sibu inland cargo.

TMP is the gateway of Tanjung Manis. The development of Tanjung Manis is poised to generate cargos from the hinterland. This will contribute to more cargo throughput to TMP.

The implementation of T-MEGA is crucial to support TMP because it will entice investors to set up factories and to boost import and export activities.

Towards that end, capital dredging of Muara Rajang is vital. According to Marine Department, the present draft of Muara

Rajang River is 4.1 metre during lowest tide. Because of this only feeder vessels with draft of 8 metres could call at TMP during high tide. Main-Line Operators (MLO) such as Evergreen, Wan Hai, STIC, etc with vessel draft of 9 metres and above could not call at TMP.



Mr. Ling Chu Ek

Managing Director of
Berjaya Dockyard Sibu Sendirian Berhad



Tanjung Manis is an ideal place for investment due to its strategic location. Its natural deep water is good for shipbuilding and maintenance. Berjaya Dockyard Sibu Sendirian Berhad chose Tanjung Manis due to the short distance between Tanjung Manis Port and our dockyard, thus ensuring cost effectiveness.

Tanjung Manis has the potential to become a prominent economic hub of the central region of Sarawak although there are rooms for improvement.

The upgrading of basic infrastructure such as roads, bridges, port, airport and telecommunication is necessary in order to facilitate and lure investors. More flight, speedboat and express boat frequencies to and from Tanjung Manis are vital to ensure better connectivity and convenience.

The enhancement of hospitality industry including hotels, lodgings, homestay, food and beverages services, event management, theme parks as well as travel and tourism services is equally important to woo investors and support the economy.

State-of-the-art medical facilities and services including modern hospitals and clinics supported by professional medical staff as well as helicopters and ambulances are crucial to serve the business community and the public.





Puan Jaimah Binti Arbi

Fertigation Project Manager of Kampung Jerijih Women Institute

Chili is unseasonal and has promising business potential due to high demand. Because of this, we initiated our chili fertigation project in 2020. Each week we harvest around 150 kilograms from our 2,000 chili plants.

The development of Tanjung Manis is undeniably beneficial to us. Presently, Tanjung Manis is connected by road, water, air and internet. These help to boost our business because we are able to promote and sell our products online and to other towns such as Kuching, Sibu and Sarakei.

Hospitality and food industries flourish with the development of Tanjung Manis. These industries support our business due to higher demand for chili.

We hope that the development momentum of Tanjung Manis will be sustained particularly in terms of new infrastructure and facilities in order to support the business community and to create employments and generate income for the people.



Puan Normala Binti Nasir

Chili Sauce Entrepreneur

I started my chili fertigation project and producing chili sauce early this year. Presently I have 200 chili plants to produce red and green chili sauce. My average chili sauce production is between two thousand and three thousand bottles per month to cater for local consumers.

I am glad to be able to produce local products and contribute to the economy. We are also fortunate that there are markets for us to run the business.

It is hoped that the government would continue to intensify the development of Tanjung Manis in order to complement and bring the business sectors to greater height. This is necessary in order to revive the economy post economic downturn due to COVID-19 pandemic.



Puan Jamilah Binti Abu Bakar

Personally, I am contented with the rapid pace of development of Tanjung Manis which has contributed to our economic growth. Tanjung Manis continues to entice the people including investors. The influx of people into Tanjung Manis is vital in supporting our business.

With good roads and markets, I can sell my products such as smoked shrimps and smoked fish. I can also sell my products online due to good internet connection.

It is hoped that the government would continue to support the business community of Tanjung Manis by marketing our products and providing assistance such as soft loan to boost our business.



Aerial view of Tanjung Manis

Conclusion

Tanjung Manis which was developed as Timber Processing Zone in 1990 is one of the growth nodes under Sarawak Corridor of Renewable Energy (SCORE) promoting niche industries such as shipbuilding, Palm Oil Industry Cluster (POIC), wood-based products, fishery and aquaculture as well as agriculture and halal food processing. It has the potential to be developed into an important food production area for agriculture, aquaculture and livestock to address food security issue in this region.

It is also the major export point for sago, timber products and coals. Being an important gateway in the central region of Sarawak it registered the export value of RM2.5 billion in 2020 and is poised to increase to RM3.5 billion by 2030. This

represents 20 - 30 percent of export earnings of Sarawak.

The government is focussing on Tanjung Manis due to its pull factors such as strategic location, huge land mass, natural deep-water port and availability of basic infrastructure, facilities and amenities. These could become the impetus for the development of other economic activities in order to boost revenue for the state.

Tanjung Manis will continue to become the magnet particularly for investors besides contributing to socio-economy of the people of Sarawak. Because of this, its population is poised to reach 30,000 people in 2030.





BAMBOO PROJECT





The State Government Is Encouraging Bamboo Planting To Complement Timber And To Generate Income

The State Government is encouraging bamboo planting to complement timber and to generate income. The global market value of bamboo accounted for US\$68.8 billion in 2019. Malaysia recorded RM9 million in export earnings from bamboo in 2020. The global market value of bamboo was projected at US\$98 billion by 2025.

Bamboo is fast-growing and matures in three to five years. It is a renewable source of raw materials and has a life cycle of 50 to 80 years. Bamboo is versatile and ideal for pulp and paper, furniture and construction. Bamboo planting protects the environment and prevents soil erosion besides rejuvenating degraded land and reducing carbon dioxide from atmosphere. It augurs well with the greening initiatives.

STIDC was entrusted to spearhead the bamboo industry of Sarawak since 2017. Bamboo industry is important to the socio-economy of Sarawak because it attracts investors and creates business as well as employment opportunities.

STIDC formulated the Bamboo Industry Development Masterplan in 2019 with emphasis on resource management, market development, technology adoption & commercialization, research & development, sustainable environment, capacity building, corporate social responsibility as well as policy and institutional strengthening. This was followed by the formation of Sarawak Bamboo Industry

Development Steering Committee (SaBID) and Sarawak Bamboo Industry Development Technical Committee (SaBIDTeC). To ensure the success of this plan, the State will formulate new policies on bamboo to promote planting and processing as well as to ensure sustainable raw materials.

The Masterplan is in consonance with the National Bamboo Industry Development Action Plan 2021-2030 to boost the exports of bamboo and bamboo-based products. Under the 12th Malaysia Plan (2021-2025), the government through the Malaysian Timber Industry Board is also encouraging bamboo community farming by providing soft loans for bamboo cultivation under the Forest Plantation Development Programme (PPLH).

By 2030, Sarawak aims to have various bamboo-based industries to produce charcoal, pharmaceutical, cosmetic, textile, pulp and paper, food, handicraft and engineered bamboo products such as bamboo ply, strand woven bamboo and glued-laminated-bamboo. Sarawak also aims to plant at least 20,000 hectares of bamboo for industrial purposes to generate RM200 million in export earnings by 2030 apart from creating 5,000 employments with household income of RM36 million per year.

Looking at the current global bamboo market demand and the projected compound annual growth rate of five percent for 2030 and beyond, the prospect of bamboo industry is promising.

Huge Potential for Bamboo Industry In Sarawak



Bamboo is a resourceful plant and becomes an alternative source of raw materials to complement timber. The global bamboo market accounted for USD68.8 billion in 2019. The bamboo export market share of Malaysia, however, was merely RM9 million in 2020.

Bamboo planting is vital to the socio-economy of Sarawak. Bamboo culms are used as construction materials and bridges, while bamboo handicrafts contribute to additional income for rural people. Bamboo shoot is a source of food. The wideranging uses of bamboo create employment opportunities and at the same time boost income.

Bamboo is fast growing. It matures in three to five years. It is also easy to plant and to maintain. Bamboo has long life cycle of 50 to 80 years. It is a renewable source of raw materials. Bamboo planting, therefore, should be promoted.

Bamboo planting is beneficial to the environment as buffer zones in preventing soil erosion. In addition, the semideciduous nature of bamboo helps to rejuvenate degraded and marginal land by increasing the biomass. It also helps in reducing atmospheric carbon dioxide.

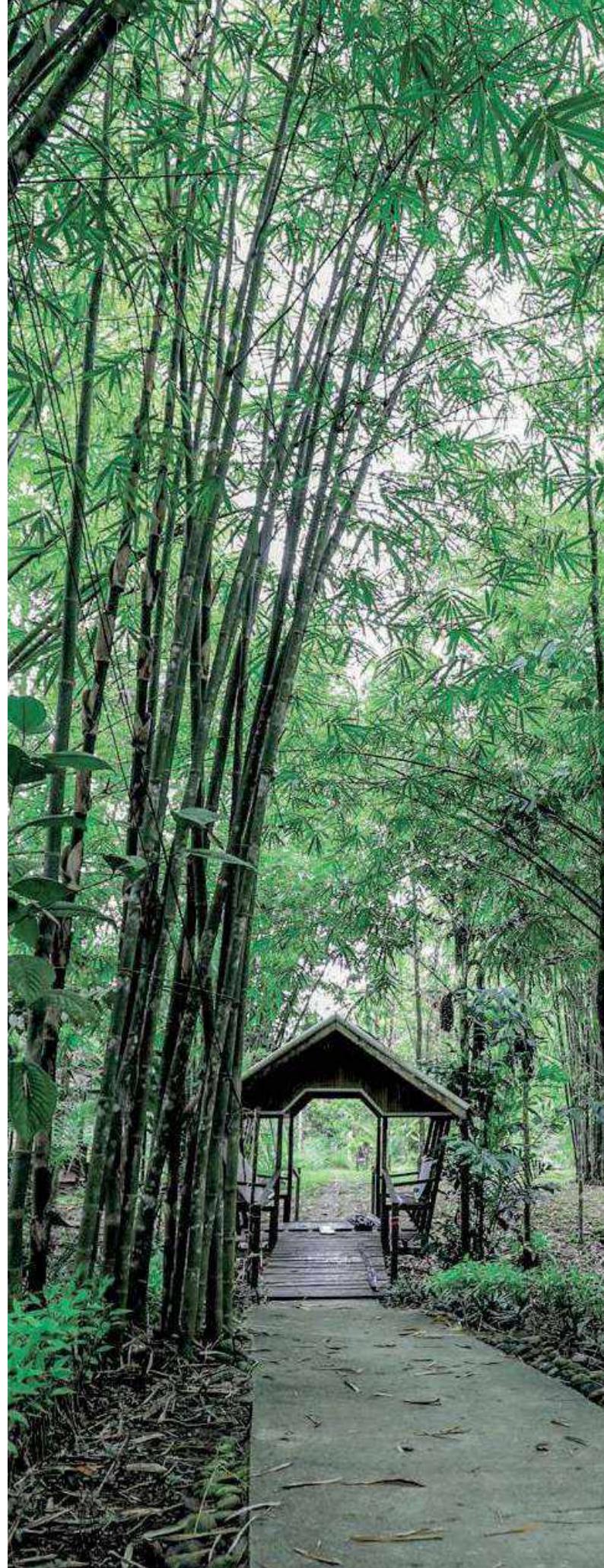
The climate and fertile soil of Sarawak make it an ideal place for tropical industrial bamboo planting. Because of this STIDC was entrusted by the State government to spearhead the bamboo industry of Sarawak.

The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Premier of Sarawak, Second Minister of Natural Resources and Urban Development, Minister of International Trade, Industry and Investment and Chairman of STIDC Board of Management said, the Bamboo Industry Development Masterplan was initiated by STIDC in 2019 with eight strategy directions namely Resource Management, Market Development, Technology Adoption and Commercialization, Research and Development, Sustainable Environment, Capacity Building, Corporate Social Responsibility and Policy and Institutional Strengthening.

He highlighted that the masterplan led to the formation of the State Steering Committee (SaBID) and the Technical Committee (SaBIDTeC) adding that the state government plans to review the laws and to develop new policies to promote bamboo as sustainable and renewable source of raw materials.

“Bamboo is important to complement timber. It can also create new bamboo-based industry. By 2030, Sarawak aspires to have at least six bamboo-based industries such as engineered bamboo, bamboo charcoal, bio-char, pharmaceutical and cosmetic, bamboo textile, bamboo pulp and paper, bamboo food and bamboo handicraft. We aim to plant at least 10,000 hectares of bamboo by 2027 in order to generate RM200 million in export earnings by 2030. The State government plans to plant bamboo for industrial purposes in order to boost community income per capita. These initiatives are poised to create around 1,500 employment opportunities with the household income of RM36 million annually. This project augurs well with the national greening initiatives through carbon trading storage area. The global bamboo market size is projected to reach USD98.3 billion by 2025. Other countries such as China, India and Ethiopia will continue to influence the market demand and supply scenario”, he said.

“Looking at the current global bamboo market scenario and the compound annual growth rate of five percent for the year 2030 and beyond, the prospect of bamboo business is promising. There is immense bamboo business opportunity to be tapped in order to generate revenue to the state”, the Deputy Premier said.



Bamboo plantation in Sarawak

Ensuring Sustainable Income Through Bamboo Industry

The Honourable Datu Haji Len Talif Salleh

Assistant Minister for Urban Planning, Land Administration and Environment
STIDC Board of Management
N41 Kuala Rajang Assemblyman



Sarawak Bamboo Industry Development Steering Committee (SaBID) aims to develop a progressive, productive, dynamic and sustainable bamboo industry of Sarawak in order to create employment opportunities for the people and to ensure sustainable source of income.

In tandem with this SaBID aspires to transform this industry through various initiatives such as pursuing research and development on the potential of the local bamboo species and those of other countries; promoting innovation in the production of bamboo products to cater for both domestic and foreign markets; promoting bamboo for construction industry, interior and exterior decoration and household applications and collaborating with strategic partners to increase research capacity, expand production scale, invest in modern technology to enhance competitiveness, diversify products and to ensure cost-effectiveness.

The Honourable Datu Haji Len Talif Salleh, Chairman of SaBID said, the Sarawak Bamboo Industry Development Masterplan 2020-2030 was formulated to help SaBID ensuring a resilient bamboo industry of Sarawak. He disclosed that the masterplan has eight strategic directions namely Resource Management, Market Development, Technology Adoption and Commercialization, Research and Development, Sustainable Environment, Capacity Building, Corporate Social Responsibility and Policy and Institutional Strengthening. He is the Assistant Minister of Urban Planning, Land Administration and Environment as well as Kuala Rajang Assemblyman and a member of STIDC Board of Management.

The strategic directions pave the way for SaBID to

develop commercial bamboo plantation through collaboration with the Licensed Planted Forest and Native Customary Right Land owners to establish at least 10,000 hectares of bamboo plantation besides creating the bamboo community and small holders by developing at least 200 bamboo community projects and 2,000 hectares of bamboo plantations statewide.

“Malaysia recorded RM9 million in export earnings from bamboo in 2020. The global export earnings from bamboo was USD69 billion in 2019. The potential of bamboo in Sarawak agribusiness can be diversified into bamboo-based products such as engineered bamboo, bamboo charcoal, biochar, cosmetic, pharmaceutical, pulp and paper and textile. Bamboo complements timber to produce engineered products such as furniture, flooring, trusses, beams and many more”, he said.

“STIDC plans to establish the bamboo nursery in Tanjung Manis with the production capacity of 500,000 seedlings per year. This is an opportunity for my constituents to be part of the bamboo industry as employers, farmers and SMEs. Bamboo shoots, bamboo charcoal, bio-char and handicraft industry can be developed in the village and bamboo culm can be supplied to the industry in Tanjung Manis. In addition, bamboo also helps to protect the environment by mitigating soil erosion. Bamboo plays important roles in protecting our planet from pollution and improving the soil due to its rapid growth. Bamboo can be used as biofuel, food, and for architecture and construction applications and plays vital role in the local economy by creating job opportunities to the people in my constituency when the bamboo project materialised”, he added.

Aim To Be The Best In Bamboo R&D

Dato Dr. Jamil Hamali, Rector of Universiti Teknologi MARA (UiTM) explained that research focuses on what need to be done and getting things done precisely. It leads to innovation and creativity particularly the existing processes to produce new products and developments. It ensures the three Es of business operation such as effectiveness, efficiency and economy. Innovation and creativity are crucial to develop new value-added bamboo products and patent. Among the aspects of bamboo research to explore are planting technique, preservation, home design and many more. Every part of the bamboo is useful and valuable. Bamboo research is, therefore, vital to ensure development of new products. Research warrants a clear vision and mission. Mutual understanding between implementers and financiers is also important to realise research ideas and aspirations.

As far as Sarawak is concerned, Dato Dr. Jamil said, it should focus on upstream activities such as bamboo plantation, silviculture, tissue culture besides identifying suitable fertilizers, soil fertility and many more. It is also necessary to explore the uses of bamboo for food, construction, pharmaceutical products as well as animals feed by engaging the communities and creating the animal feed industries to support the poultry business and to sustain the bamboo industry. Bamboo can be an alternative because animal feed is expensive.

He hoped that UiTM and STIDC would pursue collaboration to bring the bamboo industry of Sarawak to greater height by diversifying and promoting bamboo value-added products such as furniture, bamboo extracts, medicines, food, animal feed, textiles, handicraft, construction materials and many more for international markets. This could create business and employment opportunities besides alleviating poverty. Collaboration with local scientists is also necessary to study the contents of paracetamol and to explore the possibility of using bamboo as one of the contents in order to develop our own pharmaceutical products and industries.

He suggested a study visit to a bamboo garden in Jakarta to learn how to use every part of the bamboo. Similar visit can also be organised to Universitas Mulawarman in Samarinda City, East Kalimantan who owns a Bamboo Forest Villa with bamboo species from other parts of the world in order to sign MoU and learn from them how to commercialise our bamboo value-added products.

“We are still in the early stage and, therefore, need to pay serious attention to bamboo particularly in terms of research and development. When I assumed the post of a rector for UiTM Sarawak 15 years ago, we proposed the Diploma programme in bamboo technology. The proposal, however, did not materialise due to negative views on the prospect

Dato Dr. Jamil Hamali

Rector of Universiti Teknologi MARA (UiTM)



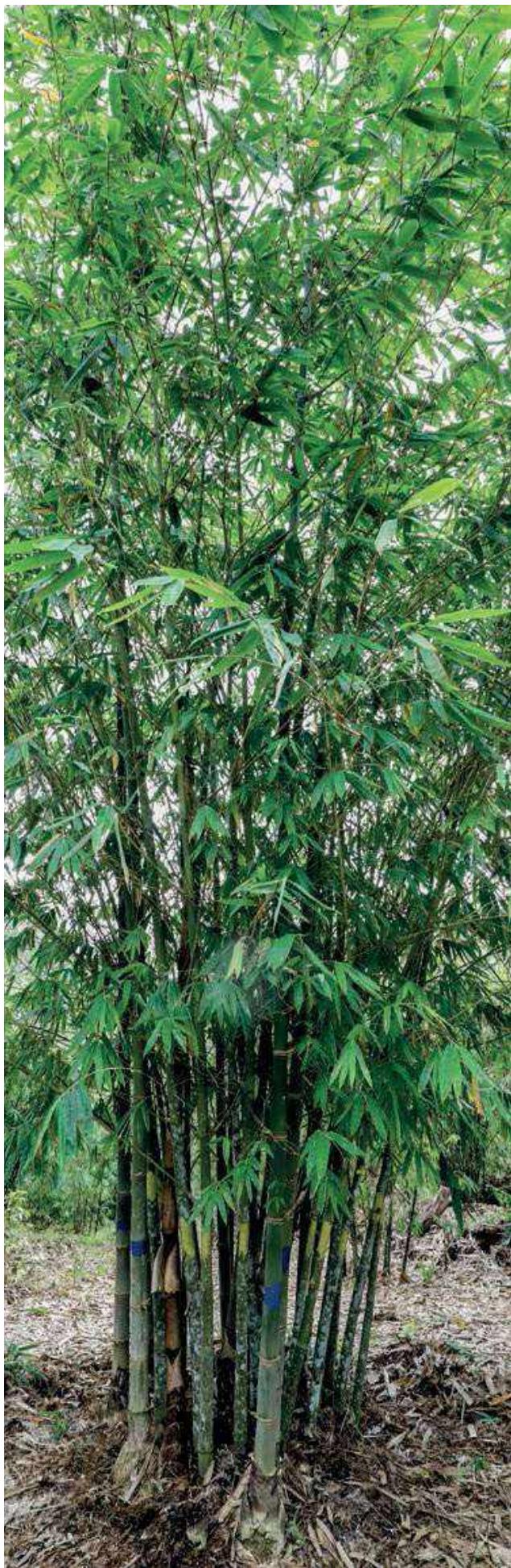
of this programme. Surprisingly, after 15 years, we are paying attention to bamboo and talk about bamboo research. Now we should leverage on the expertise in the local universities such as Universiti Malaysia Sarawak (UNIMAS) and UiTM to develop bamboo technology and human capital. UiTM Sarawak has various faculties related to bamboo including faculty of plantation and agro technology, faculty of chemical engineering and faculty of applied science. STIDC could collaborate with UiTM by providing fund to undertake research in bio charcoal and many more. Faculty of chemical engineering, faculty of applied science, faculty of architecture planning and surveying are also available in Sarawak to help develop engineered bamboo products. We can also collaborate with other campuses to help in bamboo research. For pharmaceutical and cosmetics, we can engage the faculty of applied science, faculty of halal, business faculty and many more”, Dato Dr. Jamil said.

