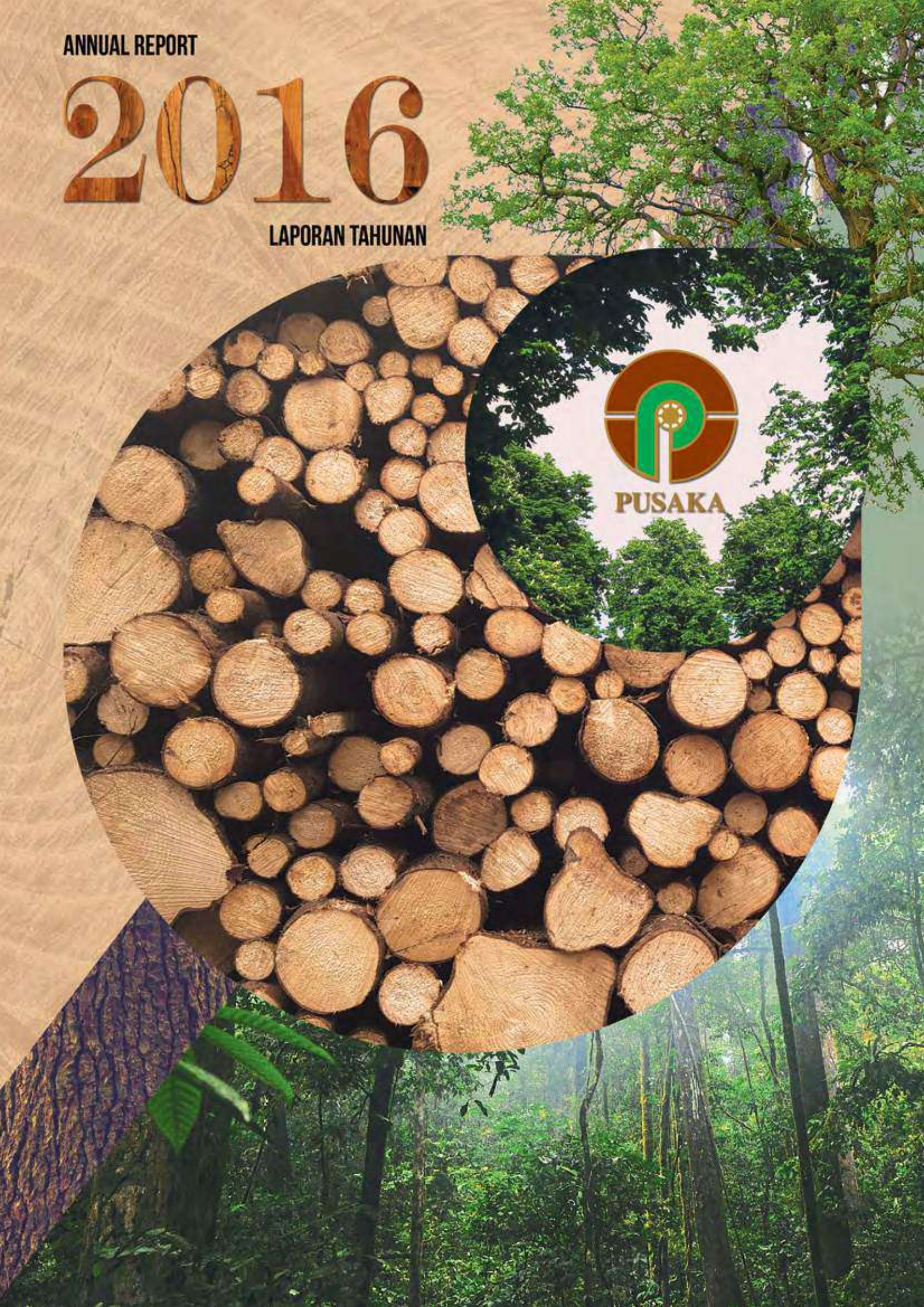


ANNUAL REPORT

2016

LAPORAN TAHUNAN



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Editorial Team

.....

Advisor

Datu Haji Sarudu Haji Hoklai
General Manager

Chief Editor

Tuan Haji Hashim Haji Bojet
Deputy General Manager

Editor

Sharifah Norolah Wan Ahmad
Corporate Affairs Manager

Writer cum Coordinator

Norman Botes Noma



Background

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

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

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







Vision

Spearheading the Advancement of
Timber Industry

Mission

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

Quality Policy

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

CORPORATE Functions

STIDC core functions are to:

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





Objectives :