He emphasised that professional bamboo R&D is necessary by focusing on bamboo products development instead of doing what others are doing. Blue ocean strategies are, therefore, necessary to diversify and commercialise of our bamboo products besides ensuring that we are the only one having a particular technology.

To ensure effective bamboo research and development, he said that there must be clear vision, mission, priorities and strategies besides the need to identify, empower and commission a pool of bamboo experts to undertake research.

Towards that end, he said there is a need to form the bamboo association in Sarawak. One of the major tasks of this association is to organise the annual bamboo conference to provide a platform for networking and to share the bamboo research findings in order to bring the bamboo industry of Sarawak to greater height.

“I hope to see the bamboo research initiatives producing the desired results like other research initiatives in Malaysia and in other countries. We need to meet the requirements including the investments and resources required to set up a research entity. Towards that end, there is a need to set our priority by focussing on both the short-term and the long-term goals that could generate income to the state and to the rural people by creating business and employment opportunities. At the same time, we must have the aspiration and dream the impossible dreams by thinking that the best bamboo R&D in the world is in Sarawak. I believe it can be done because we have the scientists, expertise and the passion”, Dato Dr. Jamil said.



Sabal Bamboo Pilot Project

Bamboo is versatile and good for food, construction, furniture, handicraft, cosmetic, textile, pharmaceutical, eco-tourism and many other industries. It is also vital in protecting the environment.

In 2016, STIDC was tasked by the state government to spearhead the development of bamboo industry. Concerted efforts were made to promote bamboo as an alternative and sustainable source of raw materials to complement timber and to generate revenue.

The Sarawak Bamboo Industry Development Masterplan was approved in April 2019. This was followed by the formulation of Sarawak Bamboo Industry Development Steering Committee (SaBID) and Sarawak Bamboo Industry Development Technical Committee (SaBIDTeC) in November 2019.

Sabal Bamboo Pilot Project was developed at Block 8406B, Sabal Forest Reserve. The 25 hectares project has 29 plots planted with 14 bamboo species namely *Bambusa nana* (Silk Thai, Nana), *Bambusa beecheyana* (Buluh Beecheyana), *Bambusa vulgaris* (Buluh Minyak / Buluh Gading / Aur Beting), *Dendrocalamus asper* "Green" (Buluh Betung), *Dendrocalamus latiflorus* (Buluh Ma), *Dendrocalamus asper* (Buluh Betung), *Guadua angustifolia* (Buluh Guadua, Columbian Giant Thorny), *Gigantochloa atter* (Buluh Pring), *Dendrocalamus asper* "Black" (Buluh Betung Hitam), *Bambusa vulgaris* 'Vittata' (Painted Bamboo), *Gigantochloa scorchedinii* (Buluh Semantan/ Buluh Galah), *Gigantochloa levis* (Buluh Beting), *Bambusa burmanica* (Buluh Thai) and *Gigantochloa atter* "Yogja" (Buluh Pring).

The project focused on research besides the development of nursery, trial plots, bambusetum and eco-tourism.

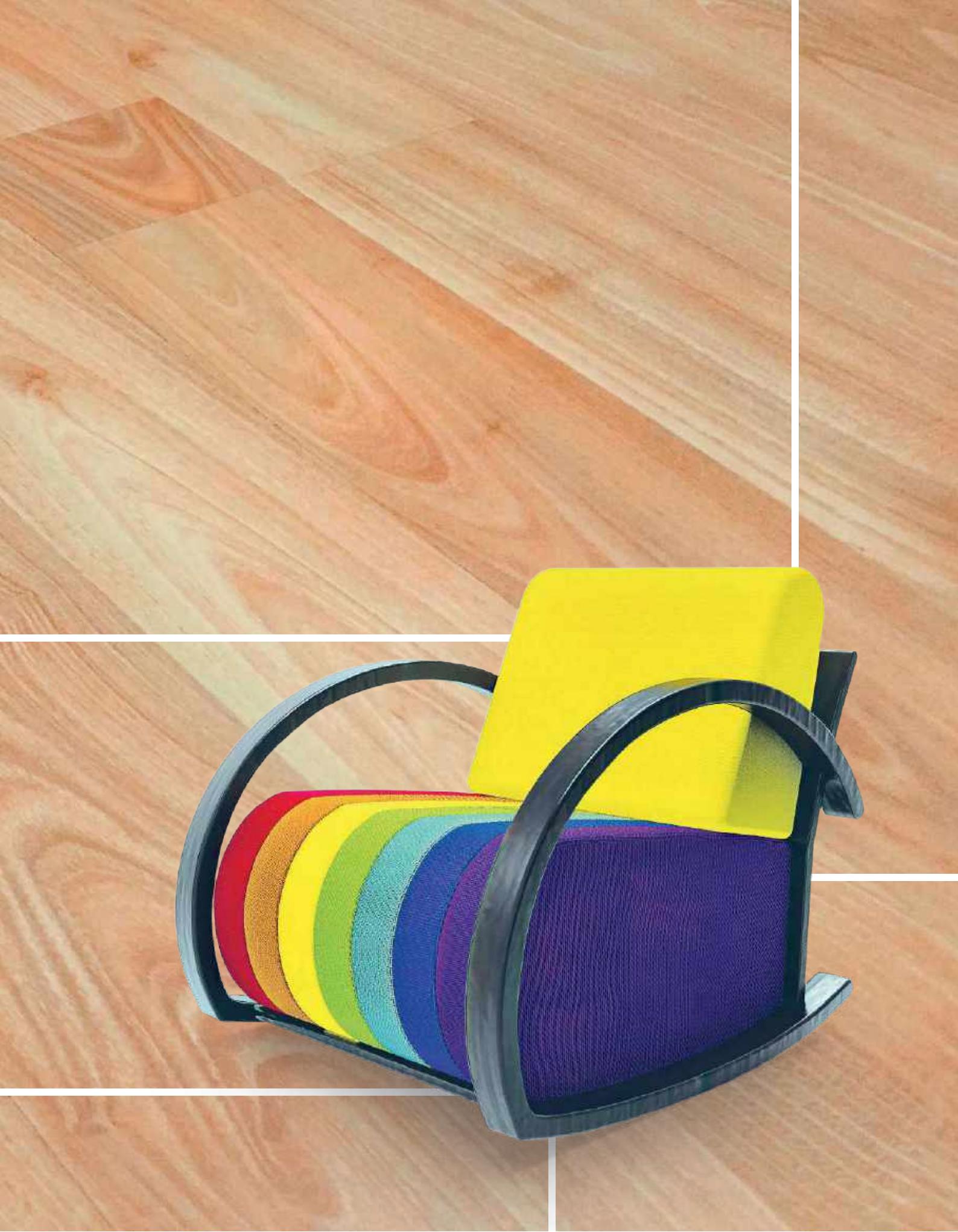
The four-pronged objectives of the project are to ensure sustainable supply of good bamboo, to develop a model for future bamboo plantation which is technically and commercially viable, to facilitate bamboo farmers in terms of silviculture and to explore the business potential of bamboo industry in Sarawak.

This project is poised to produce 45,000 bamboo seedlings annually for commercial purposes. It augured well with the aspiration to produce one million bamboo seedlings by 2027 to cater for the needs of the industry players in Sarawak.



SayD'Signers

SARAWAK





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

SayD'SignersSarawak To Accelerate Growth Of Furniture Industry

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

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



Ryan Maitaeus.4k August@Sia



Royerson Bin Thomas

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

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

The Sarawak Young Designers Training Programme was developed and implemented by STIDC in collaboration with Universiti Malaysia Sarawak (UNIMAS) and FSRD since 2018. The programme aimed to train fresh graduates to ensure a readily pool of furniture designers to serve the furniture industry of Sarawak. This augurs well with the aspiration to propel the growth of furniture industry and to generate RM6 billion worth of value-added products particularly furniture by 2030.



Rechita Nain Anak Lugo



Maima Binti Mali



Mastia Anak Changgai



Jessica Tan Siew Ling



Arifin Bin Mohamad Said

POPO

by

ARIFIN BIN MOHAMMAD SIDEK



TÀNGLÀNG

by

JESSICA TAN SIEW LING



KEPANG

by

MALHA BINTI MAIL



PECKERY

by

MASTIA ANAK CHANGGAI



BILOG

by

NUR FATIN ASYIKIN BINTI MOHD ANURA



BALLERINA

by

RECELLA NAIN ANAK LUAT



SPLIT

by

ROYRESON BIN THOMAS



MERAK

by

SITI NURHASYIKEN BINTI MOHD SABRI



KiTA

by

RYAN MATTHAEUS ANAK AUGUST





SayD'Signers S A R A W A K

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

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

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

Arifin Sidek Finds Inspiration All Around Him

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

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

In essence, Popo Chair offers full comfort for both

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

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

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





Ryan And His KiTA Mushroom Chair

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

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

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

connection with nature, while its contemporary design allows it to blend well in today's homes and be functional at the same time.

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

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





2021 ACTIVITIES

POLI.design, STIDC Signed MoU On Research & Design

POLI.design, Milan and STIDC signed a Memorandum of Understanding (MoU) to explore potential areas for research and design. The virtual signing ceremony was witnessed by the Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management, The Honourable Datuk Amar Haji Awang Tengah Ali Hasan. The MoU was signed by Professor Francesco Zurlo, Chairman of POLI.design and Tuan Haji Hashim Haji Bojet, General Manager of STIDC.

The MoU paved the way for STIDC to intensify engagement and collaboration with international research institutions particularly POLI.design to bring the local wood-based industry to new height.

It also aimed to groom young furniture designers of Sarawak besides promoting the local brand particularly in Italy and Europe.

Sarawak Young Designers (SayD'SignersSarawak) training programme was developed and implemented by STIDC in collaboration with Universiti Malaysia Sarawak (UNIMAS) and Design and Fine Arts Faculty (FSRD), Institute Teknologi Bandung (ITB) since 2018 through the signing of MoU and Memorandum of Agreement (MoA).

The two-year training programme includes industrial training with the local furniture companies in Sarawak and followed by an internship at FSRD.

This programme aims to groom fresh graduates in furniture designing and to prepare them to serve the furniture industry of Sarawak.



Professor Francesco Zurlo (right) showing the signed MoU to his Sarawakian counterparts (above).

It is hoped that this training programme would give the young furniture designers of Sarawak greater international exposure besides deepening their knowledge on furniture designing.

Sarawak has more than 2,000 wood species waiting to be fully explored and researched for producing exotic and luxurious furniture.

Sarawak is poised to establish a material lab using the data and information collected and verified through this research and development initiative.

In 2020, Sarawak earned RM1.2 million from the export of secondary products such as plywood to Europe. This represented less than one percent of the total export earnings of Sarawak.

Hopefully this collaboration will boost the market share in Europe particularly furniture.



Deputy Chief Minister of Sarawak (centre) witnessing the virtual MoU signing ceremony between Tuan Haji Hashim (second right) and Professor Francesco Zurlo, while the other VIPs look on.

Chief Minister of Sarawak (centre) witnessing the exchange of MoU between Professor John Wilson (second right) and Tuan Haji Hashim (second left).



Swinburne, STIDC To Pursue Research On Bamboo

The Right Honourable Datuk Patinggi Abang Abdul Rahman Johari bin Al-Marhum Tun Abang Haji Openg, Chief Minister of Sarawak witnessed the exchange of Memorandum of Understanding (MoU) between Swinburne Sarawak and STIDC in conjunction with Swinburne Sarawak 20th Anniversary.

The MoU aimed to pursue research to use bamboo as construction material.

Concerted efforts were made by STIDC to promote the use of bamboo as another source of raw material for downstream activities particularly in the construction sector.

Request to pursue the potential of Sarawak cultivated bamboo as cost-effective and lightweight building material was made by Swinburne Sarawak and STIDC to the Sarawak Research and Development Council (SRDC).

The MoU was signed by Professor John Wilson, Deputy Vice-Chancellor and Chief Executive Officer of Swinburne Sarawak and Tuan Haji Hashim Haji Bojet, General Manager of STIDC.



The Honourable Datuk Haji Naroden (second right) and other VIPs posing in front of the new tanker truck.

PUSAKA Capital Group Secured 16th Tanker Truck

PUSAKA Capital Group secured its 16th tanker truck in a soft ceremony held at Kuching Port Authority, Pending Terminal. The key of the tanker truck was handed over by representative from Sino Truck Commercial Vehicles (M) Sendirian Berhad, Mr. Goh Kee Seng to Chairman of PUSAKA Capital Sendirian Berhad, The Honourable Datuk Haji Mohd Naroden Bin Haji Majais, who is also the Assistant Minister of International Trade and Industry, Industry Terminal & Entrepreneur Development.

Speaking at the ceremony, The Honorable Datuk Haji Naroden pointed out that being appointed as the distributor of Petronas Bitumen in Sarawak since 2017, PUSAKA Capital Group has invested in tanker trucks to support its operations in distributing bitumen product to its customers throughout Sarawak. Currently the company is operating from three terminals – IOT Kuching, PST Bintulu and its own bitumen depot in Tanjung Manis which holds the biggest bitumen storage in Sarawak. The latest addition of its fleet, the 16th tanker truck will enable the company to ensure not only sufficient bitumen supply but also timely delivery of the products to the customers in supporting the state infrastructure development projects. PUSAKA Capital Group

is also involved in supplying diesel and lubricant besides bitumen.

The Honourable Datuk Haji Naroden highlighted that PUSAKA Capital Group, through its operating subsidiary, PUSAKA Pratama Sendirian Berhad was recently recognised by Petronas Dagangan Berhad (PDB) as one of its top-performing distributors of bitumen in Sarawak. At the recent PDB Commercial Channel Partner Summit 2021 held on 25th February 2021, PDB has awarded PUSAKA Pratama Sendirian Berhad as the champion for Bitumen category and first runner-up for the overall national level category. He said that although 2020 was a challenging year due to COVID-19 and economic uncertainty, it is a great achievement and a proud moment for the Group as a government-linked company and the state.

PUSAKA Capital Sendirian Berhad, a wholly-owned subsidiary of Sarawak Timber Industry Development Corporation, was established in 2014. As an investment arm of STIDC, PUSAKA Capital Group involves in diverse business activities such as realty and construction, palm oilrelated business, timber-related business, logistics & services, as well as food and agriculture-related business.

The ceremony was also attended by Dato Awang Bemee bin Haji Pengiran Ali Basah, Chairman of Kuching Port Authority and Director of PUSAKA Capital Sendirian Berhad, other directors, management and staff of PUSAKA Capital Group and representatives of Sino Truck Malaysia.

STIDC Launched OACP 2021-2025

The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister of Sarawak, Minister Of International Trade, Industry and Investment, Minister Of Urban Development & Natural Resources II and Chairman of STIDC launched the Organisational Anti-Corruption Plan (OACP) 2021-2025.

The development of OACP is one of the mandatory initiatives under the National Anti-Corruption Plan (NACP) to strengthen the effectiveness of public service delivery.

OACP is an internal control measure to ensure that resources of an organisation are consented, monitored and accounted for. It also aims to minimise bureaucracy besides preventing corruption, power abuse and embezzlement.

OACP ensures that the anti-corruption activities are implemented and monitored effectively and systematically.

Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) introduces corporate liability on commercial organisations in Malaysia. It enables commercial organisations and associated persons to be subjected to legal proceedings should the person associated with the commercial organisation commits corruption offences.

Section 17A of the MACC Act 2009 governs the offence of corruption committed by a commercial organisation. Accordingly, where an offence is committed by a commercial organisation, the commercial organisation's director, controller, officer, partner or any member in the management of the commercial organisation's affairs will be deemed to have committed the offence, unless it can be proven that the offence was committed without the person's consent and that due diligence to prevent the commission of the offence was exercised.

The launching of OACP by STIDC was timely in addressing corruption, governance and integrity.

Integrity is one of STIDC's Strategic Planning initiatives under the process and service excellence theme. It was also extended to STIDC subsidiaries to inculcate integrity culture among the workforce.

OACP 2021-2025 Workshop was conducted for STIDC management members and subsidiaries in response to the state government aspiration to ensure that all the government agencies formulate their respective OACP.

The Honourable Datuk Amar Haji Awang Tengah (third right) showing the OACP 2021-2025 while the other VIPs look on.



Regulations, Guidelines In Place To Facilitate Timber Imports

In the efforts to strengthen the wood-based sector of Sarawak and to add value to forest resources, the state government is encouraging the development of new industries to produce furniture and engineered wood products. This is to ensure optimum utilisation of raw materials particularly from planted forests and to generate income for the state.

To meet the demand for raw materials, the government allows importation of timber from other countries. In 2020, 1,495,600 cubic metres of timber import quota were approved for 27 local companies. This led to steady growth in timber imports by 69 percent from January to September 2020 at 195,293 cubic metres compared with 115,689 cubic metres during the corresponding period in 2019. Australia contributed 152,886 cubic metres or 78 percent of the total export to Sarawak.

Regulations and guidelines are in place to facilitate timber imports. Sarawak Timber Industry Development Corporation (STIDC) plays its roles by collaborating with the Royal Malaysian Customs Department (RMCD) and the Department of Agriculture (DOA) to ensure that importers adhere the regulations and guidelines.

The state government also protects the agricultural sector due to its economic significance. This sector has an estimated area of 55,192 hectares and annual production of 104,838 metric tonnes. The state government through STIDC, RMCD and DOA is ensuring that the timber is imported orderly and the agricultural sector protected against pests and diseases for mutual benefits.

The following are regulations and guidelines of the said agencies related to timber imports:



Department of Agriculture:

1. Plant Quarantine Act, 1976 (No. 167) ;
2. Plant Quarantine Regulations 1981;
3. International Standard for Phytosanitary Measures 15 (ISPM 15), Regulation of Wood Packaging Material in International Trade;
4. International Standard for Phytosanitary Measures 23 (ISPM 23), Guidelines for Inspection;
5. International Standard for Phytosanitary Measures 24 (ISPM 24), Guidelines for the Determination and Recognition of Equivalence of Phytosanitary Measures;
6. International Standard for Phytosanitary Measures 43 (ISPM 43), Requirements for the use of fumigation as a phytosanitary measure;
7. International Standard for Phytosanitary Measures 13 (ISPM 13), Guidelines for the notification of non-compliance and emergency action;
8. International Standard for Phytosanitary Measures

9 (ISPM 9), Guidelines for pest eradication programmes; and

9. International Standard for Phytosanitary Measures 17 (ISPM 17), Pest Reporting.

Sarawak Timber Industry Development Corporation:

10. The Sarawak Timber Industry Development Corporation Ordinance, 1973 (Ord. No. 3 of 1973);
11. Certificate of Registration, Conditions and Restrictions, 12th Amendment; and
12. Policy Statements, Dasar Pengimportan Balak ke Sarawak.

Royal Malaysian Customs Department:

13. Customs Act 1967 [Act 235];
14. Customs (Prohibition Of Imports) Order 2017; and
15. Customs (Prohibition Of Imports) (Amendment) (No.2) Order 2019.



Sarawak To Plant 35 Million Trees



Datu Haji Hashim Haji Bojet, General Manager of STIDC (second left) briefing the Chief Minister of Sarawak (third left) on the wooden and bamboo products displayed at the exhibition booth in conjunction with the International Forestry Day 2021.

STIDC participated in the International Day of Forests 2021 with the theme 'Forest Restoration: A Path To Recovery Well-Being'. The auspicious event was graced by The Right Honourable Datuk Patinggi Tan Sri (Dr) Abang Abdul Rahman Johari bin Tun Abang Haji Openg, Chief Minister of Sarawak.

The restoration and sustainable management of forests help address the climate-change and biodiversity crises. It also produces goods and services for sustainable development, fostering an economic activity that creates jobs and improves lives.