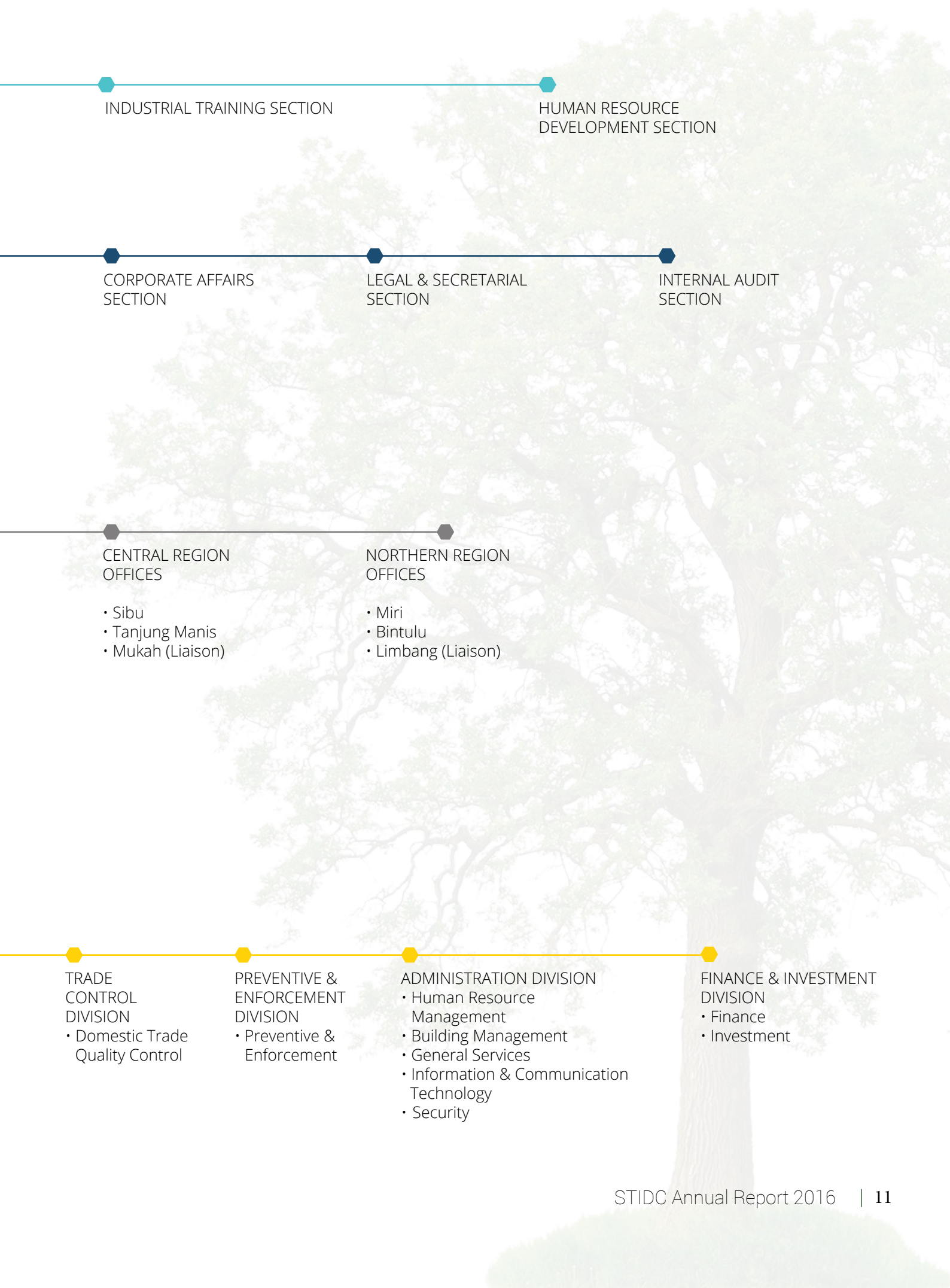
1. To formulate new policies and strategies for promoting and developing the timber industry;
2. To ensure effective use of forest resources;
3. To ensure mutual benefits from the harvesting of forest resources through new concepts and strategies; and
4. To enable the State Government to co-ordinate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



CORPORATE STRUCTURE







INDUSTRIAL TRAINING SECTION

HUMAN RESOURCE
DEVELOPMENT SECTION

CORPORATE AFFAIRS
SECTION

LEGAL & SECRETARIAL
SECTION

INTERNAL AUDIT
SECTION

CENTRAL REGION
OFFICES

- Sibul
- Tanjung Manis
- Mukah (Liaison)

NORTHERN REGION
OFFICES

- Miri
- Bintulu
- Limbang (Liaison)

TRADE
CONTROL
DIVISION

- Domestic Trade
Quality Control

PREVENTIVE &
ENFORCEMENT
DIVISION

- Preventive &
Enforcement

ADMINISTRATION DIVISION

- Human Resource
Management
- Building Management
- General Services
- Information & Communication
Technology
- Security

FINANCE & INVESTMENT
DIVISION

- Finance
- Investment



CORPORATE MANAGEMENT



Board of Management



CHAIRMAN

The Honourable
Datuk Amar Haji Awang Tengah bin Ali Hasan

*Minister of Resource Planning & Environment II;
Minister of Public Utilities
and Minister of Industrial Development*

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



YB Datu Haji Len Talif Salleh
*Assistant Minister at Chief Minister's Office
(Promotion of Technical Education),
Assistant Minister of Environment
(Ministry of Resource Planning & Environment)*



**YB Datuk Haji Julaihi
bin Haji Narawi**
*Assistant Minister of Industrial Development
(Investment & Promotion),
Assistant Minister of Rural Development*



**YBhg Dato Sri Ahmad Tarmizi
bin Haji Sulaiman**
Sarawak State Financial Secretary



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



YBhg Datu Sudarsono Osman
*Permanent Secretary
Ministry of Resource Planning & Environment*



YBhg Datuk Dr Yusuf Hadi





GENERAL MANAGER
Yang Berbahagia
Datu Haji Sarudu Haji Hoklai

Management Team

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



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



Puan Sadiyah Tu
*Assistant General Manager
(Project Development)*



Cik Haluyah Awi
*Assistant General Manager
(Administration)*



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



**Encik Jerry Mawan
Lading**
*Assistant General Manager
(Trade Control)*



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



Encik Paul Lau Ngie Hung
*Assistant General Manager
(Resource Development)*



Encik Hamzah Morshidi
*Acting Regional Manager
(Northern Region)*



Encik Johari Zainuddin
*Regional Manager
(Central Region)*



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





Photo by Martin Winkler

Chairman's Statement

The wood-based sector generated RM5.9 billion in export earnings to Sarawak in 2016, making it the fourth largest income generator after natural gas, petroleum and palm oil. At the same time, there were 800 timber processing mills in Sarawak with about 50,000 workers.

Out of 12.4 million hectares of landmass of Sarawak, about 64 percent or 8.03 million hectares were under forest cover. Log production from natural forests in 2016 was 7.4 million.

Sarawak practises the Log Quota Policy whereby 70 percent of logs harvested are reserved for local processing. This is to ensure continuous supply of raw materials in order to sustain the local wood-based industry. The major timber products of Sarawak were sawn timber, plywood, veneer, fibre board, particle board, woodchips and others.



Sarawak also remained as the leading producer of panel products and one of the major exporters of tropical hardwood plywood. The five major export markets of Sarawak were Japan, India, The Middle East, Taiwan and Korea. These markets accounted for RM4,854 million or 82 percent in export revenue.

The way forward is to explore new technology for industrial forests and mass production of high-end wood-based products. It is therefore, important to review policies with emphasis on research and development, industry enhancement and forest restoration.

Sarawak Government is committed to conserving permanent forests and totally protected areas in accordance with international standards. This augurs well with the aspiration to attain forest certification and to secure greater market shares particularly for furniture and other timber products in the global market.

A stylized black ink signature of Datuk Amar Haji Awang Tengah Ali Hasan.

DATUK AMAR HAJI AWANG TENGAH ALI HASAN

*Minister of Resource Planning & Environment II and Minister of Industrial & Entrepreneur Development,
Trade and Investment Sarawak/Chairman of STIDC Board of Management*



Photo by Andreas Hensel

General Manager's Message

STIDC ushered 2016 by unveiling the five-year (2016-2020) strategic plan in order to boost export revenue of the wood-based sector of Sarawak to RM8 billion – RM10 billion annually. In tandem with this, STIDC remained committed to its vision in 'spearheading' the advancement of the wood-based industry in Sarawak.

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



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

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

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

Through these initiatives, it is hoped that enormous spin-off effects such as business and employment opportunities would be created in order to raise the living standard of the people apart from making Tanjung Manis a vibrant port city on par with other growth nodes in the Sarawak Corridor of Renewable Energy (SCORE).

DATU HAJI SARUDU HAJI HOKLAI

General Manager of STIDC

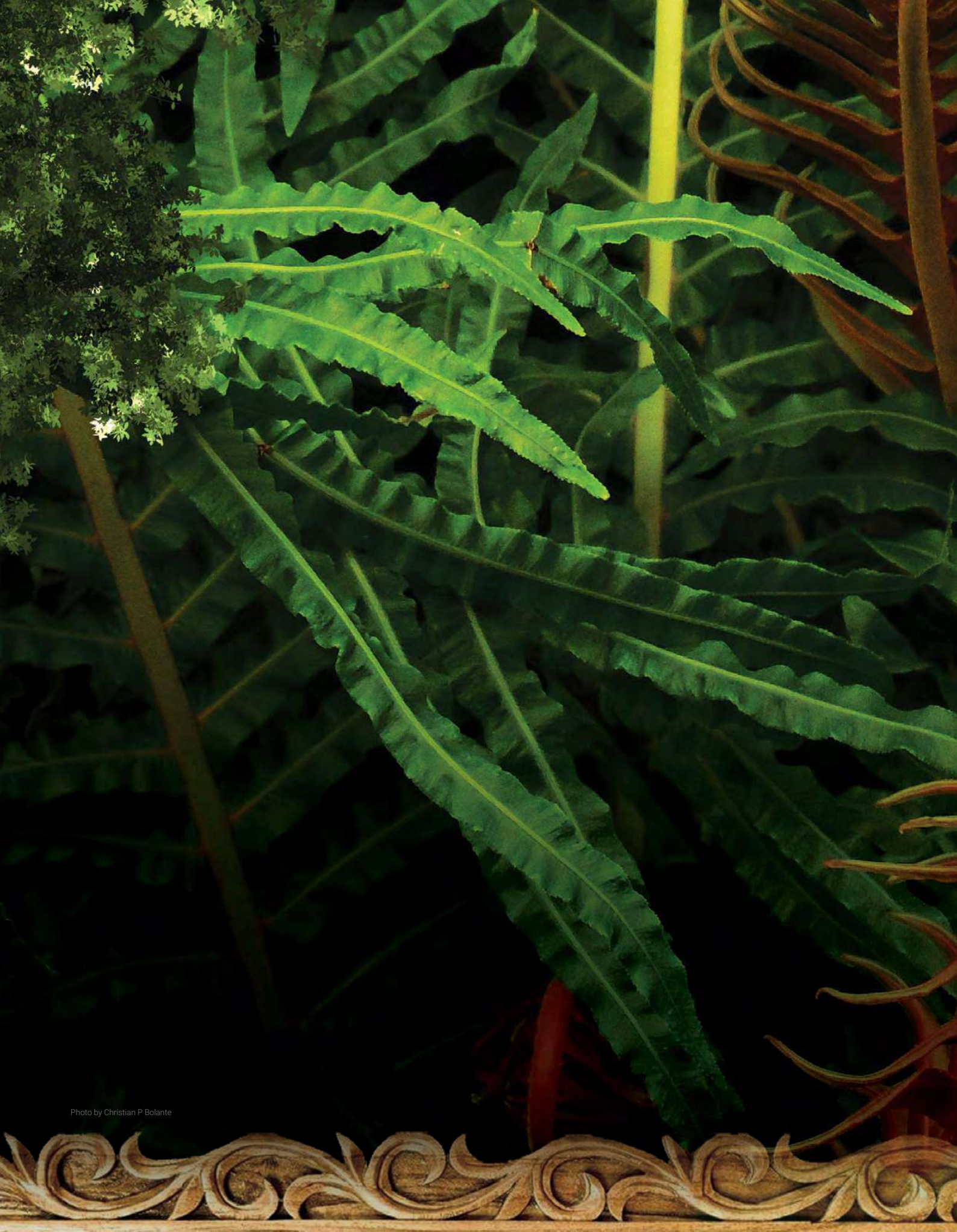


Photo by Christian P Bolante



2016
ACTIVITIES





15 - 17 January 2016, Launching of the Sejiwa Senada 2016 (Poverty Eradication Programme) by the Right Honourable Chief Minister of Sarawak, Tan Sri Haji Adenan bin Haji Satem. STIDC was entrusted by the state government to implement the programme.

18 January 2016, Datuk Amar Haji Awang Tengah (middle) signing the STIDC five-year strategic plan while Datu Haji Sarudu (2nd left) and his deputy, Haji Hashim Bojet (left) look on.



23 February 2016, STA Mutual Sendirian Berhad, a subsidiary of Sarawak Timber Association in collaboration with STIDC, presented RM195,000.00 to 167 schools in Miri Division.

26 March 2016, Launching of the International Day of Forests 2016 by the Right Honourable Chief Minister of Sarawak, Tan Sri Haji Adenan bin Haji Satem.



26 March 2016, Sarawak For SFM, a seminar on Forestry Governance for Sustainable Forest Management & Timber Industry Development was held in Kuching, Sarawak in conjunction with the National Level International Day of Forests 2016.