Forest restoration programme was launched in Sarawak in June 2019. Under the 12th Malaysia Plan (2021-2025), RM62 million was allocated by the state government to implement the programme including enrichment planting by Industrial Forest Plantation (IFP) licence holders.

This year's state-level International Day of Forests culminated in the planting of 1,080 trees in the vicinity

of Taman Tasik Bukit Siol. It augured well with Malaysia Greening initiative to plant 100 million trees nationwide.

Sarawak aspires to plant 35 million trees in five years. More than 13 million trees were planted as at 25 March 2021.

The Chief Minister was optimistic that the greening initiatives of Sarawak would have multiplier effects through forest and environmental conservation.

"Sarawak aims to achieve a developed state status by 2030. In consonance with this, we strive to ensure a balanced development by protecting our environment," he said.

This year's state-level International Day of Forests was jointly organised by the Forest Department of Sarawak, Kuching North City Hall, Sarawak Biodiversity Centre, Sarawak Timber Association, Sarawak Forestry Corporation, Sarawak Planted Forest, Harwood Timber Sendirian Berhad and STIDC.

RM500 Million Allocated To Develop Industrial Forest Plantations

RM500 million was allocated by the government under the 12th Malaysia Plan (2021-2025) to develop medium to large-scale Industrial Forest Plantations (IFP). The allocation was disclosed by The Honourable Datuk Willie Mongin, Deputy Minister of Plantation Industries and Commodities in conjunction with his official visit to STIDC on 7 April 2021.

The visit aimed to strengthen co-operation between the Ministry of Plantation Industries and Commodities and STIDC towards intensifying IFP projects in Sarawak.

Datuk Willie encouraged STIDC to promote this programme as well as the loans to assist industry players going through the challenges posed by the incessant COVID-19 pandemic.

According to him, community farming was also approved under the 12th Malaysia Plan focusing on the bottom 40-percent income (B40) group to cultivate forest plantations not exceeding four hectares adding that the government would provide the incentive of RM1,500.00 per hectare as well as seedlings and fertilisers.

He highlighted that an anchor company or agency was necessary to co-ordinate the forest plantation projects and to ensure a ready market to purchase the timber products.

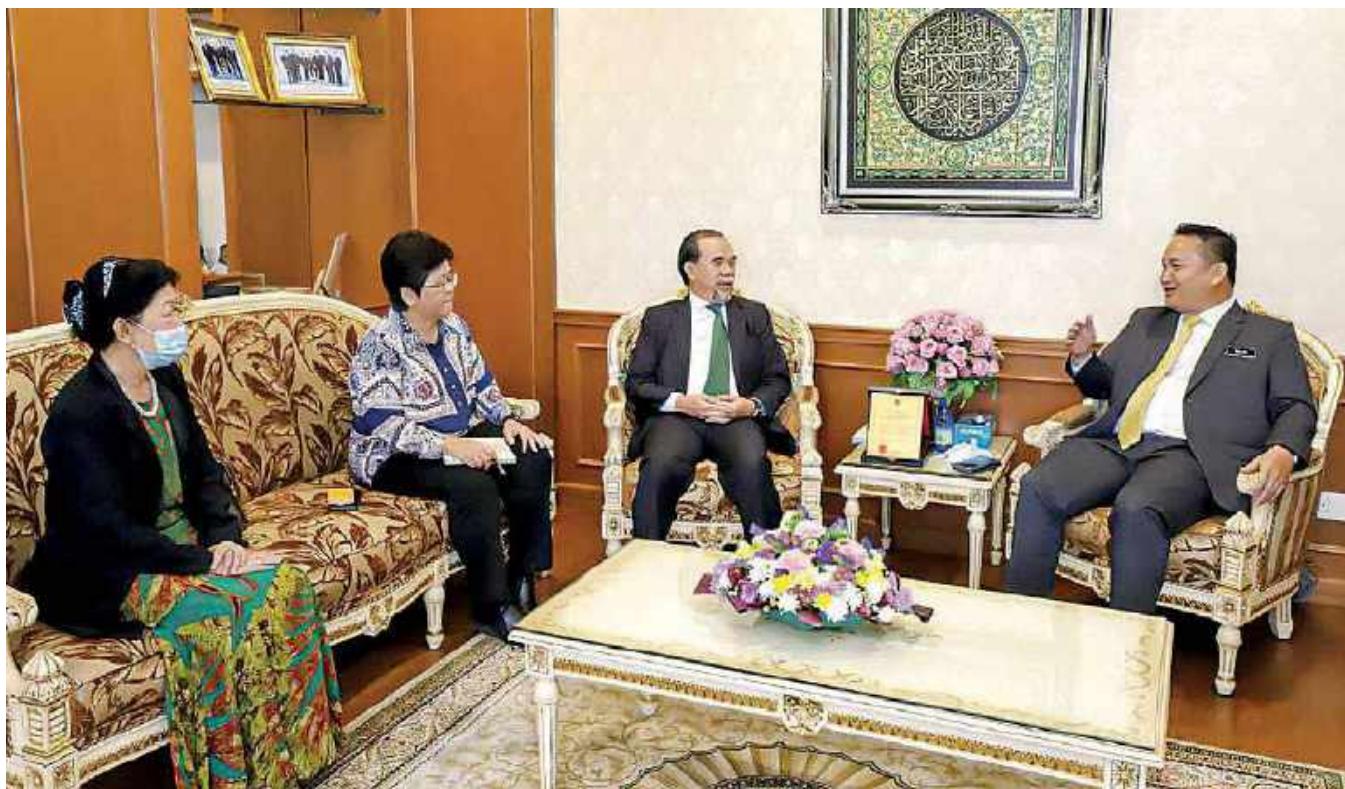
As far as SayD'SignersSarawak is concerned, he was impressed by the programme saying it becomes a platform to nurture local talents to design furniture products in accordance with the expectations of international buyers.

“This programme augurs well with the aspiration of the state government to export RM6 billion worth of furniture products by 2030 compared with RM47 million last year as well as the plan to establish a furniture city to create employment and business opportunities,” he said.

Meanwhile, Datu Haji Hashim Haji Bojet, General Manager of STIDC informed that Sarawak aimed to achieve RM8 billion worth of export earnings from timber products by 2030 with furniture sector contributing RM6 billion. He was optimistic that the target was achievable due to steady demands for our furniture products during international exhibitions in Dubai, India and Australia adding that the state was also aiming at the European and Singaporean markets.

“Our wood-based sector has been export-oriented since 1960s with primary and secondary products constituting more than 80 percent of the export earnings. Our furniture sector is still at nascent stage and dominated by small and medium enterprises (SMEs) catering for local markets. The timber industry transformation plan formulated five years ago was timely in ensuring that the industry focus on the production of high value-added products by investing in modern technology. Towards that end, the state was considering restricting the export of sawn-timber in order to meet the needs of our furniture manufacturers taking advantage of the availability of solid wood to produce premium furniture products,” he said.

“Sarawak embarks on Industrial Forest Plantation (IFP) since 1997 as another source of raw materials to support the industry. 45 IFP licences were issued by the government to plant one million hectares of fast growing trees by 2025. As at 31 December



Meeting in progress.
From left: Mdm. Dayang Nena, Cik Hajah Haluyah, Datu Haji Hashim and The Honourable Datuk Willie Mongin.

2020, 519,758 hectares were planted with fast growing trees such as *Acacia* spp., *Kelempayan* (*N. cadamba*), *Batai* (*P.falcata*), *Eucalyptus* spp., *Rubber* (*Hevea brasiliensis*), *Meranti* (*Shorea* species), *Kapur* (*Dryobalanops* spp.), *Keruing* (*Dipterocarpus* spp.) and many more. Industry players are, therefore, urged to intensify R&D activities in order to produce high quality planting materials," Tuan Haji Hashim said.

He revealed that the harvesting of industrial forests in Sarawak started in 2011 with log production of 44,000 cubic metres compared with 1.679 million cubic metres

in 2020 and is expected to increase in future. In view of this, he urged the industry to realign their manufacturing facilities to process logs from industrial forests and explore opportunities to produce value-added products such as engineered wood, pulp and paper, bioplastics, bio-fuel and furniture.

Also present were Cik Hajah Haluyah Binti Aw, Deputy General Manager of STIDC and Mdm. Dayang Nena Binti Abang Bruce, STIDC Special Function Officer .



Bornean ironwood also known as Belian tree (*Eusideroxylon zwageri*) is one of the tree species planted in Sarawak.



A view of industrial forest in Sarawak.



Acacia seedlings at a nursery in Samarakan, Bintulu.

STIDC Contributed RM2 Million To Curb COVID-19



The Right Honourable Chief Minister of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Abang Haji Openg (fourth right) receiving the mock cheque from Datu Haji Hashim Haji Bojet (third right) while The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management (fourth left) and the other VIPs look on.

The global communities are adversely affected directly or indirectly by the outbreak of Coronavirus (COVID-19) pandemic. The unprecedented and incessant pandemic poses negative impacts to every sphere of life.

Amid this challenging time and in the spirit of altruism, once again the Sarawak Timber Industry Development Corporation (STIDC) manifested its corporate social responsibility by contributing RM2 million to Sarawak Disaster Management Committee (SDMC) to help break the chain of this pandemic and to save lives.

The contribution was presented by The Honourable Datuk Amar Haji Awang Tengah Ali Hasan, Deputy Chief Minister of Sarawak and Chairman of STIDC Board of Management to The Right Honourable Chief Minister of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Abang Haji Openg at Wisma Bapa Malaysia, Petra Jaya, Kuching.

Last year, STIDC and the wood-based industry players of Sarawak contributed RM2 million worth of COVID-19 test kits to SDMC for similar objective. The contributions

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

Datuk Amar Haji Awang Tengah who is also the Second Minister of Urban Development and Natural Resources, and Minister of Industrial and Entrepreneur Development emphasised that the contributions were necessary to assist our selfless front-liners who risked their lives to save others. He added that the contributions also manifested the support and commitment of STIDC to help the state government in curbing COVID-19 together.

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



2021 vs 2020

TRADE
STATISTICS

Table 1

Export Summary Of Timber And Timber Products From Sarawak

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
PLYWOOD	986,296	2,147,788	55.31	1,034,888	1,960,486	52.47	(4.70)	9.55
LOGS	571,291	509,374	13.12	925,162	492,845	13.19	(38.25)	3.35
SAWNTIMBER	194,092	380,524	9.80	257,098	435,539	11.66	(24.51)	(12.63)
FIBREBOARD	181,023	332,823	8.57	175,101	306,286	8.20	3.38	8.66
VENEER	22,947	33,555	0.86	34,872	48,462	1.30	(34.19)	(30.76)
DOORSKIN	36,922	86,536	2.23	30,272	67,799	1.81	21.97	27.64
LAMINATED BOARD/FLOORING	9,476	38,943	1.00	5,803	20,992	0.56	63.29	85.52
PARTICLEBOARD	11,219	9,731	0.25	27,456	18,941	0.51	(59.14)	(48.63)
DOOR PANELS & FRAMES	10,494	16,567	0.43	13,284	21,816	0.58	(21.00)	(24.06)
MOULDING	5,849	12,661	0.33	4,665	10,894	0.29	25.37	16.22
OTHER PRODUCTS*	26,294	38,020	0.98	36,542	46,185	1.24	(28.04)	(17.68)
OTHER PRODUCTS**[Units]	2,919,103	47,761	1.23	2,799,886	46,809	1.25	4.26	2.03
OTHER PRODUCTS***[Kgm]	-	-	-	42	8	0.00	(100.00)	(100.00)
BRIQUETTE & CHARCAOL (Tonne)	6,656	14,792	0.38	10,851	23,492	0.63	(38.66)	(37.03)
WOOD PELLETS [Tonne]	1,055	427	0.01	3,635	1,988	0.05	(70.98)	(78.51)
WOODCHIP [Tonne]	470,217	213,696	5.50	498,212	234,202	6.27	(5.62)	(8.76)
TOTAL (m³) (RM)	2,055,904	3,883,200	100	2,545,143	3,736,744	100	(19.22)	3.92

*Other Timber Products:

- Barecore
- Laminated Veneer Cross Band (LVB)
- Blockboard
- Chopping Board
- Railways sleepers
- Densified Wood
- Wooden panels
- Dowels
- Wooden Handle
- Finger jointed (LVL)

- Wooden Fence
- Lamin Board
- Wooden lattice
- Laminated beam/post
- 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)]

***Other Timber Products:

- Handicraft

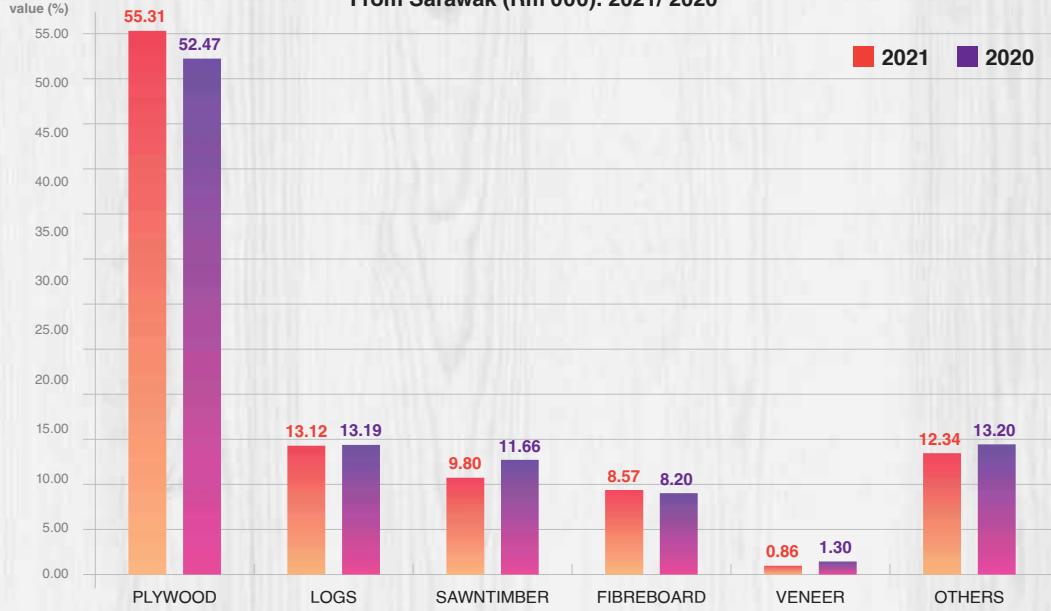
Export Value Of Major Timber & Timber Products
From Sarawak (RM'000): 2021/ 2020

Table 2

Export Of Plywood By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	712,204	1,626,554	75.73	674,185	1,360,939	69.42	5.64	19.52
MIDDLE EAST	117,526	195,960	9.12	130,131	199,792	10.19	(9.69)	(1.92)
TAIWAN	52,150	89,036	4.15	87,063	130,938	6.68	(40.10)	(32.00)
UNITED STATES	32,501	86,738	4.04	10,246	24,124	1.23	217.19	259.55
KOREA	38,541	72,744	3.39	69,636	114,896	5.86	(44.65)	(36.69)
AUSTRALIA	6,556	16,787	0.78	11,973	29,489	1.50	(45.24)	(43.07)
PHILIPPINES	4,875	13,227	0.62	3,428	7,554	0.39	42.20	75.09
MEXICO	5,264	12,198	0.57	5,716	12,109	0.62	(7.91)	0.73
VIETNAM	2,620	7,862	0.37	3,078	6,623	0.34	(14.88)	18.70
INDIA	3,190	7,451	0.35	7,317	15,628	0.80	(56.40)	(52.32)
OTHERS*	10,868	19,231	0.90	32,113	58,394	2.98	(66.16)	(67.07)
TOTAL	986,296	2,147,788	100	1,034,888	1,960,486	100	(4.70)	9.55

*Other Destinations:

- Brunei Darussalam
- China
- Thailand
- Hong Kong
- Singapore
- New Zealand
- Djibouti
- Canada
- Bangladesh
- Maldives
- Papua New Guinea
- Cambodia
- Guatemala
- Myanmar
- Puerto Rico
- Somalia
- South Africa

Export Value (%) Of Plywood To Major Destinations: 2021/ 2020

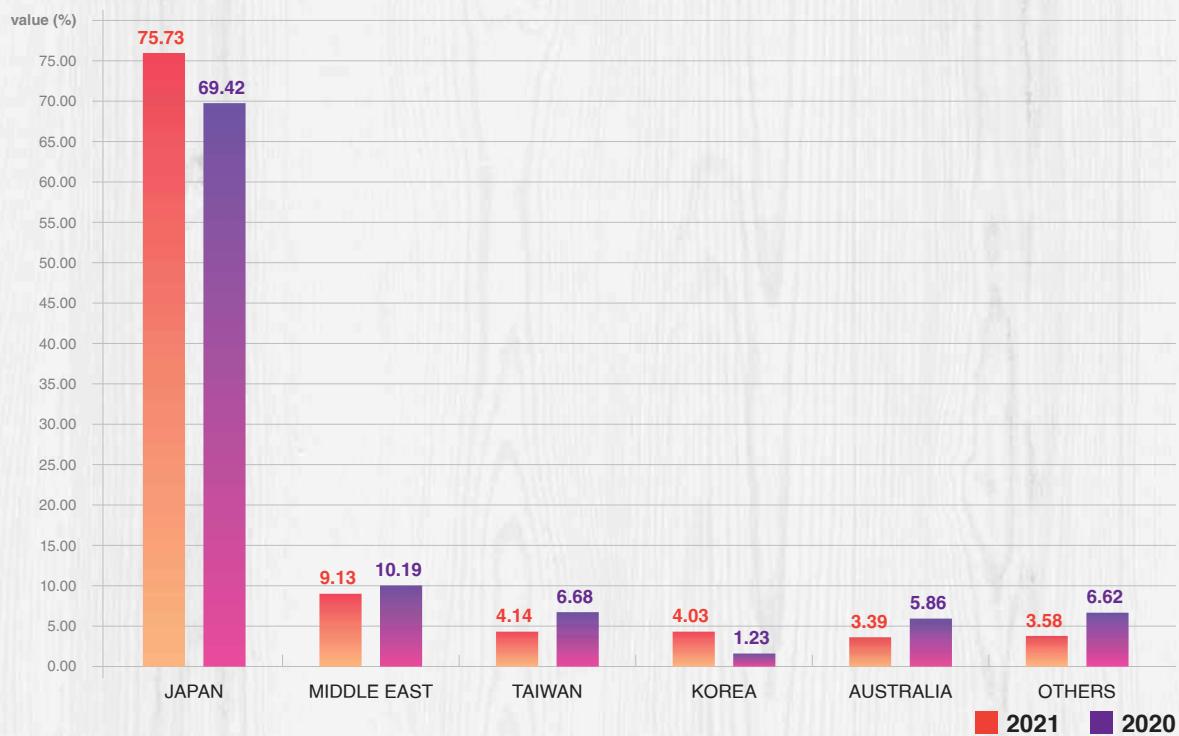


Table 3

Export Of Logs By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDIA	506,582	448,521	88.05	400,737	307,316	62.36	26.41	45.95
TAIWAN	40,339	37,997	7.46	62,406	50,654	10.28	(35.36)	(24.99)
JAPAN	15,158	15,816	3.10	23,353	18,057	3.66	(35.09)	(12.41)
KOREA	4,504	3,698	0.73	3,445	2,886	0.59	30.74	28.11
VIETNAM	4,709	3,343	0.66	17,181	12,412	2.52	(72.59)	(73.07)
CHINA	-	-	-	4,234	2,735	0.55	(100.00)	(100.00)
INDONESIA	-	-	-	413,806	98,785	20.04	(100.00)	(100.00)
TOTAL	571,291	509,374	100	925,162	492,845	100	(38.25)	3.35

Export Value (%) Of Logs To Major Destinations: 2021/ 2020

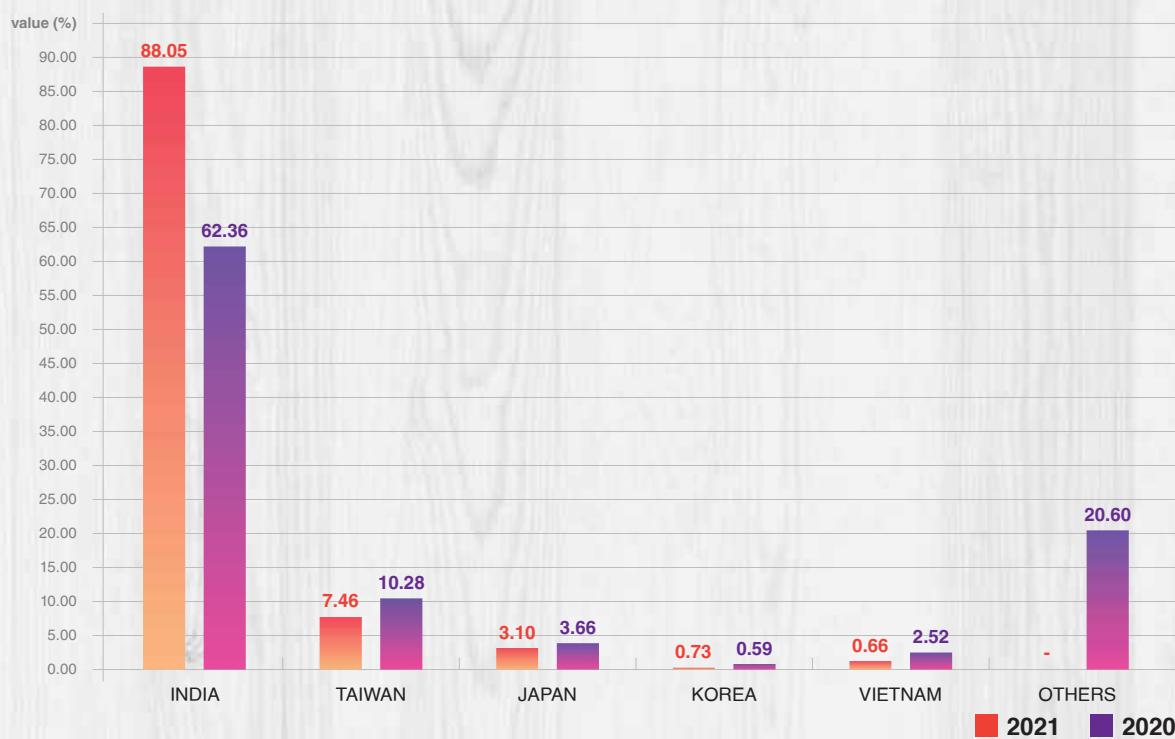


Table 4

Export Of Sawntimber By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
MIDDLE EAST	66,936	148,179	38.94	87,146	166,967	38.34	(23.19)	(11.25)
PHILIPPINES	53,403	98,133	25.79	65,986	95,981	22.04	(19.07)	2.24
TAIWAN	26,327	52,914	13.91	34,932	59,792	13.73	(24.63)	(11.50)
THAILAND	14,640	20,139	5.29	32,180	42,405	9.74	(54.50)	(52.51)
JAPAN	6,284	16,129	4.24	8,748	22,061	5.07	(28.17)	(26.89)
CHINA	11,250	15,758	4.14	7,197	12,114	2.78	56.32	30.08
KOREA	6,714	11,467	3.01	10,808	17,538	4.03	(37.88)	(34.61)
SOUTH AFRICA	2,667	5,758	1.51	1,284	2,133	0.49	107.75	169.89
SRI LANKA	2,161	4,814	1.27	3,138	6,855	1.57	(31.16)	(29.77)
SINGAPORE	2,272	3,425	0.90	485	653	0.15	368.58	424.34
OTHERS*	1,438	3,806	1.00	5,194	9,040	2.08	(72.31)	(57.89)
TOTAL	194,092	380,524	100	257,098	435,539	100	(24.51)	(12.63)

*Other Destinations:

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

Export Value (%) Of Sawntimber To Major Destinations: 2021/ 2020

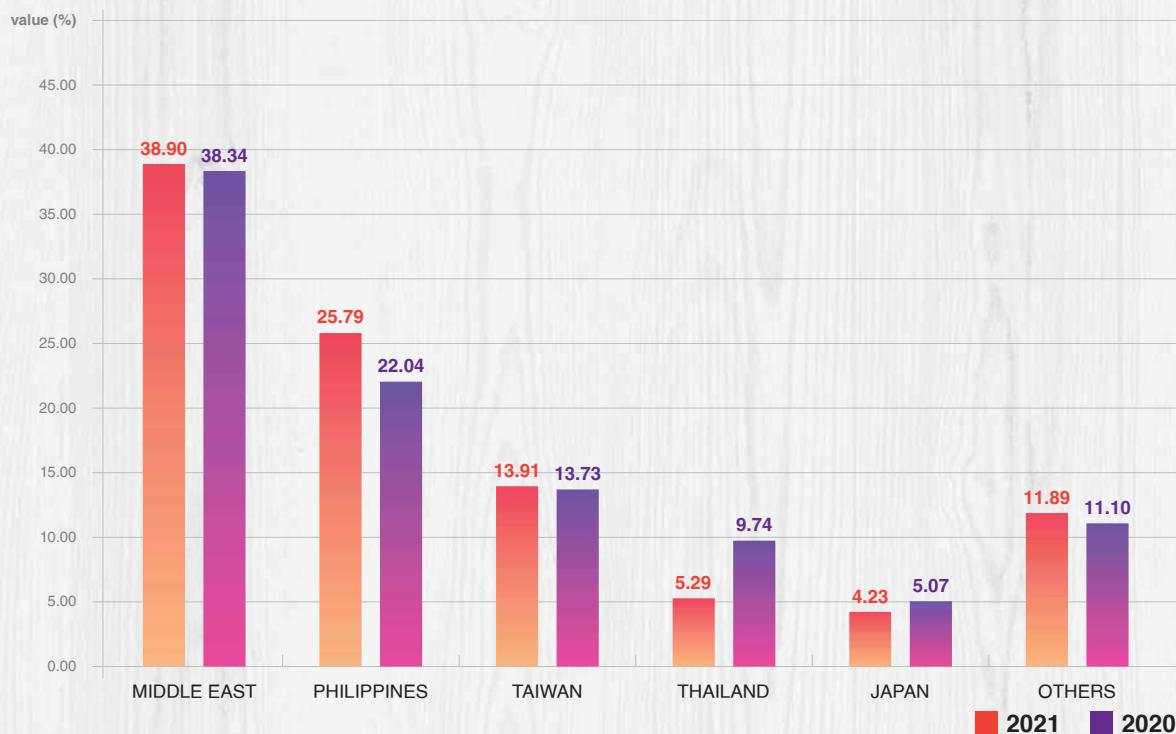


Table 5

Export Of Fibreboard By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	116,730	225,099	67.63	134,531	239,282	78.12	(13.23)	(5.93)
PHILIPPINES	31,697	56,537	16.99	18,840	32,740	10.69	68.25	72.68
VIETNAM	10,150	17,579	5.28	6,410	11,952	3.90	58.34	47.08
INDONESIA	11,013	15,537	4.67	7,280	10,143	3.31	51.28	53.18
KOREA	4,511	7,234	2.17	2,403	3,947	1.29	87.71	83.28
TAIWAN	3,499	5,958	1.79	3,973	6,521	2.13	(11.94)	(8.63)
OTHERS*	3,424	4,879	1.47	1,665	1,701	0.56	105.66	186.87
TOTAL	181,023	332,823	100	175,101	306,286	100	3.38	8.66

*Other Destinations:

- China
- Australia
- Canada
- United States
- Brunei Darussalam
- India
- Thailand

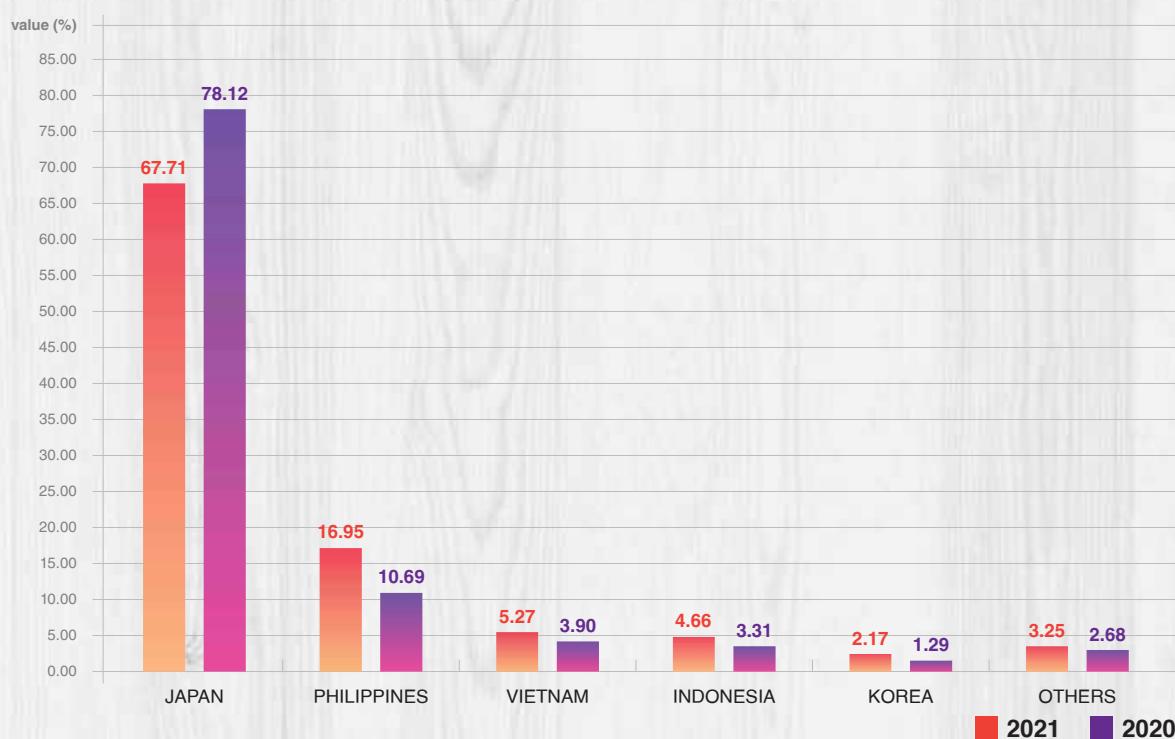
Export Value(%) Of Fibreboard To Major Destinations: 2021/ 2020

Table 6

Export Of Veneer By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
TAIWAN	8,290	10,070	30.01	10,947	13,473	27.80	(24.27)	(25.26)
JAPAN	3,934	8,563	25.52	4,968	9,829	20.28	(20.82)	(12.88)
KOREA	4,126	6,830	20.35	11,058	16,096	33.21	(62.69)	(57.57)
CHINA	2,861	3,430	10.22	3,449	4,242	8.75	(17.04)	(19.15)
PHILIPPINES	2,902	3,021	9.00	4,177	4,055	8.37	(30.51)	(25.51)
AUSTRALIA	774	1,492	4.45	252	719	1.48	207.11	107.38
OTHERS*	60	150	0.45	21	47	0.10	182.20	217.62
TOTAL	22,947	33,555	100	34,872	48,462	100	(34.19)	(30.76)

*Other Destinations:

- India
- Brunei Darussalam

Export Value(%) Of Veneer To Major Destinations: 2021/ 2020

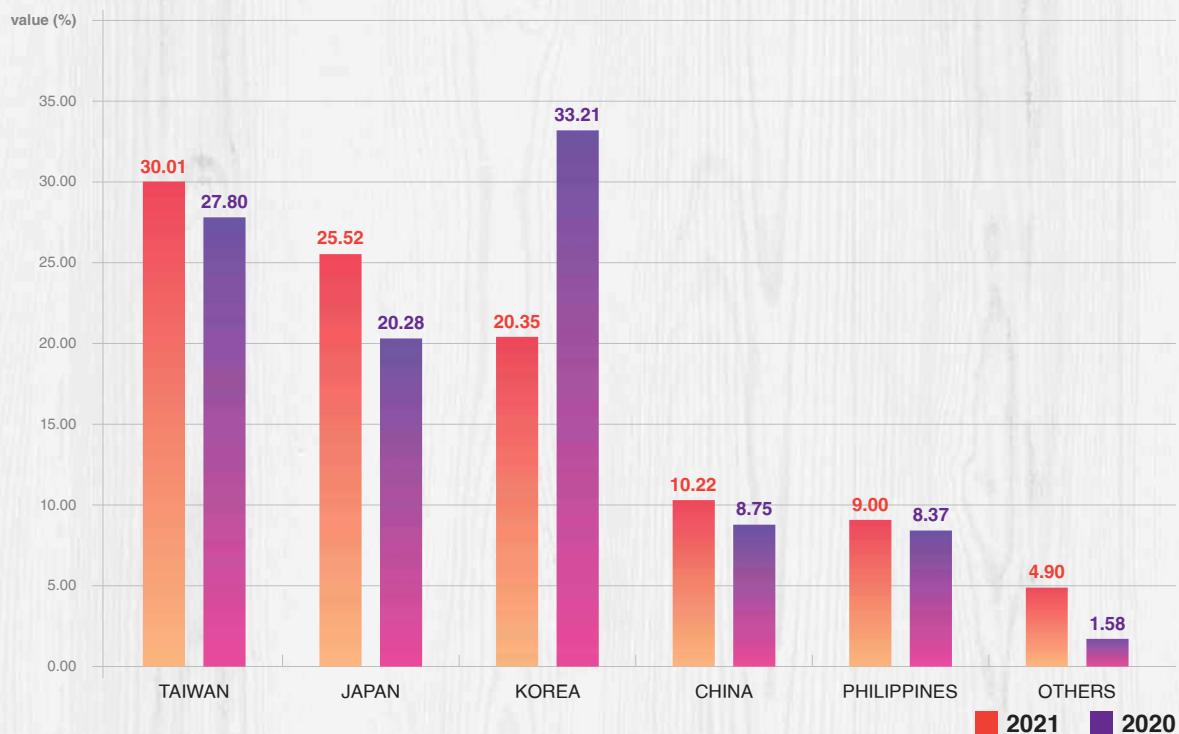


Table 7

Export Of Doorskin By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
PAKISTAN	19,476	43,082	49.79	20,470	44,736	65.98	(4.86)	(3.70)
INDIA	7,276	17,143	19.81	5,281	12,170	17.95	37.79	40.86
GUATEMALA	3,648	9,246	10.68	-	-	-	100.00	100.00
SOUTH AFRICA	2,137	5,875	6.79	1,092	2,784	4.11	95.68	111.02
PHILIPPINES	2,035	5,227	6.04	1,084	2,770	4.09	87.78	88.72
TAIWAN	1,373	3,270	3.78	1,391	3,209	4.73	(1.31)	1.90
INDONESIA	438	1,138	1.31	466	990	1.46	(5.98)	14.92
THAILAND	274	827	0.96	285	819	1.21	(4.13)	0.99
OTHERS*	265	729	0.84	203	321	0.47	30.72	127.02
TOTAL	36,922	86,536	100	30,272	67,799	100	21.97	27.64

*Other Destinations:

- Mexico
- China
- Nepal
- Japan
- Middle East
- Mongolia
- Vietnam

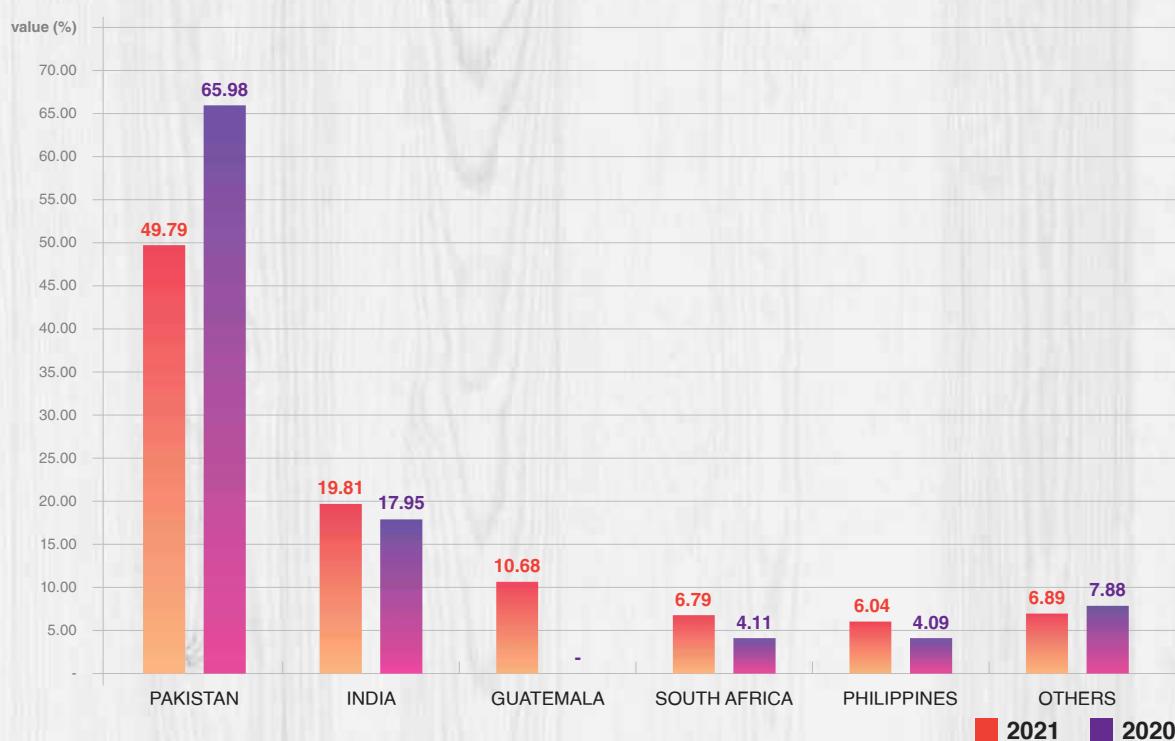
Export Value(%) Of Doorskin To Major Destinations: 2021/ 2020

Table 8

Export Of Laminated Board/Flooring By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	6,706	30,276	77.74	2,459	10,739	51.16	172.69	181.93
VIETNAM	948	3,633	9.33	1,276	4,567	21.76	(25.68)	(20.45)
TAIWAN	1,153	2,509	6.44	1,099	2,688	12.81	4.92	(6.68)
EU	340	1,530	3.93	68	260	1.24	398.47	488.24
MACAU	44	425	1.09	88	891	4.24	(50.00)	(52.30)
KOREA	92	183	0.47	360	921	4.39	(74.42)	(80.16)
SINGAPORE	86	93	0.24	257	285	1.36	(66.67)	(67.49)
INDIA	39	90	0.23	21	56	0.27	85.48	60.62
CANADA	23	88	0.23	-	-	-	100.00	100.00
INDONESIA	23	81	0.21	115	400	1.91	(79.89)	(79.72)
OTHERS*	23	37	0.10	60	185	0.88	(61.04)	(79.97)
TOTAL	9,476	38,943	100	5,803	20,992	100	63.29	85.52

*Other Destinations:

- Bangladesh
- Brunei Darussalam
- Malaysia (Peninsular Or Sabah-Freezon)

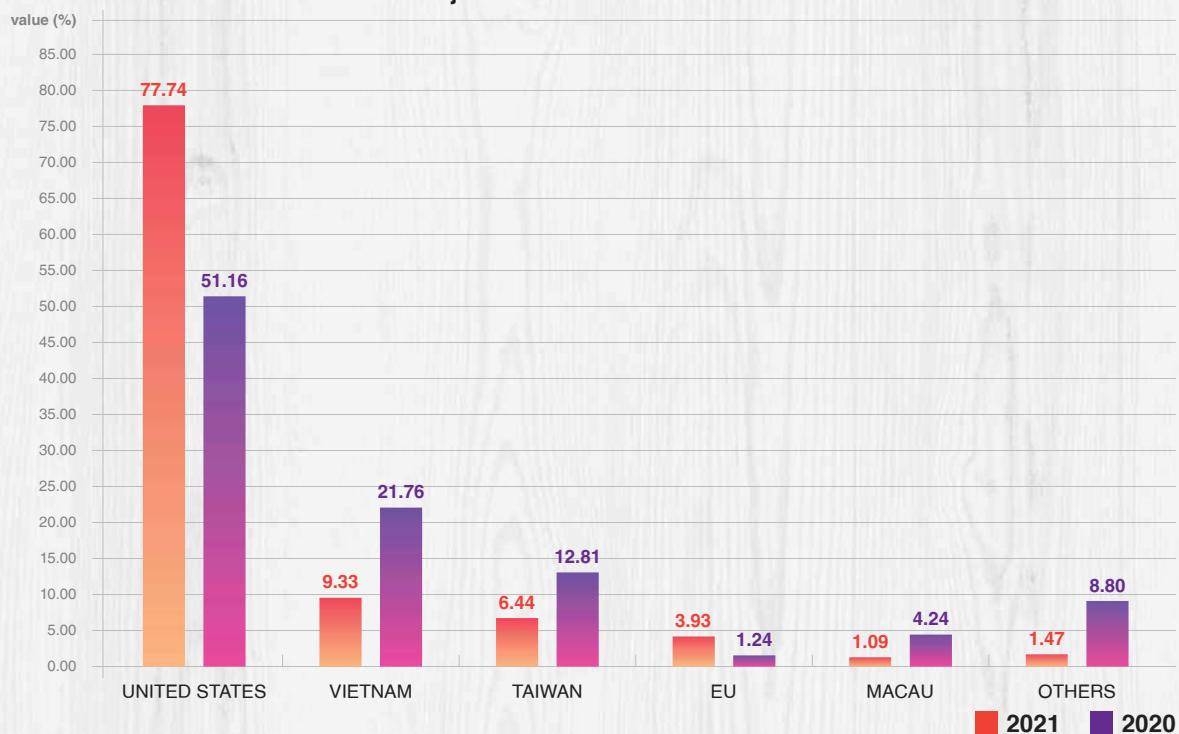
Export Value (%) Of Laminated Board/ Flooring To Major Destinations: 2021/ 2020