23 March 2016, Datuk Amar Haji Awang Tengah (6th left) and other VIPs officiating at the maiden call of MV Cape Fawley to Tanjung Manis.





14 May 2016, The annual STIDC Golf tournament came back on 14 May 2016 at Sarawak Golf Club in Kuching, Sarawak.

17 - 19 May 2016, The third series of Occupational Safety and Health Campaign was held in Kapit, Sarawak.



25 - 29 May 2016, STIDC participated in Consumer Fair in Brunei.

10 April 2016, Datuk Amar Haji Awang Tengah (centre) launching the Tanjung Manis Day.



20 - 22 May 2016, Tanjung Manis Fishing Safari. This year's fishing safari which entered its 13th edition was graced by Tanjung Manis Member of Parliament, Datuk Hajjah Norah Tun Abdul Rahman and Kuala Rajang State Assemblyman, Yang Berhormat Datu Len Talif Salleh.

STIDC feted the underprivileged and NGOs in conjunction with the holy month of Ramadan.





18 July 2016, Datuk Amar Haji Awang Tengah (standing in the middle) witnessing the MoU signing between UNIMAS and STIDC to formalise collaborative agreement through Kursi PUSAKA.

24 - 26 August 2016, The Occupational Safety and Health Campaign held in Lawas, Sarawak.



STIDC won gold and silver awards in Team Excellence and Innovative and Creative Circle (ICC) Convention 2016.

8 August 2016, Tuan Haji Hashim Bojet (2nd left) briefing The Right Honourable Tun Jeanne Abdullah, wife of the fifth Prime Minister of Malaysia, Tun Haji Abdullah Ahmad Badawi in conjunction with her visit to STIDC.



1 September 2016, The Honourable Deputy Chief Minister 1 of Sarawak and Minister of Modernisation of Agriculture and Rural Economy, Datuk Amar Douglas Uggah Embas visited Tanjung Manis.

12 October 2016, ePermit Licence Agreement signed between Dagang NeXchange Berhad (DNex), through its subsidiary, Dagang Net Technologies Sendirian Berhad and STIDC.





27-29 September 2016, STIDC participated in the ASEAN Bamboo Symposium 2016 at Putra World Trade Centre in Kuala Lumpur.

23 November 2016, Field visit to Sarawak Planted Forest Sendirian Berhad to conduct the Occupational Safety and Health Campaign audit.



Datuk Amar Haji Awang Tengah (3rd right) signing the plaque to mark the official opening of STIDC Miri new office premises.

8 - 13 November 2016, STIDC organised a familiarisation visit to Indonesia to acquire an insight into the bamboo industry in the republic.



5 - 10 December 2016, STIDC had successfully organized the Sarawak Timber Selling Mission to India.





2016 vs 2015

TRADE STATISTICS



TABLE 1

EXPORT SUMMARY OF TIMBER AND TIMBER PRODUCTS FROM SARAWAK

PRODUCTS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m3)	(RM'000)	%	(m3)	(RM'000)	%		
LOG	2,455,790	1,401,065	23.56	2,643,399	1,775,036	27.01	(7.10)	(21.07)
SAWNTIMBER	522,088	786,146	13.22	570,474	732,278	11.14	(8.48)	7.36
PLYWOOD	1,706,701	2,936,305	49.38	1,759,215	3,264,730	49.69	(2.99)	(10.06)
VENEER	140,405	205,329	3.45	161,789	239,231	3.64	(13.22)	(14.17)
LAMINATED BOARD / FLOORING	9,834	36,031	0.61	13,114	38,492	0.59	(25.01)	(6.39)
MOULDING	4,513	10,909	0.18	8,510	22,278	0.34	(46.97)	(51.03)
DOWEL	388	1,720	0.03	585	2,241	0.03	(33.74)	(23.25)
FIBREBOARD	167,505	297,827	5.01	168,499	259,462	3.95	(0.59)	14.79
BLOCKBOARD	2,240	2,672	0.04	56,23	82.00	0.00	3884.21	3158.54
PARTICLE BOARD	78,514	46,247	0.78	85,034	50,060	0.76	(7.67)	(7.62)
OTHER PRODUCTS*	84,793	100,855	1.70	73,073	88,605	1.35	16.04	13.83
OTHER PRODUCTS**[Units]	27,684	43,623	0.73	21,086	31,306	0.48	31.29	39.34
WOODCHIP [Tonne]	202,955	77,072	1.30	193,700	66,927	1.02	4.78	15.16
TOTAL (m3) (RM)	5,172,770	5,945,801	100	5,483,747	6,570,728	100	(5.67)	(9.51)

***OTHER TIMBER PRODUCTS:**

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

Notes:

> Fibreboard include MDF and HDF

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

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

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

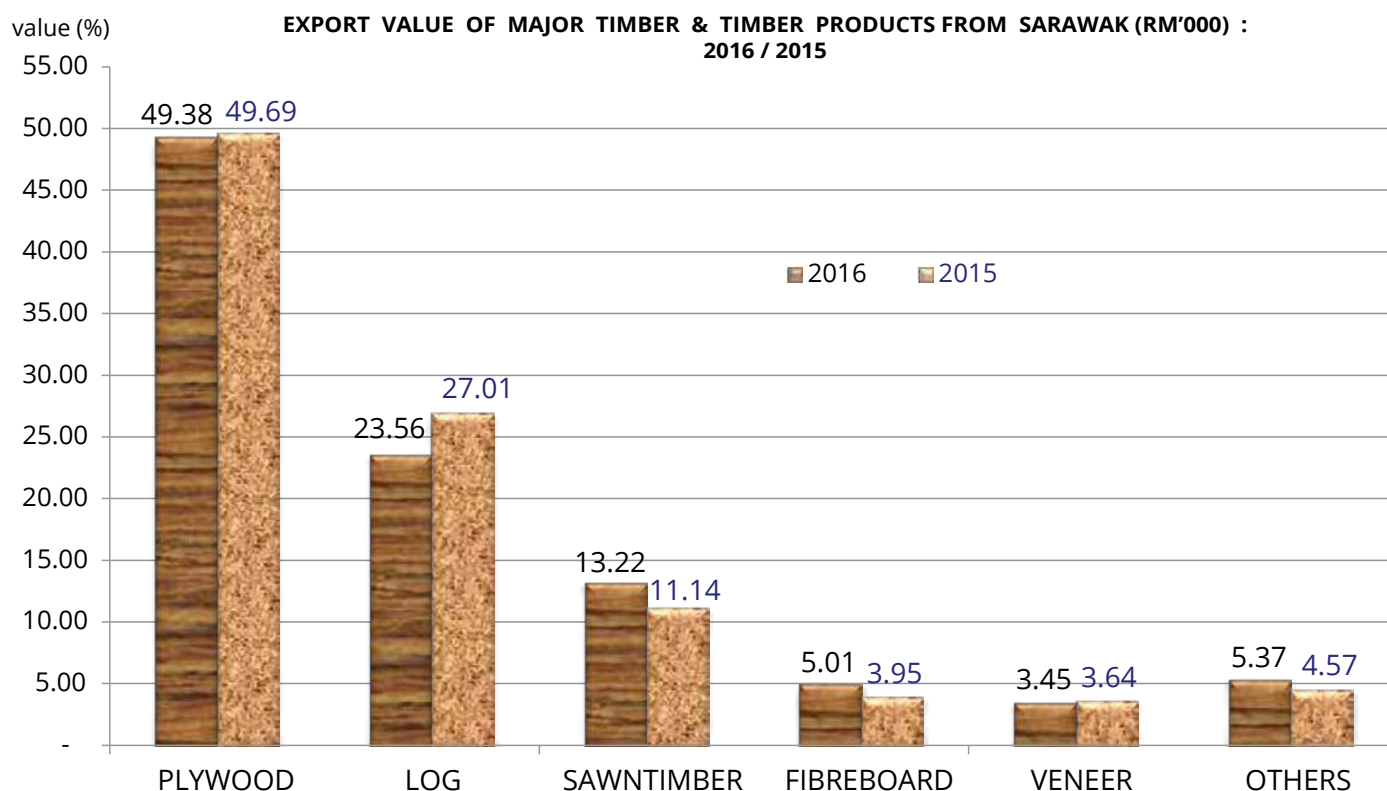


TABLE 2

EXPORT OF LOGS BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m3)	(RM'000)	%	(m3)	(RM'000)	%		
INDIA	1,184,670	932,913	66.59	1,533,634	1,236,828	69.68	(22.75)	(24.57)
INDONESIA	875,141	166,864	11.91	521,183	101,653	5.73	67.91	64.15
TAIWAN	173,371	142,845	10.20	202,488	169,402	9.54	(14.38)	(15.68)
VIETNAM	135,251	87,675	6.26	160,426	94,062	5.30	(15.69)	(6.79)
JAPAN	53,499	47,147	3.37	95,659	79,514	4.48	(44.07)	(40.71)
CHINA	18,228	12,715	0.91	96,390	68,575	3.86	(81.09)	(81.46)
KOREA	15,629	10,906	0.78	33,619	25,002	1.41	(53.51)	(56.38)
TOTAL	2,455,790	1,401,065	100	2,643,399	1,775,036	100	(7.10)	(21.07)