Table 9

Export Of Particle Board By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	5,170	4,230	43.47	9,374	6,622	34.96	(44.84)	(36.12)
PHILIPPINES	2,533	2,400	24.66	3,985	3,056	16.13	(36.44)	(21.47)
JAPAN	1,776	1,715	17.63	2,512	1,863	9.83	(29.28)	(7.92)
KOREA	987	864	8.88	4,346	2,793	14.74	(77.29)	(69.04)
VIETNAM	527	288	2.96	7,093	4,510	23.81	(92.57)	(93.60)
CHINA	225	233	2.39	36	28	0.15	526.09	716.95
KENYA	-	-	-	110	70	0.37	(100.00)	(100.00)
TOTAL	11,219	9,731	100	27,456	18,941	100	(59.14)	(48.63)

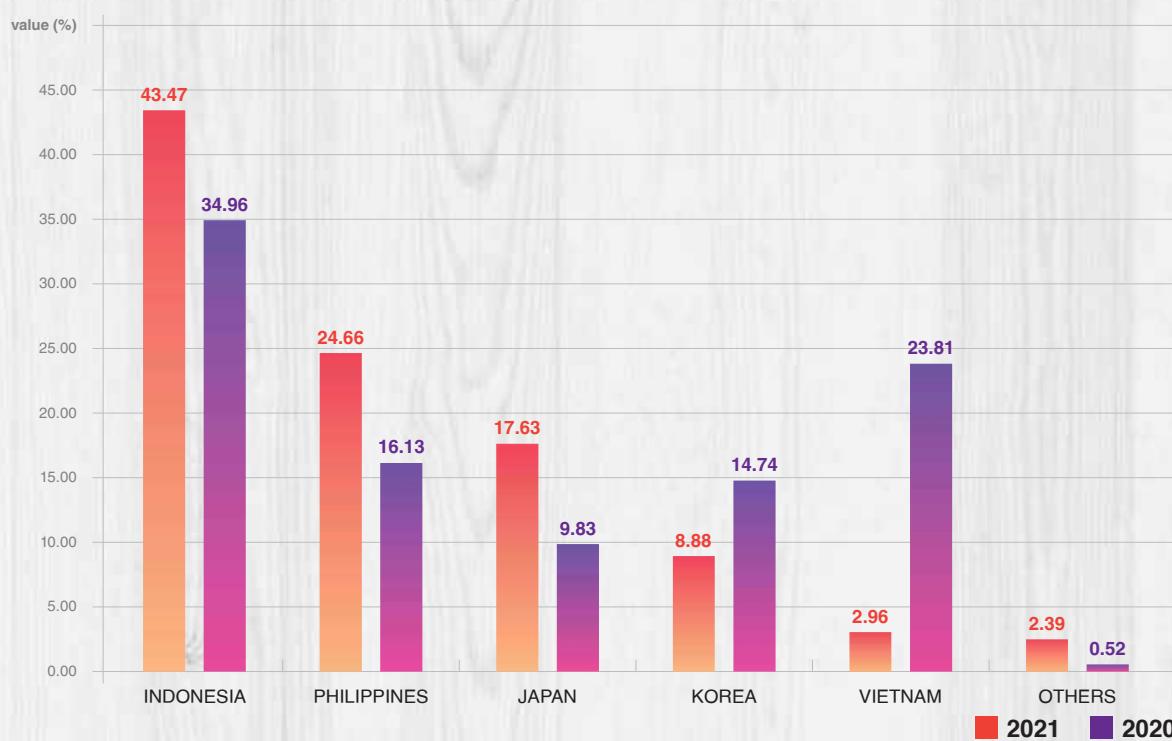
Export Value (%) Of Particle Board To Major Destinations: 2021/ 2020

Table 10

Export Of Door Panel & Frame By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	10,333	16,176	97.64	13,218	21,624	99.12	(21.82)	(25.19)
THAILAND	45	260	1.57	26	152	0.70	74.85	70.98
BRUNEI DARUSSALAM	116	131	0.79	33	39	0.18	252.08	231.83
MALDIVES	-	-	-	7	1	0.01	(100.00)	(100.00)
TOTAL	10,494	16,567	100	13,284	21,816	100	(21.00)	(24.06)

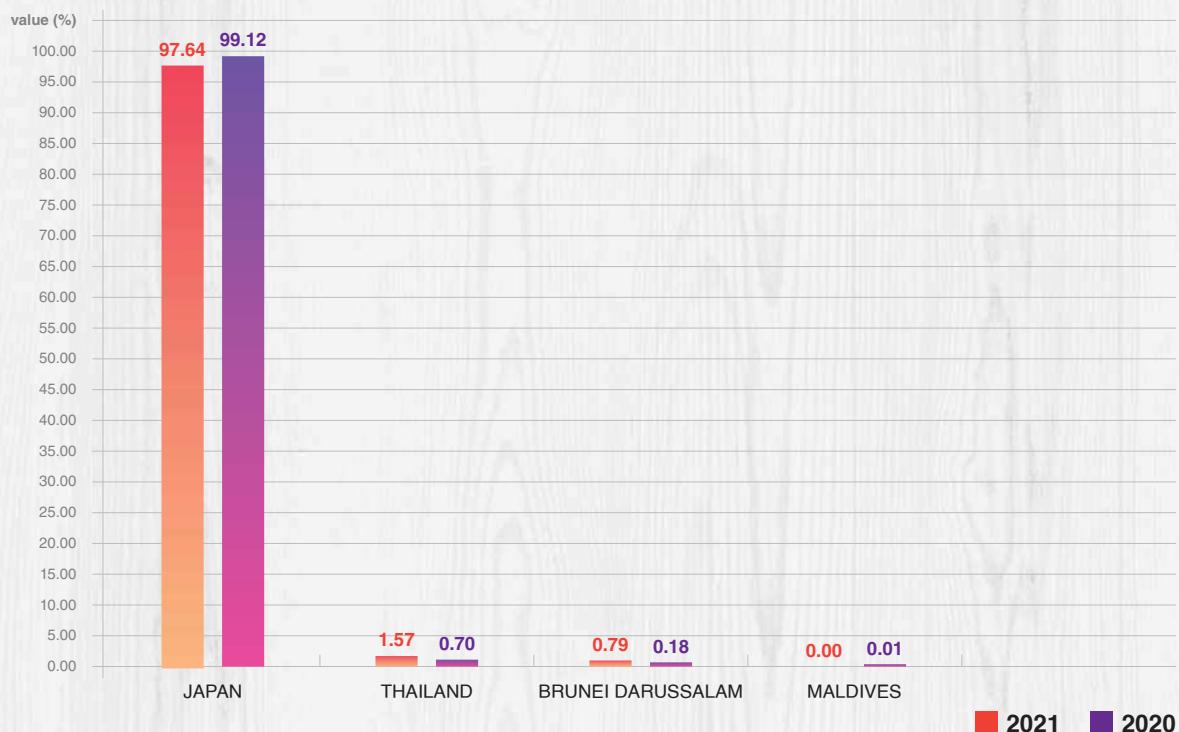
Export Value (%) Of Door Panel & Frame To Major Destinations: 2021/ 2020

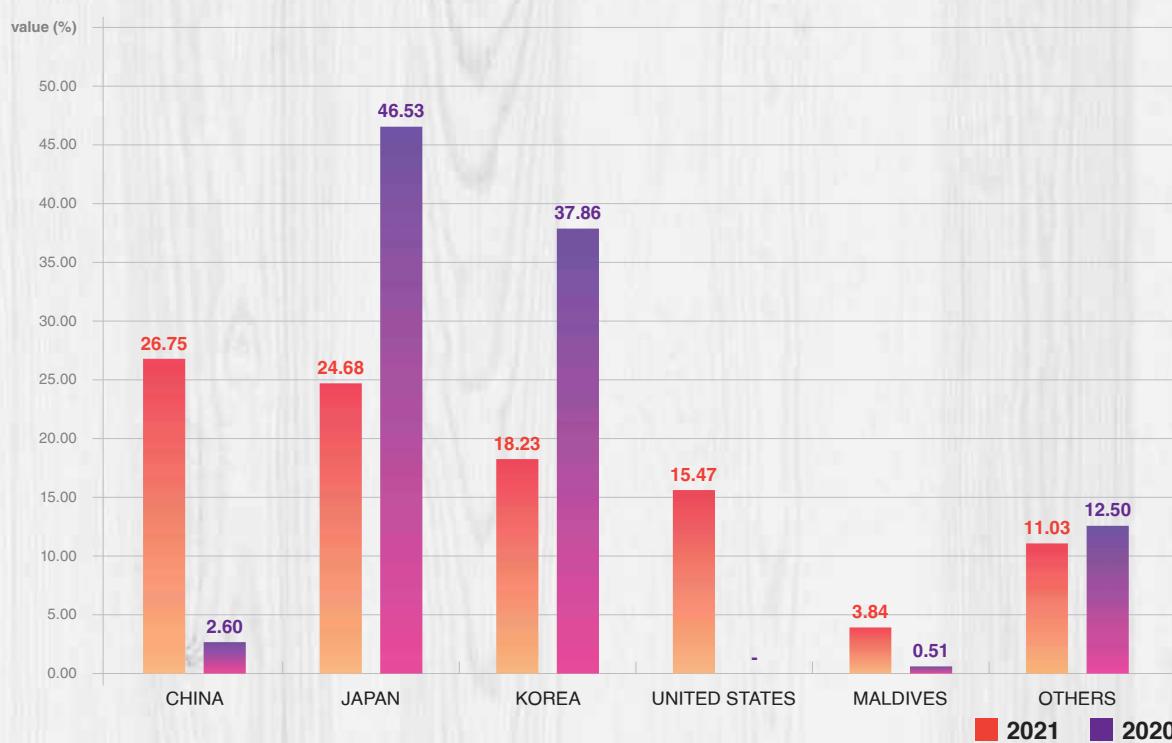
Table 11

Export Of Moulding By Country Of Destinations

PRODUCTS	2021 ^a January -December			2020 ^a January - December			% Change 2021/2020	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
CHINA	2,786	3,387	26.75	164	283	2.60	1604.09	1094.94
JAPAN	1,312	3,124	24.68	2,118	5,069	46.53	(38.04)	(38.36)
KOREA	1,036	2,308	18.23	1,849	4,124	37.86	(43.97)	(44.05)
UNITED STATES	232	1,959	15.47	-	-	-	100.00	100.00
MALDIVES	112	486	3.84	15	56	0.51	658.83	771.88
EU	44	431	3.40	21	100	0.92	111.34	331.59
SOUTH AFRICA	104	393	3.10	49	228	2.09	113.37	72.46
TAIWAN	169	327	2.58	274	453	4.16	(38.38)	(27.84)
AUSTRALIA	54	246	1.94	94	343	3.14	(42.80)	(28.15)
OTHERS*	-	-	-	83	239	2.19	(100.00)	(100.00)
TOTAL	5,849	12,661	100	4,665	10,894	100	25.37	16.22

*Other Destinations:

- Brunei Darussalam
- Seychelles
- Singapore
- Vietnam

Export Value (%) Of Moulding To Major Destinations: 2021/ 2020

SUMMARY

ALL PRODUCTS

Summary All Prod. (1) JAN-DEC

	2021	2020
PLYWOOD	55.31	52.47
LOGS	13.12	13.19
SAWNTIMBER	9.80	11.66
FIBREBOARD	8.57	8.20
VENEER	0.86	1.30
OTHERS	12.34	13.20
	100.00	100.00

Fibreboard (5) JAN-DEC

	2021	2020
JAPAN	67.71	78.12
PHILIPPINES	16.95	10.69
VIETNAM	5.27	3.90
INDONESIA	4.66	3.31
KOREA	2.17	1.29
OTHERS	3.25	2.68
	100.00	100.00

Particleboard (9) JAN-DEC

	2021	2020
INDONESIA	43.47	34.96
PHILIPPINES	24.66	16.13
JAPAN	17.63	9.83
KOREA	8.88	14.74
VIETNAM	2.96	23.81
OTHERS	2.39	0.52
	100.00	100.00

Plywood (2) JAN-DEC

	2021	2020
JAPAN	75.73	69.42
MIDDLE EAST	9.13	10.19
TAIWAN	4.14	6.68
UNITED STATES	4.03	1.23
KOREA	3.39	5.86
OTHERS	3.58	6.62
	100.00	100.00

Veneer (6) JAN-DEC

	2021	2020
TAIWAN	30.01	27.80
JAPAN	25.52	20.28
KOREA	20.35	33.21
CHINA	10.22	8.75
PHILIPPINES	9.00	8.37
OTHERS	4.90	1.58
	100.00	100.00

Door Panel & Frames (10) JAN-DEC

	2021	2020
JAPAN	97.64	99.12
THAILAND	1.57	0.70
BRUNEI DARUSSALAM	0.79	0.18
MALDIVES	0.00	0.01
	100.00	100.00

Logs (3) JAN-DEC

	2021	2020
INDIA	88.05	62.36
TAIWAN	7.46	10.28
JAPAN	3.10	3.66
KOREA	0.73	0.59
VIETNAM	0.66	2.52
OTHERS	-	20.60
	100.00	100.00

Doorskin (7) JAN-DEC

	2021	2020
PAKISTAN	49.79	65.98
INDIA	19.81	17.95
GUATEMALA	10.68	-
SOUTH AFRICA	6.79	4.11
PHILIPPINES	6.04	4.09
OTHERS	6.89	7.88
	100.00	100.00

Moulding (11) JAN-DEC

	2021	2020
CHINA	26.75	2.60
JAPAN	24.68	46.53
KOREA	18.23	37.86
UNITED STATES	15.47	-
MALDIVES	3.84	0.51
OTHERS	11.03	12.50
	100.00	100.00

Sawntimber (4) JAN-DEC

	2021	2020
MIDDLE EAST	38.90	38.34
PHILIPPINES	25.79	22.04
TAIWAN	13.91	13.73
THAILAND	5.29	9.74
JAPAN	4.23	5.07
OTHERS	11.89	11.10
	100.00	100.00

Lam.board/ Flooring (8) JAN-DEC

	2021	2020
UNITED STATES	77.74	51.16
VIETNAM	9.33	21.76
TAIWAN	6.44	12.81
EU	3.93	1.24
MACAU	1.09	4.24
OTHERS	1.47	8.80
	100.00	100.00



2021 FINANCIAL STATEMENTS

2021 FINANCIAL STATEMENTS

Sarawak Timber Industry Development Corporation

31 December 2021

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



Board Members, Officers And Professional Advisors	91
Statement by Chairman and a Board Member	92
Statutory Declaration	93
Independent Auditors' Report	94
Statements of Financial Position	97
Statements of Comprehensive Income	99
Statement of Changes in Equity	100
Statements of Cash Flows	101
Notes to the Financial Statements	105

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

BOARD MEMBERS, OFFICERS AND PROFESSIONAL ADVISORS

Chairman	: YB Datuk Amar Haji Awang Tengah Ali Hasan
Board Members	: YB Datuk Amar Jaul Samion
	: YB Datuk Haji Mohd Naroden Bin Haji Majais
	: YB Datu Haji Len Talif Salleh
	: YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Hj Husain
	: YBhg. Dato Sri Dr. Haji Wan Lizozman Bin Wan Omar (Appointed on 1 st July 2021)
	: YBhg. Datu Sr Zaidi Bin Haji Mahdi
	: YBhg. Datu Abdullah Bin Julaihi
	: YBhg. Dato Sri Haji Mohamad Abu Bakar Bin Marzuki (Alternate Member to YB Datuk Amar Jaul Samion)
	: YBhg. Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman (Until 31 st May 2021)
General Manager	: YBhg. Datu Haji Hashim Bin Haji Bojet
Address	: Wisma Sumber Alam, Jalan Stadium, Petra Jaya, 93050 Kuching, Sarawak, Malaysia
Auditor	: Auditor General of Malaysia
Bankers	: Malayan Banking Berhad : CIMB Bank Berhad : RHB Bank Berhad

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

Penyata Pengerusi dan Seorang Ahli Lembaga Pengurusan

Kami, **Yang Berhormat Datuk Amar Haji Awang Tengah Ali Hasan** dan **Yang Berbahagia Dato Sri Dr. Haji Wan Lizozman Bin Wan Omar**, yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengurusan Perbadanan Kemajuan Perusahaan Kayu Sarawak, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan **Perbadanan Kemajuan Perusahaan Kayu Sarawak** pada 31 Disember 2021 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



Yang Berhormat Datuk Amar Haji
Awang Tengah Ali Hasan
Pengerusi

Kuching, Sarawak, Malaysia
Tarikh :

06 APR 2022

Bagi pihak Lembaga,



Yang Berbahagia Dato Sri Dr. Haji Wan
Lizozman Bin Wan Omar
Ahli Lembaga

Kuching, Sarawak, Malaysia
Tarikh :

06 APR 2022

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION

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

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

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

Sebenarnya dan sesungguhnya diakui oleh
Datu Haji Hashim bin Haji Bojet
Di Kuching, Sarawak pada **21 MAR 2022**

}
}
Datu Haji Hashim bin Haji Bojet
Di hadapan saya,



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



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2021**

Sijil Mengenai Pengauditan Penyata Kewangan

Pendapat

Saya telah memberikan kuasa kepada firma audit swasta di bawah Subseksyen 7(3) Akta Audit 1957 [Akta 62] untuk mengaudit Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak. Penyata Kewangan tersebut merangkumi Penyata Kedudukan Kewangan pada 31 Disember 2021 Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut dan nota kepada penyata kewangan termasuklah ringkasan polisi perakaunan yang signifikan seperti dinyatakan pada muka surat 7 hingga 60.

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 2021 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995 dan keperluan The Sarawak Timber Industry Development Corporation Ordinance, 1973.

Asas Kepada Pendapat

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

Kebebasan dan Tanggungjawab Etika Lain

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

Maklumat Lain Selain Daripada Penyata Kewangan dan Sijil Juruaudit Mengenainya

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

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995 dan The Sarawak Timber Industry Development Corporation Ordinance, 1973. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

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

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

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

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

- a. mengenal pasti dan menilai risiko salah nyata ketara dalam Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit yang responsif terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersetujuan untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, representasi yang salah, atau mengatasi kawalan dalaman;
- b. memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersetujuan tetapi bukan untuk menyatakan pendapat mengenai keberkesaan kawalan dalaman Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan;
- c. menilai kesesuaian dasar perakaunan yang digunakan, 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 dan Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Sijil 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 Sijil Juruaudit. Bagaimanapun, peristiwa atau keadaan pada masa hadapan berkemungkinan menyebabkan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan tidak lagi berupaya meneruskan operasi secara usaha berterusan;

- e. menilai persembahan secara keseluruhan, struktur dan kandungan Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan, termasuk pendedahannya, dan sama ada Penyata Kewangan tersebut telah melaporkan asas-asas urusniaga dan peristiwa-peristiwa yang memberikan gambaran saksama; dan
- 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.

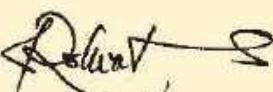
Lembaga Pengarah telah dimaklumkan, antaranya mengenai skop dan tempoh pengauditan yang dirancang serta penemuan audit yang signifikan termasuk kelemahan kawalan dalaman yang dikenal pasti semasa pengauditan.

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995 dan The Sarawak Timber Industry Development Corporation Ordinance, 1973, saya juga melaporkan syarikat subsidiari yang tidak diaudit oleh saya, telah dinyatakan di Nota 7 dalam penyata kewangan.

Hal-hal Lain

Sijil ini dibuat untuk Lembaga Pengarah, Perbadanan Kemajuan Perusahaan Kayu Sarawak berdasarkan keperluan The Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995 serta The Sarawak Timber Industry Development Corporation Ordinance, 1973 dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan sijil ini.



(ROKIAH BINTI SAHAT, s.m.s.)
b.p. KETUA AUDIT NEGARA



KUCHING, SARAWAK
TARIKH : 20 AUG 2022

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	The Group		The Corporation		
		2021 RM	2020 RM	2021 RM	2020 RM	
ASSETS						
Non-Current Assets						
Property, plant and equipment	4	408,550,722	427,209,123	187,098,662	187,038,765	
Intangible asset	5	22,667	27,000	-	-	
Land held for property development	6	366,106	366,106	-	-	
Investment in subsidiaries	7	-	-	239,021,121	246,191,121	
Investment in associates	8	181,265,841	168,606,138	88,983,040	88,983,040	
Other investments	9	322,292,706	306,789,205	67,629,333	66,529,027	
Property development expenditure	10	115,757,434	115,834,172	115,757,434	115,834,172	
Plantation development expenditure	11	619,708	618,226	-	-	
Biological assets	12	351,418,992	377,135,482	-	-	
Deferred tax assets	25	8,218,521	8,218,521	8,218,521	8,218,521	
Amount owing by subsidiaries	16	-	-	66,181,489	28,625,434	
Amount owing by associates	17	28,127,642	-	-	-	
Other receivables	15	1,242,880	1,445,069	633,914	804,137	
Goodwill on consolidation	13	530,100	706,800	-	-	
Total Non-Current Assets		1,418,413,319	1,406,955,842	773,523,514	742,224,217	
Current Assets						
Inventories	14	158,153,792	149,718,331	120,235,160	120,380,092	
Trade and other receivables	15	336,420,882	290,253,167	52,497,945	25,706,780	
Amount owing by subsidiaries	16	-	-	13,787,855	13,122,651	
Amount owing by associates	17	30,585,370	20,832,226	22,930,426	19,196,449	
Amount owing by related companies	18	38,006	4,038,880	-	-	
Other investments	9	53,447,155	31,326,811	34,322,320	12,648,736	
Cash and cash equivalents	19	130,304,890	154,523,499	52,592,880	106,746,412	
Tax refundable		14,304,794	15,947,936	9,542,656	12,355,828	
Total Current Assets		723,254,889	666,640,850	305,909,242	310,156,948	
TOTAL ASSETS		2,141,668,208	2,073,596,692	1,079,432,756	1,052,381,165	

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

	NOTE	The Group		The Corporation		
		2021 RM	2020 RM	2021 RM	2020 RM	
EQUITY AND LIABILITIES						
Equity						
Retained profits	20	1,327,080,088	1,290,614,193	748,849,996	760,644,517	
Equity attributable to owners of the Corporation		1,327,080,088	1,290,614,193	748,849,996	760,644,517	
Non-controlling interests		92,108,035	88,996,272	-	-	
Total Equity		1,419,188,123	1,379,610,465	748,849,996	760,644,517	
Non-Current Liabilities						
Deferred grant income	21	74,634,144	71,971,834	74,634,144	71,971,834	
Loans and borrowings	22	316,168,084	316,854,966	115,922,099	78,420,827	
Hire purchase payables	23	1,810,034	2,507,540	164,150	248,269	
Retirement benefit obligations	24	7,938,479	7,466,471	2,966,717	2,672,443	
Deferred tax liabilities	25	34,764,100	32,345,606	-	-	
		435,314,841	431,146,417	193,687,110	153,313,373	
Current Liabilities						
Trade and other payables	26	67,018,516	66,141,008	23,845,540	24,236,017	
Amount owing to subsidiaries	16	-	-	3,668,828	2,841,650	
Amount owing to associates	17	3,704,518	3,704,403	157,519	157,404	
Amount owing to related companies	18	13,312,938	12,122,864	-	-	
Retirement benefit obligations	24	358,864	868,361	178,864	388,361	
Provision for taxation		86,795	2,236,475	-	-	
Loans and borrowings	22	201,646,638	176,847,559	108,960,780	110,719,595	
Hire purchase payables	23	1,036,975	919,140	84,119	80,248	
Total Current Liabilities		287,165,244	262,839,810	136,895,650	138,423,275	
Total Liabilities		722,480,085	693,986,227	330,582,760	291,736,648	
Total Equity And Liabilities		2,141,668,208	2,073,596,692	1,079,432,756	1,052,381,165	

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	NOTE	The Group		The Corporation	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	27	613,423,719	667,830,883	38,902,468	28,388,163
COST OF SALES		(507,505,161)	(534,689,246)	(2,870,960)	(1,714,990)
GROSS PROFIT		105,918,558	133,141,637	36,031,508	26,673,173
OTHER INCOME		87,664,007	37,740,219	23,971,084	18,350,617
ADMINISTRATIVE EXPENSES		(138,021,517)	(120,449,075)	(65,173,188)	(63,414,152)
FINANCE COSTS	28	(17,508,048)	(13,945,084)	(6,623,925)	(5,447,159)
PROFIT/(LOSS) FROM OPERATIONS		38,053,000	36,487,697	(11,794,521)	(23,837,521)
SHARES OF NET GAIN/(LOSS) OF EQUITY ACCOUNTED ASSOCIATES		15,149,703	(12,600,904)	-	-
PROFIT/(LOSS) BEFORE TAXATION	29	53,202,703	23,886,793	(11,794,521)	(23,837,521)
TAXATION	30	(11,416,045)	(14,715,809)	-	-
PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR		41,786,658	9,170,984	(11,794,521)	(23,837,521)
 PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Corporation		36,465,895	(2,396,477)	(11,794,521)	(23,837,521)
Non-controlling interests		5,320,763	11,567,461	-	-
		41,786,658	9,170,984	(11,794,521)	(23,837,521)

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Retained profits RM	Non-controlling interests RM	Total equity RM
The Group			
Balance as at 1 January 2020	1,293,010,670	82,767,061	1,375,777,731
Issuance of shares from non-controlling interests	-	490,000	490,000
Dividends by subsidiaries to non-controlling interests	-	(5,828,250)	(5,828,250)
(Loss)/Profit after taxation for the financial year	(2,396,477)	11,567,461	9,170,984
Balance as at 31 December 2020	1,290,614,193	88,996,272	1,379,610,465
Dividends by subsidiaries to non-controlling interests	-	(2,209,000)	(2,209,000)
Profit after taxation for the financial year	36,465,895	5,320,763	41,786,658
Balance as at 31 December 2021	1,327,080,088	92,108,035	1,419,188,123
 The Corporation			
Balance as at 1 January 2020	784,482,038	784,482,038	
Loss after taxation for the financial year	(23,837,521)	(23,837,521)	
Balance as at 31 December 2020	760,644,517	760,644,517	
Loss after taxation for the financial year	(11,794,521)	(11,794,521)	
Balance as at 31 December 2021	748,849,996	748,849,996	

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTE	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	53,202,703	23,886,793	(11,794,521)	(23,837,521)
Adjustments for:-				
Allowance for impairment loss on:				
- receivables	114,998	3,795,295	29,226	3,761,388
- property, plant and equipment	-	625,907	-	625,907
- investment in subsidiaries	-	-	-	675,000
Amortisation of goodwill	176,700	176,700	-	-
Amortisation of intangible assets	4,333	4,333	-	-
Bad debts written off	566,616	859	7,155	-
Depreciation of property, plant and equipment	32,627,977	36,692,254	6,828,888	6,145,352
Depletion of biological assets	44,811,654	41,992,374	-	-
Property, plant and equipment written off	3,802	28,037	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(251,249)	6,161	-	106,311
- other investments	(6,537)	(58,801)	-	-
Loss/(Gain) on fair value changes in:				
- other investments	5,153,033	(7,150,986)	(2,105,281)	(6,710,724)
- biological assets	21,878,067	9,239,588	-	-
Grant amortised	(3,139,982)	(12,808)	(3,139,982)	(12,808)
Gross dividend:				
- other investments	(16,048,550)	(9,859,501)	(7,021,601)	(1,636,954)
- associates	-	-	(1,500,000)	(1,350,000)
- subsidiaries	-	-	(626,000)	(1,343,750)
Interest expense	17,508,048	13,945,084	6,623,925	5,447,159
Interest income	(6,146,565)	(7,872,587)	(3,882,440)	(7,829,341)
Inventories written off	-	3,357	-	-
Unrealised gain on foreign exchange	(104,825)	(122,353)	-	-
Realised loss on foreign exchange	607,193	-	-	-
Retirement benefit obligations	1,098,529	910,551	562,607	457,612
BALANCE CARRIED FORWARD	152,055,945	106,230,257	(16,018,024)	(25,502,369)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

NOTE	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
BALANCE BROUGHT FORWARD	152,055,945	106,230,257	(16,018,024)	(25,502,369)
Reversal of impairment loss on:				
- receivables	(1,233,154)	(231,552)	(953,424)	-
Reversal of provision for obsolete stocks	-	(3,241)	-	-
Share of net (gain)/loss of equity accounted associates	(15,149,703)	12,600,904	-	-
Waiver of payables	(2,940,127)	(1,469,180)	-	-
Operating profit/(loss) before working capital changes	132,732,961	117,127,188	(16,971,448)	(25,502,369)
Changes in working capital:-				
Inventories	(8,435,461)	1,464,010	144,932	-
Trade and other receivables	(49,349,738)	105,137,879	(25,703,899)	41,544,362
Amount owing by subsidiaries	-	-	(38,221,259)	2,489,575
Amount owing by associates	(33,880,786)	(9,018,380)	(3,733,977)	(9,624,288)
Amount owing by related companies	4,000,874	-	-	-
Trade and other payables	3,785,419	(17,691,703)	143,923	(6,550,696)
Amount owing to subsidiaries	-	-	827,178	(137,077)
Amount owing to associates	115	-	115	-
Amount owing to related companies	1,190,074	(5,339,701)	-	-
CASH FROM/(FOR) OPERATIONS	50,043,458	191,679,293	(83,514,435)	2,219,507
Interest paid	(2,315,775)	(4,749,008)	(1,212,740)	(16,610)
Tax paid	(15,234,742)	(17,919,199)	(900,908)	(2,702,728)
Tax refunded	5,196,253	5,454	3,179,680	-
Retirement benefits paid	(1,136,018)	(350,420)	(477,830)	(133,090)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	36,553,176	168,666,120	(82,926,233)	(632,921)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

NOTE	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Proceeds from disposal of other investments	19,255,647	13,322,692	1,073,268	-
Proceeds from disposal of property, plant and equipment	300,903	776,492	49,650	566,850
Proceeds from issuance of shares from non-controlling interests	-	490,000	-	-
Decrease in plantation development expenditure	(1,482)	(15,330)	-	-
Increase/(Decrease) in property development expenditure	76,738	(4,869,932)	76,738	(4,869,932)
Decrease in biological assets	(40,973,231)	(71,218,966)	-	-
Decrease in other investments, net	(37,697,722)	(41,268,110)	-	-
(Decrease)/Increase in deposits with maturity period more than three months	(21,686,623)	20,461,033	(21,673,584)	12,020,814
Purchase of property, plant and equipment	31	(14,023,032)	(21,989,615)	(6,938,435)
Redemption of redeemable preference shares in subsidiary	-	-	7,170,000	8,080,000
Redemption of redeemable preference shares by non-controlling interests	-	(8,000,000)	-	-
Reinvestment of interest received	-	(5,926,821)	(68,293)	(105,244)
Reinvestment of dividend received		(2,207,922)	-	-
Dividend received:				
- other investments	16,048,550	9,859,501	7,021,601	1,636,954
- associates	2,490,000	2,820,000	1,500,000	1,350,000
- subsidiaries	-	-	626,000	1,343,750
Interest received	6,146,565	7,872,587	3,882,440	7,829,341
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(72,271,609)	(97,686,469)	(7,280,615)	27,604,598

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

NOTE	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Addition/(Repayment) of banker's acceptances	2,903,119	(7,666,936)	-	-
Government grant received	5,802,292	3,880,000	5,802,292	3,880,000
Increase in pledged fixed deposits with licensed banks	(433,721)	(2,096,869)	-	-
Net repayment of hire purchase payables	(579,671)	(773,561)	(80,248)	(76,378)
Dividends paid to non-controlling interest	(2,209,000)	(5,828,250)	-	-
Net drawdown/(repayment) of term loans	(9,680,066)	(30,279,964)	30,331,272	(8,891,729)
Revolving credits obtained, net	17,000,000	-	-	-
NET CASH FOR FINANCING ACTIVITIES	12,802,953	(42,765,580)	36,053,316	(5,088,107)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(22,915,480)	28,214,071	(54,153,532)	21,883,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	148,467,432	120,253,361	106,746,412	84,862,842
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	125,551,952	148,467,432	52,592,880
				106,746,412

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

The principal place of business of the Corporation is located at Wisma Sumber Alam, Jalan Stadium, Petra Jaya, 93050 Kuching, Sarawak.

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

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

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

The financial statements were authorised for issues by the Board of Members on

1.1 Composition of the Group

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

	Principal place of business	Parent's effective ownership		Principal activities
		2021 %	2020 %	
Direct subsidiaries:				
PUSAKA Capital Sdn. Bhd. *	Malaysia	100	100	Investment holding
Harwood Timber Sdn. Bhd. *	Malaysia	100	100	Timber trading
STIDC Belian Holdings Sdn. Bhd. *	Malaysia	100	100	Letting of property and provide management services

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (Cont'd)

	Principal place of business	Parent's effective ownership		Principal activities
		2021 %	2020 %	
Direct subsidiaries (Cont'd):				
Hillog Sdn. Bhd. *#	Malaysia	100	100	Woodworking and related timber-processing services
Tanjung Manis Furniture Sdn. Bhd. *#	Malaysia	100	100	Furniture manufacturer
Tanjung Manis Sawmill Sdn. Bhd.*	Malaysia	100	100	Investment holding
Saratim Insurance Agency Services Sdn. Bhd. *	Malaysia	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd. *	Malaysia	60	60	Production of woodchips
Hornbill Skyways Sdn. Bhd. *	Malaysia	67	67	Aviation services
Sarawak Planted Forest Sdn. Bhd. *	Malaysia	100	100	Develop and establish forest plantations in licensed area
Selah Timber Sdn. Bhd. *#	Malaysia	75	75	Dormant
Amra Timbers Sdn. Bhd. *	Malaysia	100	100	Dormant
Kestrel Sdn. Bhd. *	Malaysia	100	100	Dormant
Tinamou Sdn. Bhd. *	Malaysia	100	100	Dormant
Balamra Sdn. Bhd. *	Malaysia	100	100	Dormant
Teratim Sdn. Bhd. *	Malaysia	100	100	Dormant
Tanjung Manis Timber Training Centre Sdn. Bhd. *	Malaysia	100	100	Provision of training courses
Tanjong Manis Enterprise Sdn. Bhd. *	Malaysia	100	100	Dormant
Tanjong Manis Construction Sdn. Bhd. *	Malaysia	100	100	Dormant
Indirect subsidiaries:				
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd.</u>				
PUSAKA Timber Industries Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operation and management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operation and management of palm oil industry related business
PUSAKA Realty & Construction Sdn. Bhd. *	Malaysia	100	100	Property development, construction work, management and operation of investment properties

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (Cont'd)

	Principal place of business	Parent's effective ownership		Principal activities		
		2021 %	2020 %			
Indirect subsidiaries (Cont'd):						
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd. (Cont'd)</u>						
PUSAKA Logistics & Services Sdn. Bhd. *#	Malaysia	100	100	Investment holding, management of port and shipping operations and other logistics related business		
PUSAKA Food Industry Sdn. Bhd. *#	Malaysia	100	100	Agriculture and aquaculture related business		
PUSAKA Integrated Resources Sdn. Bhd.*	Malaysia	100	-	Managing and operating LPG terminal		
<u>Subsidiaries of PUSAKA Realty & Construction Sdn. Bhd.</u>						
Tanjung Manis Development Sdn. Bhd. *	Malaysia	100	100	Provision of general repair and maintenance and supervision works		
Tanjong Manis Realty Sdn. Bhd. *#	Malaysia	100	100	Planning, operating, marketing and maintenance of realty projects		
<u>Subsidiaries of PUSAKA Logistics & Services Sdn. Bhd.</u>						
Tanjung Manis Integrated Port Sdn. Bhd. *	Malaysia	100	100	General port management		
Tanjong Manis Shipping Sdn. Bhd. *	Malaysia	100	100	Provision of transportation and wharfing services, trading in construction materials, renting of barge and speedboat and supplying port handling equipment		
PUSAKA Pratama Sdn. Bhd. *	Malaysia	51	51	Wholesale of liquefied petroleum gas, petrol, diesel, lubricants, and other solid, liquid and gaseous fuels and its related products		

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (Cont'd)

	Principal place of business	Parent's effective ownership		Principal activities		
		2021 %	2020 %			
Indirect subsidiaries (Cont'd):						
<u>Subsidiaries of PUSAKA Palm Oil Industry Sdn. Bhd.</u>						
Tanjung Manis Bulkers Sdn. Bhd. *#	Malaysia	70	70	Owning and managing crude palm oil bulking installation and dry bulk facilities		
<u>Subsidiaries of Harwood Timber Sdn. Bhd.</u>						
Bigwood Sdn. Bhd. *	Malaysia	100	100	Extraction and sale of timber logs		
Giovanni Wood Industries Sdn. Bhd. *	Malaysia	81.47	81.47	Manufacture, importation and sale of furniture and provision of reupholstery services		
Harwood Timber Products Sdn. Bhd. *	Malaysia	100	100	Trading of timber and timber related products, rubber plantation and property development		
Enrich Essence Sdn. Bhd. *	Malaysia	100	100	Trading of timber and non-timber products		
<u>Subsidiary of Bigwood Sdn. Bhd.</u>						
BMASJ Timber Sdn. Bhd. *	Malaysia	70	70	Tree planting and logging activities		
<u>Subsidiary of Hornbill Skyways Sdn. Bhd.</u>						
HS Aviation Services Sdn. Bhd. *	Malaysia	100	100	Providing non-scheduled transport of passenger and transport of freight by air		

* Not audited by Auditor-General, Malaysia.

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Impairment of Goodwill

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

(c) Impairment of Trade Receivables

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Income Taxes

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

Critical Judgements Made in Applying Accounting Policies

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

3.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

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

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

3.3 GOODWILL

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

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

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS

(a) Initial Recognition and Measurement

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

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

An arrangement constitutes a financing transaction if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(b) Subsequent Measurement

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

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

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

(c) Derecognition

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Redeemable Preference Shares

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

3.5 INVESTMENTS IN SUBSIDIARIES

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

3.6 INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

3.8 INTANGIBLE ASSETS

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.8 INTANGIBLE ASSETS (CONT'D)**

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

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

(i) Planted forest licence

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

(ii) Forest timber licence

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

3.9 INVESTMENT PROPERTIES

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

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

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

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 INVESTMENT PROPERTIES (CONT'D)

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

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

3.10 LAND HELD FOR DEVELOPMENT

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

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

3.11 PROPERTY DEVELOPMENT EXPENDITURE

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

3.12 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 BIOLOGICAL ASSETS

(a) Biological assets – At fair value

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

(b) Biological assets – At cost

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

3.14 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

All impairment losses are recognised in profit or loss immediately.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

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

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

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

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

3.15 LEASED ASSETS

(a) Finance Lease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 LEASED ASSETS (CONT'D)

(b) Operating Lease

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

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

3.16 INVENTORIES

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

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

3.17 CASH AND CASH EQUIVALENTS

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

3.18 PROVISIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

3.20 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 INCOME TAXES (CONT'D)

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

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

3.21 BORROWING COSTS

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

3.22 REVENUE AND OTHER INCOME

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

(a) Sale of Goods

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

(b) Interest Income

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

(c) Dividend Income

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

(d) Property Development

Revenue from property development is accounted for by the percentage of completion method on properties sold. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

(e) Timber Premium

Income from timber premium is recognised on an accrual basis.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 REVENUE AND OTHER INCOME (CONT'D)

(f) Aviation Services

Revenue from aviation services is recognised when services are rendered.

(g) Government Grant

Government grants are recognised as income at their fair value when the proceeds are receivable and all attached conditions are met.