EXPORT VALUE (%) OF LOGS TO MAJOR DESTINATIONS: 2016 / 2015

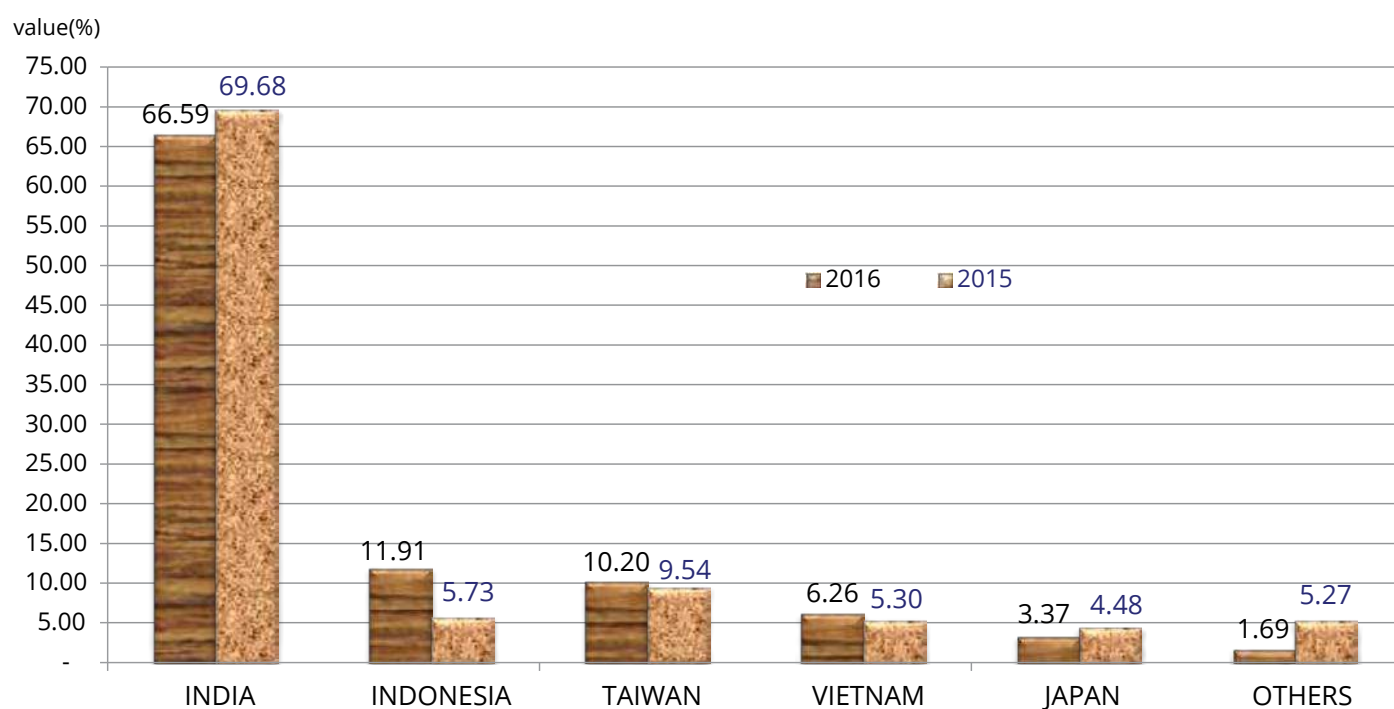


TABLE 3

EXPORT OF SAWNTIMBER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m3)	(RM'000)	%	(m3)	(RM'000)	%		
PHILIPPINES	170,261	226,898	28.86	171,095	188,529	25.75	(0.49)	20.35
MIDDLE EAST	135,939	257,104	32.70	97,250	154,770	21.14	39.78	66.12
THAILAND	72,276	87,272	11.10	116,181	137,410	18.76	(37.79)	(36.49)
TAIWAN	54,183	59,896	7.62	65,946	65,437	8.94	(17.84)	(8.47)
KOREA	25,273	41,189	5.24	30,670	52,386	7.15	(17.60)	(21.37)
JAPAN	19,346	41,539	5.28	21,139	43,572	5.95	(8.48)	(4.67)
SRI LANKA	10,949	19,813	2.52	16,507	27,289	3.73	(33.67)	(27.40)
CHINA	10,172	11,577	1.47	17,772	17,633	2.41	(42.76)	(34.34)
SINGAPORE	7,377	9,284	1.18	12,814	15,304	2.09	(42.43)	(39.34)
SOUTH AFRICA	4,424	8,983	1.14	5,059	9,039	1.23	(12.57)	(0.62)
OTHER*	11,890	22,591	2.87	16,041	20,909	2.86	(25.88)	8.04
TOTAL	522,088	786,146	100	570,474	732,278	100	(8.48)	7.36

OTHER DESTINATIONS:

- AUSTRALIA
- BRUNEI DARUSSALAM
- HONG KONG
- INDIA
- MALAYSIA (Peninsular or Sabah-free zon)

- SUDAN
- UNITED STATES
- VIETNAM
- MALDIVES
- MAURITIUS

- PAKISTAN
- REUNION
- SEYCHELLES

EXPORT VALUE (%) OF SAWNTIMBER TO MAJOR DESTINATIONS : 2016 / 2015



TABLE 4

EXPORT OF PLYWOOD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
JAPAN	967,167	1,761,111	59.98	1,047,013	2,048,481	62.75	(7.63)	(14.03)
MIDDLE EAST	221,314	316,954	10.79	143,835	225,168	6.90	53.87	40.76
KOREA	210,137	318,457	10.85	204,976	338,349	10.36	2.52	(5.88)
TAIWAN	142,019	217,715	7.41	169,353	278,207	8.52	(16.14)	(21.74)
HONG KONG	33,209	59,685	2.03	34,551	65,109	1.99	(3.88)	(8.33)
CHINA	24,635	44,933	1.53	34,413	64,796	1.98	(28.41)	(30.65)
PHILIPPINES	17,889	36,322	1.24	32,203	64,557	1.98	(44.45)	(43.74)
AUSTRALIA	17,736	42,863	1.46	16,325	35,497	1.09	8.64	20.75
BRUNEI DARUSSALAM	11,831	19,199	0.65	11,737	17,237	0.53	0.80	11.38
THAILAND	10,393	19,777	0.67	13,343	25,499	0.78	(22.11)	(22.44)
OTHER*	50,371	99,289	3.38	51,467	101,830	3.12	(2.13)	(2.50)
TOTAL	1,706,701	2,936,305	100	1,759,215	3,264,730	100	(2.99)	(10.06)

OTHER DESTINATIONS:

- CANADA
- CHILE
- COMOROS
- DJIBOUTI
- EGYPT
- INDIA
- MALAYSIA (Peninsular or Sabah-free zon)
- UNITED STATES
- VIETNAM
- MALDIVES
- MEXICO
- MYANMAR
- NEW ZEALAND
- NOTHERN MARIANA ISLANDS
- PAKISTAN
- PAPUA NEW GUINEA
- SINGAPORE
- SOLOMON ISLANDS
- SOUTH AFRICA
- SRI LANKA
- TURKEY
- UNITED KINGDOM
- UNITED STATES
- VIETNAM

value (%)