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

4. PROPERTY, PLANT AND EQUIPMENT

The Group	2021	At	Additions	Reclassification	Disposal	Depreciation	Write Off	At
		1.1.2021	RM	RM	RM	Charges	RM	31.12.2021
<i>Carrying Amount</i>								
Long term leasehold land		49,040,504	-	-	-	(1,211,560)	-	47,828,944
Short term leasehold land		3,489,706	-	-	-	(39,197)	-	3,450,509
Buildings	272,667,221	2,363,572	5,058,025	-	-	(11,600,024)	-	268,488,794
Office furniture, fittings and equipment	11,363,551	3,313,366	-	(2)	(2,910,262)	(3,799)	11,762,854	
Electrical works	15,440	-	-	-	(1,930)	-	13,510	
Plant and machineries	39,581,603	386,338	-	(2)	(2,402,067)	(1)	37,565,871	
Aircraft spare engines and aircraft components	38,254,682	-	-	-	(12,310,810)	-	25,943,872	
Transportation equipment and motor vehicles	5,914,891	1,602,688	-	(49,650)	(2,152,127)	(2)	5,315,800	
Work-in-progress	6,881,525	6,380,867	(5,081,824)	-	-	-	8,180,568	
	427,209,123	14,046,831	(23,799)	(49,654)	(32,627,977)	(3,802)	408,550,722	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

<u>The Group</u> 2020	At 1.1.2020			Additions RM			Reclassification RM			Adjustment RM			Disposal RM			Depreciation Charges RM			Impairment Loss RM			Write Off RM			At 31.12.2020		
	Carrying Amount																										
Long term leasehold land	50,590,768	-	-																								49,041,604
Short term leasehold land	8,875,147	-	-																								3,489,706
Buildings	257,291,568	19,190,154	5,200,000	(48,960)	(48,960)	(101,788)	(8,523,905)	(327,008)	(13,939)																	272,666,122	
Office furniture, fittings and equipment	12,049,589	2,089,480	(1,501)	-	-	(2)	(2,759,939)	-	(14,077)	11,363,550																15,440	
Electrical works	17,370	-	-																								39,581,603
Plant and machineries	41,578,828	291,619	1,501	164,600	(14,160)	(2,440,765)	-	-	(20)																		
Aircraft spare engines and aircraft components	57,639,506	-	-	-	-	-	(19,384,824)	-	-																	38,254,682	
Transportation equipment and motor vehicles	7,402,224	1,238,000	-	-	(607,049)	(2,118,283)	-	-	(1)	5,914,891																	
Work-in-progress	6,875,363	170,762	-	(164,600)	-	-	-	-	-																	6,881,525	
	442,320,363	22,980,015	-	(48,960)	(782,653)	(36,605,698)	(625,907)	(28,037)	(427,209,123)																		

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
<u>The Group</u>				
2021				
<i>Carrying Amount</i>				
Long term leasehold land	58,007,378	(9,879,535)	(298,899)	47,828,944
Short term leasehold land	8,206,931	(4,756,422)	-	3,450,509
Buildings	395,642,350	(126,687,448)	(466,108)	268,488,794
Office furniture, fittings and equipment	47,347,909	(35,585,055)	-	11,762,854
Electrical works	19,300	(5,790)	-	13,510
Plant and machineries	75,848,953	(38,283,082)	-	37,565,871
Aircraft spare engines and aircraft components	298,227,868	(272,283,996)	-	25,943,872
Transportation equipment and motor vehicles	23,076,704	(17,760,904)	-	5,315,800
Work-in-progress	8,180,568	-	-	8,180,568
	914,557,961	(505,242,232)	(765,007)	408,550,722
<u>The Group</u>				
2020				
<i>Carrying Amount</i>				
Long term leasehold land	58,008,478	(8,667,975)	(298,899)	49,041,604
Short term leasehold land	8,206,931	(4,717,225)	-	3,489,706
Buildings	388,219,653	(115,087,423)	(466,108)	272,666,122
Office furniture, fittings and equipment	44,297,692	(32,934,142)	-	11,363,550
Electrical works	19,300	(3,860)	-	15,440
Plant and machineries	75,662,509	(36,080,906)	-	39,581,603
Aircraft spare engines and aircraft components	298,227,868	(259,973,186)	-	38,254,682
Transportation equipment and motor vehicles	22,312,042	(16,397,151)	-	5,914,891
Work-in-progress	6,881,525	-	-	6,881,525
	901,835,998	(473,861,868)	(765,007)	427,209,123

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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

<u>The Corporation</u> 2021	At 1.1.2021 RM			At 31.12.2021 RM		
	Additions RM	Disposal RM	Depreciation Charges RM	Impairment Loss RM	At 31.12.2021 RM	
<i>Carrying Amount</i>						
Long term leasehold land	38,073,209	-	-	(982,057)	-	
Buildings	143,348,172	-	-	(4,739,029)	-	
Office furniture, fittings and equipment	1,576,379	243,659	-	(323,125)	-	
Plant and machineries	346,193	21,900	-	(45,548)	-	
Transportation equipment and motor vehicles	1,871,312	315,808	(49,650)	(739,129)	-	
Work-in-progress	1,823,500	6,357,068	-	-	8,180,568	
	187,038,765	6,938,435	(49,650)	(6,828,888)	-	
					187,098,662	
<u>The Corporation</u> 2020						
<i>Carrying Amount</i>						
Long term leasehold land	39,271,403	-	-	(898,195)	(298,899)	
Buildings	147,760,571	-	(101,788)	(3,984,702)	(327,008)	
Office furniture, fittings and equipment	1,685,944	229,235	-	(338,801)	-	
Plant and machineries	379,510	18,700	-	(52,017)	-	
Transportation equipment and motor vehicles	3,314,322	-	(571,373)	(871,637)	-	
Work-in-progress	1,823,500	-	-	-	-	
	194,235,250	247,935	(673,161)	(6,145,352)	(625,907)	
					187,038,765	

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	At Cost RM	Accumulated Depreciation RM	Accumulated		Carrying Amount RM
			Impairment Loss RM	Carrying Amount RM	
<u>The Corporation</u>					
2021					
<i>Carrying Amount</i>					
Long term leasehold land	44,382,317	(6,992,266)	(298,899)	37,091,152	
Buildings	208,027,622	(68,952,371)	(466,108)	138,609,143	
Office furniture, fittings and equipment	9,181,545	(7,684,632)	-	1,496,913	
Plant and machineries	1,781,298	(1,458,753)	-	322,545	
Transportation equipment and motor vehicles	9,153,449	(7,755,108)	-	1,398,341	
Work-in-progress	8,180,568	-	-	8,180,568	
	280,706,799	(92,843,130)	(765,007)	187,098,662	

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Motor vehicles	2,794,714	3,915,256	255,090	347,850

(b) The carrying amounts of property, plant and equipment have been charged to licensed banks as securities for banking facilities (Note 22 and 23) granted to the Group are as follows:-

	The Group	
	2021 RM	2020 RM
Buildings	33,359,824	29,601,989
Work-in-progress	-	4,912,301
Furniture, fittings and equipment	1,652,827	1,969,145
Transportation equipment and motor vehicles	2	37,058
Plant and machineries	33,825,964	35,531,343
	<u>68,838,617</u>	<u>72,051,836</u>

(c) Buildings with a total carrying amount of RM23,674,362 (2020: RM24,827,692) are built on a leased land from Malaysia Airports Sdn. Bhd..

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INTANGIBLE ASSET

	At 1.1.2021 RM	Amortisation RM	At 31.12.2021 RM
<u>The Group</u>			
<i>Carrying Amount</i>			
Licenses	27,000	(4,333)	22,667
	At 1.1.2020 RM	Amortisation RM	At 31.12.2020 RM
<i>Carrying Amount</i>			
Licenses	31,333	(4,333)	27,000
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
<u>The Group</u>			
31.12.2021			
Licenses	40,000	(17,333)	22,667
31.12.2020			
Licenses	40,000	(13,000)	27,000

6. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2021 RM	2020 RM
Cost		
At 1 January and 31 December	366,106	366,106

This comprises one parcel of leasehold land with lease term expiring in the year 2058 (2020: 2058) for which only a provisional title has been issued by the relevant authority.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN SUBSIDIARIES

	The Corporation	
	2021	2020
	RM	RM
Unquoted shares, at cost	239,696,121	246,866,121
Less: Accumulated impairment loss	(675,000)	(675,000)
	<u>239,021,121</u>	<u>246,191,121</u>

8. INVESTMENT IN ASSOCIATES

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unquoted shares, at cost	98,464,942	98,464,942	90,733,038	90,733,038
Share of post acquisition profits, net of dividend received	84,550,897	71,891,194	-	-
	<u>183,015,839</u>	<u>170,356,136</u>	<u>90,733,038</u>	<u>90,733,038</u>
Less: Accumulated impairment losses	(1,749,998)	(1,749,998)	(1,749,998)	(1,749,998)
	<u>181,265,841</u>	<u>168,606,138</u>	<u>88,983,040</u>	<u>88,983,040</u>

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. OTHER INVESTMENTS

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current				
Quoted unit trust, at fair value				
Carrying amount	271,574,497	257,699,440	17,620,221	18,969,934
Unquoted shares, at cost				
Cost	18,037,500	18,037,500	18,037,500	18,037,500
Less: Accumulated impairment losses	(91,000)	(91,000)	(91,000)	(91,000)
	17,946,500	17,946,500	17,946,500	17,946,500
Quoted shares, at fair value				
Carrying amount	28,312,746	25,982,124	27,603,649	25,009,432
Investments managed by ASSAR Asset Management Sdn. Bhd., at cost				
Cost	8,755,785	9,313,765	8,755,785	8,755,785
Less: Accumulated impairment losses	(4,296,822)	(4,152,624)	(4,296,822)	(4,152,624)
	4,458,963	5,161,141	4,458,963	4,603,161
	322,292,706	306,789,205	67,629,333	66,529,027
Current				
Fixed deposits with tenure				
more than 3 months	48,916,659	27,230,036	34,322,320	12,648,736
Fixed deposits pledged to licensed banks	4,530,496	4,096,775	-	-
	53,447,155	31,326,811	34,322,320	12,648,736
Total investments	375,739,861	338,116,016	101,951,653	79,177,763

- (a) The fair value for quoted shares is determined by reference to their quoted closing bid price at the end of the reporting period.
- (b) Investments in unquoted shares are stated at cost less accumulated impairment losses as their fair values cannot be reliably measured without undue cost or effort.
- (c) The fixed deposit with licensed bank of the Group and the Corporation at the end of the financial year bore effective interest rates ranging from 1.50% to 3.15% (2020 1.70% to 3.75%) per annum. The fixed deposits have maturity periods ranging from 151 to 365 (2020: 151 to 365) days.
- (d) The fixed deposits with a total amount of RM 4,530,496 (2020: RM4,096,775) have been pledged to a licensed bank as security for banking facility granted to the Group.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. PROPERTY DEVELOPMENT EXPENDITURE

	The Group/Corporation	
	2021	2020
	RM	RM
Development costs brought forward	115,834,172	110,964,240
Development costs incurred during the year	5,789,272	6,559,532
Less: Amount contra against government grants	(3,139,982)	(12,808)
Less: Amount recognised in current year	(2,726,028)	(1,676,792)
	<hr/> <u>115,757,434</u>	<hr/> <u>115,834,172</u>

11. PLANTATION DEVELOPMENT EXPENDITURE

	The Group	
	2021	2020
	RM	RM
<i>Cost and carrying amount</i>		
At 1 January	618,226	602,896
Additions	1,482	15,330
At 31 December	<hr/> <u>619,708</u>	<hr/> <u>618,226</u>

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. BIOLOGICAL ASSETS

	The Group		
	2021	2020	
	RM	RM	
(a) Forest crops, at fair value			
Opening fair value/carrying amount	376,037,300	356,273,538	
Costs incurred during the year	39,936,708	70,832,987	
Depletion for the financial year	(44,648,917)	(41,829,637)	
Changes in fair value	(21,878,067)	(9,239,588)	
	<u>349,447,024</u>	<u>376,037,300</u>	
(b) Tree planting expenditure			
At 1 January	1,098,182	1,015,740	
Additions	1,036,523	245,179	
Less: Depletion during the financial year	(162,737)	(162,737)	
At 31 December	<u>1,971,968</u>	<u>1,098,182</u>	
Total biological assets	<u>351,418,992</u>	<u>377,135,482</u>	

Fair value information

Fair value of biological assets are categorised as follows:

	2021		2020	
	Level 3	Total	Level 3	Total
	RM	RM	RM	RM
Biological assets	<u>349,447,024</u>	<u>349,447,024</u>	<u>376,037,300</u>	<u>376,037,300</u>

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

Level 1 fair value

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

Level 2 fair value

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. BIOLOGICAL ASSETS (CONT'D)

Fair value information (Cont'd)

Level 3 fair value

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

The biological assets were valued by management team. The management team has applied the net present value approach under which projected future net cash flows, based on their assessment of current timber log prices, were discounted at the rate of 8% (2020: 8%) per annum for each of the years applied to pre-tax cash flows to provide the current market value of the biological assets. The discount rate used was based on the weighted average cost of capital which recognises the weighted average cost of debt funded capital and equity capital.

13. GOODWILL ON CONSOLIDATION

	The Group	
	2021 RM	2020 RM
<i>Carrying Amount</i>		
At 1 January	706,800	883,500
Amortisation	(176,700)	(176,700)
At 31 December	<u>530,100</u>	<u>706,800</u>

14. INVENTORIES

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
<i>At cost:-</i>				
Aircraft spares	8,308,990	7,340,394	-	-
Consumables	485,443	356,443	-	-
Fuel	125,330	-	-	-
Industrial land lots	56,655,489	56,800,421	44,655,489	44,800,421
Inventories in transit	67,216	-	-	-
Lubricants	-	583,123	-	-
Manufactured inventories	485,031	-	-	-
Processed timber	-	7,316,511	-	-
Raw Materials	4,776,711	1,741,768	-	-
Ship building lots	75,579,671	75,579,671	75,579,671	75,579,671
Trading goods	11,669,911	-	-	-
	<u>158,153,792</u>	<u>149,718,331</u>	<u>120,235,160</u>	<u>120,380,092</u>
<i>Recognised in profit or loss:-</i>				
Inventories recognised as cost of sales	<u>31,938,097</u>	<u>38,501,996</u>	<u>144,932</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. TRADE AND OTHER RECEIVABLES

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade receivables	58,526,328	58,382,279	28,859,472	32,040,113
Less: Accumulated impairment losses	(12,697,021)	(13,610,022)	(12,558,153)	(13,482,351)
Net carrying amount	<u>45,829,307</u>	<u>44,772,257</u>	<u>16,301,319</u>	<u>18,557,762</u>
Other receivables	297,569,703	252,530,226	55,418,061	26,346,229
Deposits	9,989,933	8,900,597	617,314	630,824
Prepayments	2,362,648	3,585,112	-	10,714
GST	867,792	868,631	166,453	166,453
	<u>310,790,076</u>	<u>265,884,566</u>	<u>56,201,828</u>	<u>27,154,220</u>
Less: Accumulated impairment losses	(20,198,501)	(20,403,656)	(20,005,202)	(20,005,202)
	<u>290,591,575</u>	<u>245,480,910</u>	<u>36,196,626</u>	<u>7,149,018</u>
Total trade and other receivables	<u>336,420,882</u>	<u>290,253,167</u>	<u>52,497,945</u>	<u>25,706,780</u>
Non-current				
Other receivables	<u>1,242,880</u>	<u>1,445,069</u>	<u>633,914</u>	<u>804,137</u>
Total trade and other receivables (Current and non-current)	<u>337,663,762</u>	<u>291,698,236</u>	<u>53,131,859</u>	<u>26,510,917</u>
	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Allowance for impairment losses:-				
At 1 January	34,013,678	30,849,934	33,487,553	30,126,165
Addition during the year	114,998	3,795,296	29,226	3,761,388
Recovered during the year	-	(400,000)	-	(400,000)
Reversal during the year	(1,233,154)	(231,552)	(953,424)	-
	<u>32,895,522</u>	<u>34,013,678</u>	<u>32,563,355</u>	<u>33,487,553</u>

The other receivables of the Group and the Corporation include an amount of RM1,474,573 and RM865,607 (2020: RM1,655,527 and RM1,014,595) respectively which represents the staff loans, bearing interest rate ranging from 4% to 7.75% (2020: 4% to 7.75%) per annum and repayable over 1 to 25 (2020: 1 to 25) years.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Corporation	
	2021	2020
	RM	RM
Amount owing by subsidiaries		
Current	13,787,855	13,122,651
Non-current	66,181,489	28,625,434
	<hr/>	<hr/>
	79,969,344	41,748,085
	<hr/>	<hr/>

Amount owing to subsidiaries

Current	3,668,828	2,841,650
	<hr/>	<hr/>

The amount owing by subsidiaries are unsecured, interest-free and repayable on demand except as follows:-

- (a) RM20,766,860 (2020: RM20,483,647) which bore interest rate at 4% (2020: 4%) per annum and repayable within 5 years;
- (b) RM40,000,000 (2020: Nil) which bore interest rate at 4% (2020: Nil) per annum and repayable within 15 years commencing from the expiration date of the grace period of 4 years; and
- (c) RM1,417,253 (2020 RM3,801,519) which bore interest rate at 4% (2020: 4%) per annum and repayable on demand.

The amount owing to subsidiaries are unsecured, interest-free and repayable on demand.

17. AMOUNT OWING BY/(TO) ASSOCIATES

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Amount owing by associates				
Current	30,585,370	20,832,226	22,930,426	19,196,449
Non-current	28,127,642	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	58,713,012	20,832,226	22,930,426	19,196,449
	<hr/>	<hr/>	<hr/>	<hr/>

Amount owing to associates

Current	3,704,518	3,704,403	157,519	157,404
	<hr/>	<hr/>	<hr/>	<hr/>
	3,704,518	3,704,403	157,519	157,404

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. AMOUNT OWING BY/(TO) ASSOCIATES (CONT'D)

The amount owing by associates are unsecured, interest-free and repayable on demand except as follows:-

- (b) amount owing by associates of the Group and the Corporation of RM48,518,454 and RM13,365,265 (2020: RM14,599,476 and RM9,624,287) respectively bearing interest rate ranging from 4% - 5% (2020: 4% - 5%) per annum; and
- (c) an amount owing by an associate of RM262,190 (2020: RM341,592) bearing interest rate at 2% (2020: 2%) per annum and repayable within 5 years.

The amount owing to associates are unsecured, interest-free and repayable on demand.

18. AMOUNT OWING BY/(TO) RELATED COMPANIES

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

19. CASH AND CASH EQUIVALENTS

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

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	27,095,891	38,385,363	15,530,599	3,414,524
Fixed deposits with tenure of 3 months or less	103,208,999	116,138,136	37,062,281	103,331,888
Cash and cash equivalents in the statements of financial position	130,304,890	154,523,499	52,592,880	106,746,412
Bank overdrafts (Note 22)	(4,752,938)	(6,056,067)	-	-
Cash and cash equivalents in the statements of cash flows	125,551,952	148,467,432	52,592,880	106,746,412

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.50% to 3.15% (2020 – 1.50% to 3.15%) per annum. The fixed deposits have maturity periods ranging from 30 to 94 (2020: 7 to 94) days.

20. RETAINED PROFITS

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. DEFERRED GRANT INCOME

	The Group/Corporation	
	2021	2020
	RM	RM
Balance at 1 January		
- Total government grant received	414,153,535	410,273,535
- Utilised for project	(342,181,701)	(342,168,893)
Net carrying amount at 1 January	71,971,834	68,104,642
- Government grant received during the year	5,802,292	3,880,000
- Amortisation for the year	(3,139,982)	(12,808)
At 31 December	<u>74,634,144</u>	<u>71,971,834</u>
Balance at 31 December		
- Total government grant received	419,955,827	414,153,535
- Cumulative amount recognised in profit or loss	(345,321,683)	(342,181,701)
	<u>74,634,144</u>	<u>71,971,834</u>

22. LOANS AND BORROWINGS

	Note	The Group		The Corporation	
		2021 RM	2020 RM	2021 RM	2020 RM
<u>Current liabilities</u>					
Bank overdrafts	22.1	4,752,938	6,056,067	-	-
Bankers' acceptances	22.2	9,111,490	6,208,371	-	-
Revolving credits	22.3	40,000,000	23,000,000	-	-
Term loans	22.4	13,652,830	13,694,926	-	-
Loan from GP Pusaka	22.5	108,960,780	110,719,595	108,960,780	110,719,595
Loan from Sarawak State Government	22.6	9,168,600	9,168,600	-	-
Redeemable preference shares	22.7	16,000,000	8,000,000	-	-
		<u>201,646,638</u>	<u>176,847,559</u>	<u>108,960,780</u>	<u>110,719,595</u>
<u>Non-current liabilities</u>					
Term loans	22.4	44,663,275	33,318,973	-	-
Loan from Sarawak State Government	22.6	131,398,876	101,635,993	115,922,099	78,420,827
Redeemable preference shares	22.7	140,105,933	181,900,000	-	-
Sub total		<u>316,168,084</u>	<u>316,854,966</u>	<u>115,922,099</u>	<u>78,420,827</u>
Total loans and borrowings		<u>517,814,722</u>	<u>493,702,525</u>	<u>224,882,879</u>	<u>189,140,422</u>

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. LOANS AND BORROWINGS (CONT'D)

The bank borrowings of the Group are secured by:-

Bank overdrafts

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

Bankers' acceptances

- (a) Fixed and floating charge over all present and future property, plant and equipment of a subsidiary company;
- (b) A corporate guarantee from one of the subsidiary companies;
- (c) Proportionate corporate guarantee from Blackhem Holdings Sdn. Bhd; and
- (d) Legal charge and assignment over two (2) designated current accounts maintained with the Bank in respect of all sales proceeds arising from the subsidiary company's business operation.

Revolving credits

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. LOANS AND BORROWINGS (CONT'D)

Term loans

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. LOANS AND BORROWINGS (CONT'D)

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

		Interest rates per annum	
		2021	2020
22.1	Bank overdrafts	6.64% - 6.97%	6.64% - 6.97%
22.2	Bankers' acceptances	1.90% - 2.00%	1.90% - 3.43%
22.3	Revolving credits	3.64% - 4.41%	3.71% - 5.25%
22.4	Term loans	3.85% - 3.97%	3.80% - 5.79%
22.5	Loan from GP Pusaka	4%	4%
22.6	The Group and the Corporation obtained interest free loan from the Sarawak State Government for the purpose of plantation development and establishment, including road construction, purchase of equipment and vehicles, payment of staff salaries and other related costs.		
22.7	Redeemable preference shares		

Redeemable preference shares – Class A ("RPS")

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

Redemption

During the financial year, the Group has approved the redemption of the Class A Redeemable Preference Shares ("RPS") registered in the name of a related company. On 01 January 2022, 8,000,000 out of 189,900,000 Class A - PRS shares held by a related Company - Sarawak Capital Assets Sdn. Bhd. with total consideration of RM8,000,000 is satisfied in cash.

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

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. HIRE PURCHASE PAYABLES

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Minimum hire purchase payments:				
- not later than one year	1,173,708	1,105,480	92,988	92,988
- later than one year and not later than five years	1,919,286	2,719,983	170,410	263,398
	3,092,994	3,825,463	263,398	356,386
Less: Future finance charges	(245,985)	(398,783)	(15,129)	(27,869)
	2,847,009	3,426,680	248,269	328,517
Analysed by:-				
Non-current liabilities	1,810,034	2,507,540	164,150	248,269
Current liabilities	1,036,975	919,140	84,119	80,248
	2,847,009	3,426,680	248,269	328,517

The hire purchase payables of the Group and the Corporation at the end of the financial year bore effective interest rates ranging from 2.28% to 3.50% (2020: 2.28% to 3.50%) per annum.

24. RETIREMENT BENEFIT OBLIGATIONS

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

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	8,334,832	7,774,701	3,060,804	2,736,282
Recognised in profit or loss	1,098,529	910,551	562,607	457,612
Payout during the year	(1,136,018)	(350,420)	(477,830)	(133,090)
At 31 December	8,297,343	8,334,832	3,145,581	3,060,804

Present value of unfunded defined benefit obligations

Non-current	7,938,479	7,466,471	2,966,717	2,672,443
Current	358,864	868,361	178,864	388,361
	8,297,343	8,334,832	3,145,581	3,060,804

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. DEFERRED TAXATION

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
As at 1 January	(24,127,085)	(25,308,741)	8,218,521	8,218,521
Recognised in profit or loss	(2,418,494)	1,181,656	-	-
At 31 December	<u>(26,545,579)</u>	<u>(24,127,085)</u>	<u>8,218,521</u>	<u>8,218,521</u>

Presented after appropriate offsetting as follows:-

Deferred tax assets	8,218,521	8,218,521	8,218,521	8,218,521
Deferred tax liabilities	(34,764,100)	(32,345,606)	-	-
	<u>(26,545,579)</u>	<u>(24,127,085)</u>	<u>8,218,521</u>	<u>8,218,521</u>

Deferred tax assets:

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

Deferred tax liabilities:

Accelerated capital allowances				
At 1 January	(32,345,606)	(33,527,262)	-	-
Recognised in profit or loss	(2,418,494)	1,181,656	-	-
At 31 December	<u>(34,764,100)</u>	<u>(32,345,606)</u>	<u>-</u>	<u>-</u>

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

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unabsorbed capital allowances	5,738,671	17,751,152	2,416,397	2,198,753
Unutilised tax losses	20,757,003	24,340,246	12,924,243	12,777,378
Other temporary differences	(217,203)	493,515	(2,221,610)	(702,119)
At 31 December	<u>26,278,471</u>	<u>42,584,913</u>	<u>13,119,030</u>	<u>14,274,012</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. TRADE AND OTHER PAYABLES

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade payables	33,672,205	30,234,173	10,378,115	9,820,204
Other payables	27,682,192	28,123,073	11,390,653	11,120,148
Accruals	5,664,119	7,783,762	2,076,772	3,295,665
	67,018,516	66,141,008	23,845,540	24,236,017

The normal trade credit term granted to the Group ranged from 30 to 90 days (2020: 30 to 90 days).

27. REVENUE

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Aviation services	139,023,546	134,739,830	-	-
Contract income	2,837,405	60,849	-	-
Crude palm oil bulking services	2,511,600	2,597,316	-	-
General repair and maintenance services	118,292	99,048	-	-
Grant amortised	3,139,982	12,808	3,139,982	12,808
Gross dividend:				
- other investments	7,021,601	1,636,954	7,021,601	1,636,954
- associates	-	-	1,500,000	1,350,000
- subsidiaries	-	-	626,000	1,343,750
Gain on fair value of other investments	2,715,027	8,265,026	2,715,027	8,265,026
Interest income	172,607	152,784	-	-
Operating grant received	3,364,799	5,244,951	3,364,799	5,244,951
Other operating income	1,206,423	2,301,024	1,206,423	236,467
Other services	13,780,474	14,079,226	228,719	352,430
Project revenue	2,417,194	2,375,500	2,417,194	2,375,500
Registration fees	512,857	532,025	512,857	532,025
Rental income	12,401,865	2,507,252	10,102,703	869,954
Trading of goods	142,107,751	-	-	-
Sales of construction, furniture and hardware materials	183,323	152,761,862	-	-
Sales of woodchips, timber logs, sawn timber, peat swap logs and pulpwoods	257,688,712	317,291,871	-	-
Timber premium	6,067,163	6,168,298	6,067,163	6,168,298
Wharfage, stevedorage, barging and other port users' services	16,153,098	17,004,259	-	-
	613,423,719	667,830,883	38,902,468	28,388,163

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. FINANCE COSTS

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Bankers' acceptance interests	208,139	406,326	-	-
Bank overdraft interests	326,251	396,106	-	-
Redeemable convertible unsecured loan stocks - imputed interests	-	397,593	-	-
Revolving credit interests	1,369,898	1,027,453	-	-
Interests on loan	15,192,273	9,196,076	6,611,185	5,430,549
Hire purchase interests	188,673	208,619	12,740	16,610
Others	222,814	2,312,911	-	-
	17,508,048	13,945,084	6,623,925	5,447,159

29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Allowance for impairment losses on				
- receivables	114,998	3,795,295	29,226	3,761,388
- property, plant and equipment	-	625,907	-	625,907
- investment in subsidiaries	-	-	-	675,000
Amortisation of goodwill	176,700	176,700	-	-
Amortisation of intangible assets	4,333	4,333	-	-
Auditors' remuneration:				
- current year	255,654	254,654	18,554	18,554
- underprovision in the previous financial year	1,000	500	-	-
Bad debts written off	566,616	859	7,155	-
Board members' fees	251,300	268,500	251,300	268,500
Depreciation of property, plant and equipment	32,627,977	36,692,254	6,828,888	6,145,352
Depletion of biological assets	44,811,654	41,992,374	-	-
Directors' remuneration:				
- fees	1,644,274	2,027,720	-	-
- salaries	375,799	-	-	-
- bonus	-	40,312	-	-
- non-fees emoluments	1,496,667	1,976,972	-	-
Other key management personnel	225,092	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Hire of equipment, plant and machineries	1,031,702	1,126,547	998,702	1,008,747
Rental expenses	5,178,400	3,638,924	324,000	324,000
Inventories written off	-	3,357	-	-
Property, plant and equipment written off	3,802	28,037	-	-
Realised loss on foreign exchange	607,193	564,819	-	-
Rental of aircraft	41,562,922	35,545,305	-	-
Retirement benefit obligations	1,098,529	910,551	562,607	457,612
Staff costs:				
- wages, salaries, allowances, bonus and overtime	68,333,519	74,641,271	26,315,572	22,564,635
- E.I.S.	17,491	17,537	-	-
- E.P.F.	7,925,133	7,501,327	607,042	543,687
- SOCSO	312,964	501,177	18,666	11,950
- Other staff related expenses	3,599,634	3,414,695	3,496,096	2,156,941
Grant amortised	(3,139,982)	(12,808)	(3,139,982)	(12,808)
Unrealised (gain)/loss on foreign exchange	(104,825)	(122,353)	-	-
Bad debts recovered	-	(400,000)	-	(400,000)
Loss/(Gain) on fair value changes in:				
- other investments	5,153,033	(7,150,986)	(2,105,281)	(6,710,724)
- biological assets	21,878,067	9,239,588	-	-
(Gain)/loss on disposal of:				
- other investments	(6,537)	(58,801)	-	-
- property, plant and equipment	(251,249)	6,161	-	106,311
Gross dividend:				
- other investments	(16,048,550)	(9,859,501)	(7,021,601)	(1,636,954)
- associates	-	-	(1,500,000)	(1,350,000)
- subsidiaries	-	-	(626,000)	(1,343,750)
Interest income	(6,146,565)	(7,872,587)	(3,882,440)	(7,829,341)
Rental income	(1,384,029)	(3,680,106)	-	(869,954)
Reversal of impairment on receivables	(1,233,154)	(231,552)	(953,425)	-
Reversal of provision for obsolete stocks	-	(3,241)	-	-
Waiver of payables	(2,940,127)	(1,469,180)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. TAXATION

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current tax:				
- Current financial year	9,053,105	15,275,173	-	-
- (Over)/underprovision in the previous financial year	(55,554)	622,292	-	-
	<u>8,997,551</u>	<u>15,897,465</u>	<u>-</u>	<u>-</u>
Deferred tax:				
- Current financial year	(2,634,811)	(888,585)	-	-
- Under/(over)provision in the previous financial year	5,053,305	(293,071)	-	-
	<u>2,418,494</u>	<u>(1,181,656)</u>	<u>-</u>	<u>-</u>
	<u>11,416,045</u>	<u>14,715,809</u>	<u>-</u>	<u>-</u>

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

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before taxation	53,202,703	23,886,793	(11,794,521)	(23,837,521)
Tax at the statutory income tax rate of 24% (2020: 24%)	12,768,649	5,732,830	(2,830,685)	(5,721,005)
Tax effect in respect of:-				
Non-deductible expenses	3,326,891	16,780,617	4,559,172	13,346,835
Non-taxable income	(8,110,762)	(12,278,962)	(2,195,424)	(5,835,580)
Utilisation of capital allowances brought forward	-	(3,627)	-	(108)
Utilisation of business losses	(74,653)	(3,640,227)	-	(3,065,334)
Deferred tax assets not recognised	2,144,098	4,771,740	466,937	1,275,192
Share of results in associates	(3,635,929)	3,024,217	-	-
(Over)/underprovision in the previous financial year:				
- income tax	(55,554)	622,292	-	-
- deferred tax	5,053,305	(293,071)	-	-
	<u>11,416,045</u>	<u>14,715,809</u>	<u>-</u>	<u>-</u>

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	14,023,032	22,980,015	6,938,435	247,935
Amount financed through hire purchases	-	(990,400)	-	-
Cash disbursed for purchase of property, plant and equipment	14,023,032	21,989,615	6,938,435	247,935

32. COMMITMENTS

(a) Capital commitments

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Approved and contracted for:				
Property, plant and equipment	-	2,059,800	-	-
Renovation at Wisma Sumber Alam Tower	24,370,917	20,872,000	24,370,917	20,872,000
Approved and not contracted for:				
Property, plant and equipment	31,740,871	16,143,648	-	-
Renovation at Wisma Sumber Alam Tower	-	9,206,218	-	9,206,218
	56,111,788	48,281,666	24,370,917	30,078,218

(b) Non-cancellable lease commitments

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

	The Group	
	2021	2020
	RM	RM
Not later than one year	11,985,152	25,817,430
Later than one year and not later than five years	1,275,172	11,167,838
	13,260,324	36,985,268

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. CONTINGENT LIABILITIES

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

Upon receiving the judge's decision on ruling of the case, the Corporation has filed a Notice of Appeal on 9th July 2019 to the Court of Appeal. The date of hearing is re-scheduled on 29th April 2022.

34. RELATED PARTY DISCLOSURES

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

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Transactions with subsidiaries:				
Management service	-	-	4,823,982	3,978,436
Rental expenses	-	-	324,000	300,000
Interest income received/receivable	-	-	(901,694)	(1,335,410)
Rental income	-	-	(5,040)	(66,600)
<hr/>				
Transactions with associates:				
Rental expenses and operating services	2,952,392	2,827,330	-	-
Interest income received/ receivable	(25,000)	(328,396)	-	-
Security charges received/ receivable	(52,800)	-	-	-
Rental income	(190,512)	-	-	-
Sales of goods	(400,640)	(500,320)	-	-
<hr/>				
Transactions with related companies:				
Contract fee	134,858	102,411	-	-
Rental expenses	255,126	203,976	-	-
Hiring charges	12,000	-	-	-
Purchase of goods	6,452,220	18,161,924	-	-
Aviation services rendered	(126,478,092)	(127,507,847)	-	-
Premium received	(7,062)	(45,513)	-	-
Rental income	-	(190,512)	-	-
Sales of sawdust	-	(31,536)	-	-
<hr/>				

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. CONTINGENT LIABILITIES

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

Upon receiving the judge's decision on ruling of the case, the Corporation has filed a Notice of Appeal on 9th July 2019 to the Court of Appeal. The date of hearing is re-scheduled on 29th April 2022.

34. RELATED PARTY DISCLOSURES

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

	The Group		The Corporation	
	2021	2020	2021	2020
	RM	RM	RM	RM
Transactions with subsidiaries:				
Management service	-	-	4,823,982	3,978,436
Rental expenses	-	-	324,000	300,000
Interest income received/receivable	-	-	(901,694)	(1,335,410)
Rental income	-	-	(5,040)	(66,600)
<hr/>				
Transactions with associates:				
Rental expenses and operating services	2,952,392	2,827,330	-	-
Interest income received/ receivable	(25,000)	(328,396)	-	-
Security charges received/ receivable	(52,800)	-	-	-
Rental income	(190,512)	-	-	-
Sales of goods	(400,640)	(500,320)	-	-
<hr/>				
Transactions with related companies:				
Contract fee	134,858	102,411	-	-
Rental expenses	255,126	203,976	-	-
Hiring charges	12,000	-	-	-
Purchase of goods	6,452,220	18,161,924	-	-
Aviation services rendered	(126,478,092)	(127,507,847)	-	-
Premium received	(7,062)	(45,513)	-	-
Rental income	-	(190,512)	-	-
Sales of sawdust	-	(31,536)	-	-
<hr/>				

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL INSTRUMENTS

35.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	The Group		The Corporation	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
<u>Fair value through profit or loss</u>				
Other investments	299,887,243	283,681,564	45,223,870	43,979,366
<u>Amortised cost</u>				
Trade and other receivables	324,443,389	278,343,896	52,348,092	25,702,926
Amount owing by subsidiaries	-	-	79,969,344	41,748,085
Amount owing by associates	58,713,012	20,832,226	22,930,426	19,196,449
Amount owing by related companies	38,006	4,038,880	-	-
Other investments	75,852,618	54,434,452	56,727,783	35,198,397
Cash and cash equivalents	130,304,890	154,523,499	52,592,880	106,746,412
	589,351,915	512,172,953	264,568,525	228,592,269
Financial Liabilities				
<u>Amortised cost</u>				
Trade and other payables	67,018,516	66,141,008	23,845,540	24,236,017
Amount owing to subsidiaries	-	-	3,668,828	2,841,650
Amount owing to associates	3,704,518	3,704,403	157,519	157,404
Amount owing to related companies	13,312,938	12,122,864	-	-
Hire purchase payables	2,847,009	3,426,680	248,269	328,517
Loans and borrowings	517,814,722	493,702,525	224,882,879	189,140,422
	604,697,703	579,097,480	252,803,035	216,704,010

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. COMPARATIVE FIGURES

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

	The Group		The Corporation	
	As Restated RM	As Previously Reported RM	As Restated RM	As Previously Reported RM
Consolidated Statement of Financial Position (Extract):-				
Property, plant and equipment	427,209,123	425,623,101	187,038,765	187,038,765
Investment properties	-	1,445,222	-	-
Biological assets	377,135,482	377,276,282	-	-
Trade and other receivables	290,253,167	299,749,849	25,706,780	35,203,462
Amount owing by associates	20,832,226	11,207,938	19,196,449	9,572,161
Trade and other payables	66,141,008	66,013,402	24,236,017	24,108,411
Consolidated Statement of Comprehensive Income (Extract):-				
Cost of sales	534,689,246	534,679,876	1,714,990	1,714,990
Administrative expenses	120,449,075	120,458,445	63,414,152	63,414,152

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

**DETAILED ADMINISTRATIVE EXPENSES - CORPORATION
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	2021 RM	2020 RM
Advertisement	179,990	71,497
Allowance for impairment loss on:		
- receivables	29,226	3,761,388
- property, plant and equipment	-	625,907
- investment in subsidiaries	-	675,000
Audit fee	18,554	18,554
Bad debts written off	7,155	-
Board members' fees	251,300	268,500
Books, newspapers and periodicals	54,425	58,741
Corporate social responsibilities	312,388	629,727
Depreciation of property, plant and equipment	6,828,888	6,145,352
Electricity and water	832,679	751,734
Entertainment	55,462	85,204
Fair value loss on other investments	609,746	1,554,302
General office expenses	187,700	242,153
Gifts and contributions	2,097,000	126,500
Hire of equipment	998,702	1,008,747
ICT development programme	256,369	87,450
Insurance	486,388	475,375
Interest subsidy	407,728	432,582
Legal and professional fee	1,080,163	217,922
Loss on disposal of property, plant and equipment	-	106,311
Maintenance of gallery	660,278	499,006
Maintenance of industrial estate	6,693,301	6,878,358
Miscellaneous expenses	8,349	1,797,727
Museum expenses	-	930
Office rental	324,000	324,000
OSHA	-	9,437
Printing and stationeries	99,755	204,253
Rates and assessment	640,767	745,720
Repair and maintenance:		
- motor vehicles	373,452	390,493
- office building	3,174,977	2,516,765
Staff costs:		
- salaries and allowances	23,303,904	22,564,635
- overtime	337,538	391,063
- E.P.F. contribution	607,042	543,687
- E.I.S. and socso contribution	18,666	11,950
- pencen	2,111,523	2,156,941
- retirement benefits	562,607	459,092
BALANCE CARRIED FORWARD	53,610,022	56,837,003

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**DETAILED ADMINISTRATIVE EXPENSES - CORPORATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

	2021 RM	2020 RM
BALANCE BROUGHT FORWARD	53,610,022	56,837,003
Staff house rental	155,297	182,204
Staff medical	2,933,053	1,991,143
Staff uniform	193,563	143,369
Staff welfare	214,183	241,115
Telephone, fax and postage	440,884	290,790
Training for industry	269,674	376,949
Training and seminar	484,091	411,962
Transport and travelling expenses	731,726	1,948,054
Special projects	6,140,695	991,563
	<hr/> 65,173,188	<hr/> 63,414,152

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

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

www.sarawaktimber.gov.my