EXPORT VALUE (%) OF PLYWOOD TO MAJOR DESTINATIONS : 2016 / 2015

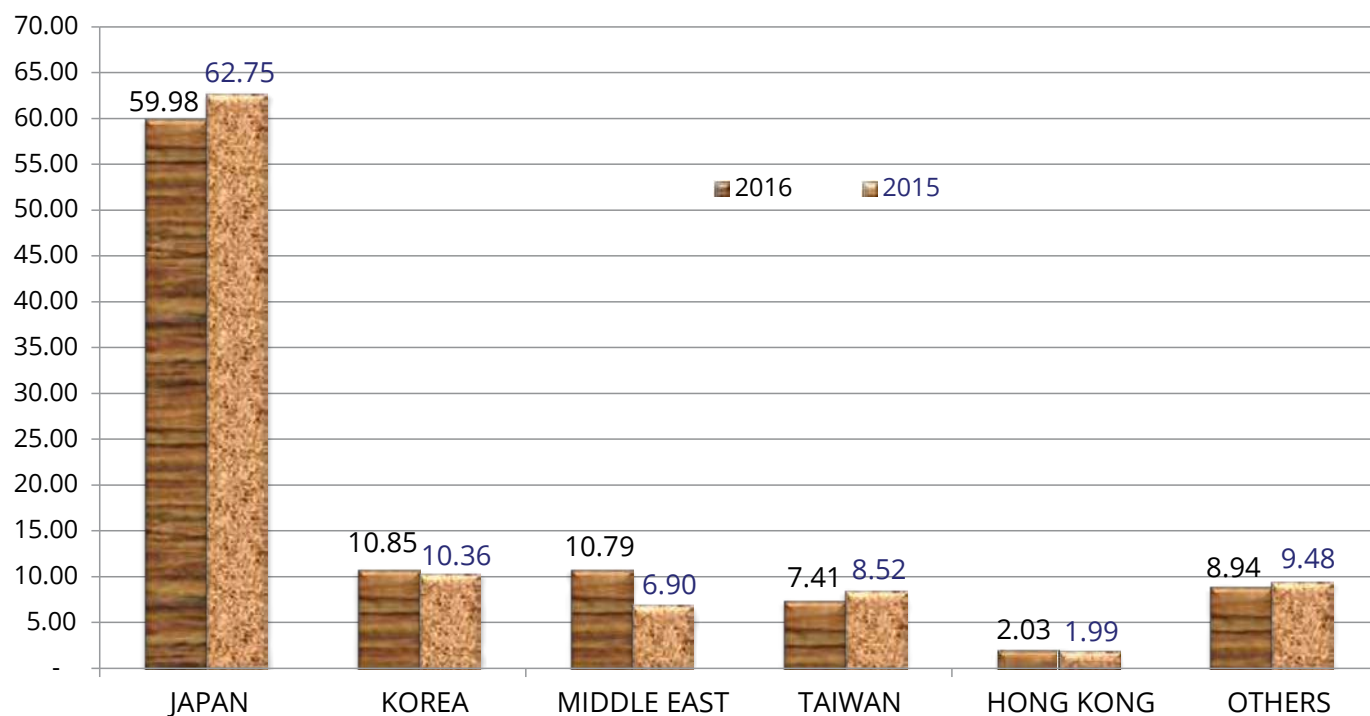


TABLE 5
EXPORT OF VENEER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^a			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
TAIWAN	65,784	84,379	41.09	79,267	105,077	43.92	(17.01)	(19.70)
KOREA	62,526	97,484	47.48	70,066	109,719	45.86	(10.76)	(11.15)
JAPAN	4,997	11,141	5.43	4,757	10,661	4.46	5.05	4.50
CHINA	4,699	5,695	2.77	6,126	7,956	3.33	(23.29)	(28.42)
AUSTRALIA	1,746	5,351	2.61	1,438	5,636	2.36	21.44	(5.06)
PHILIPPINES	620	1,234	0.60	-	-	-	100.00	100.00
SINGAPORE	22	17	0.01	22	18	0.01	0.00	(5.56)
BRUNEI DARUSSALAM	11	28	0.01	-	-	-	100.00	100.00
MIDDLE EAST	-	-	-	77	105	0.04	(100.00)	(100.00)
UNITED STATES	-	-	-	36	59	0.02	(100.00)	(100.00)
OTHER*	-	-	-	0.18	0.05	0.00	(100.00)	(100.00)
TOTAL	140,405	205,329	100	161,789	239,231	100	(13.22)	(14.17)

OTHER DESTINATIONS:

- VIETNAM

EXPORT VALUE(%) OF VENEER TO MAJOR DESTINATIONS: 2016 / 2015

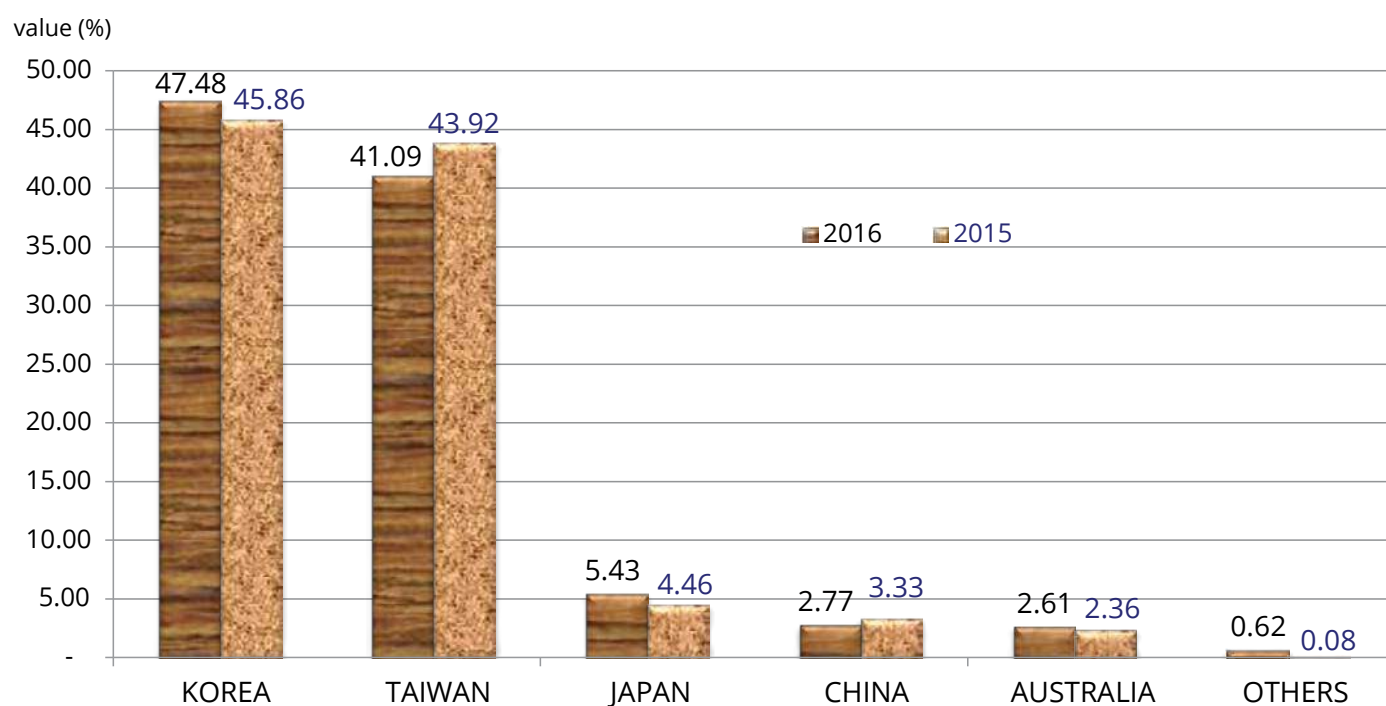


TABLE 6

EXPORT OF LAMINATED BOARD/FLOORING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^a			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
UNITED STATES	4,377	19,777	54.89	4,029	16,304	42.36	8.62	21.30
VIETNAM	2,596	9,195	25.52	2,367	8,363	21.73	9.67	9.95
TAIWAN	1,231	3,081	8.55	2,755	4,704	12.22	(55.30)	(34.50)
KOREA	822	1,639	4.55	1,901	3,446	8.95	(56.76)	(52.44)
INDONESIA	416	982	2.73	1,032	2,433	6.32	(59.65)	(59.64)
BRUNEI DARUSSALAM	163	652	1.81	551	1,672	4.34	(70.34)	(61.00)
MIDDLE EAST	91	226	0.63	88	172	0.45	2.50	31.40
CANADA	56	230	0.64	84	316	0.82	(33.50)	(27.22)
JAPAN	52	195	0.54	62	234	0.61	(16.37)	(16.67)
SINGAPORE	20	37	0.10	-	-	-	100.00	100.00
OTHER*	9	17	0.05	245	848	2.20	(96.20)	(98.00)
TOTAL	9,834	36,031	100	13,114	38,492	100	(25.01)	(6.39)

OTHER DESTINATIONS:

- AUSTRALIA
- CHINA
- MALDIVES
- UNITED KINGDOM

EXPORT VALUE (%) OF LAMINATED BOARD/ FLOORING TO MAJOR DESTINATIONS : 2016 / 2015

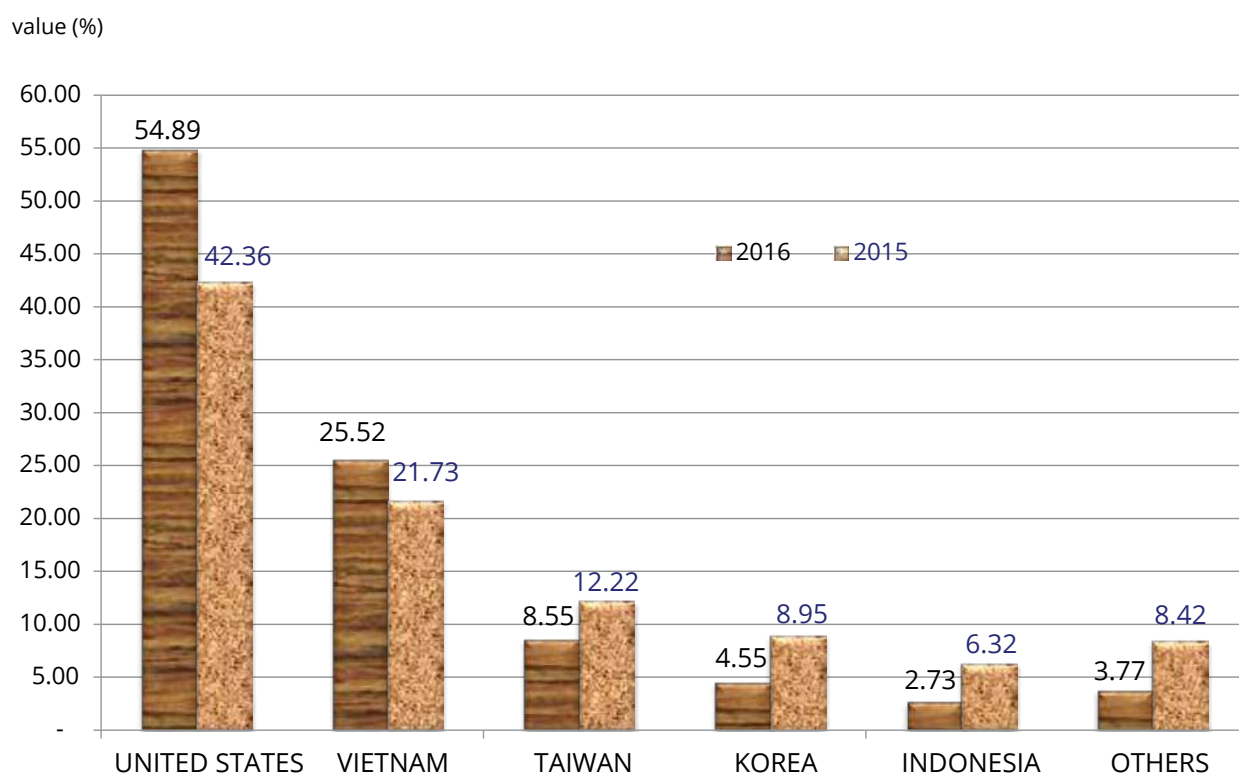


TABLE 7

EXPORT OF MOULDING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
JAPAN	3,435	8,025	73.56	3,882	8,183	36.73	(11.52)	(1.93)
KOREA	601	1,472	13.49	2,344	5,356	24.04	(74.35)	(72.52)
AUSTRALIA	146	599	5.49	1,582	7,096	31.85	(90.74)	(91.56)
UNITED STATES	122	159	1.46	333	520	2.33	(63.50)	(69.42)
TAIWAN	89	334	3.06	131	521	2.34	(31.81)	(35.89)
SOUTH AFRICA	44	138	1.27	75	138	0.62	(41.48)	0.00
SINGAPORE	43	77	0.71	94	185	0.83	(54.59)	(58.38)
MALDIVES	20	37	0.34	5	31	0.14	345.06	19.35
SEYCHELLES	5	17	0.16	33	136	0.61	(84.70)	(87.50)
BRUNEI DARUSSALAM	5	23	0.21	8	35	0.16	(39.77)	(34.29)
OTHER*	3	28	0.26	23	77	0.35	(85.44)	(63.64)
TOTAL	4,513	10,909	100	8,510	22,278	100	(46.97)	(51.03)

OTHER DESTINATIONS:

- UNITED KINGDOM

EXPORT VALUE (%) OF MOULDING TO MAJOR DESTINATIONS : 2016 / 2015

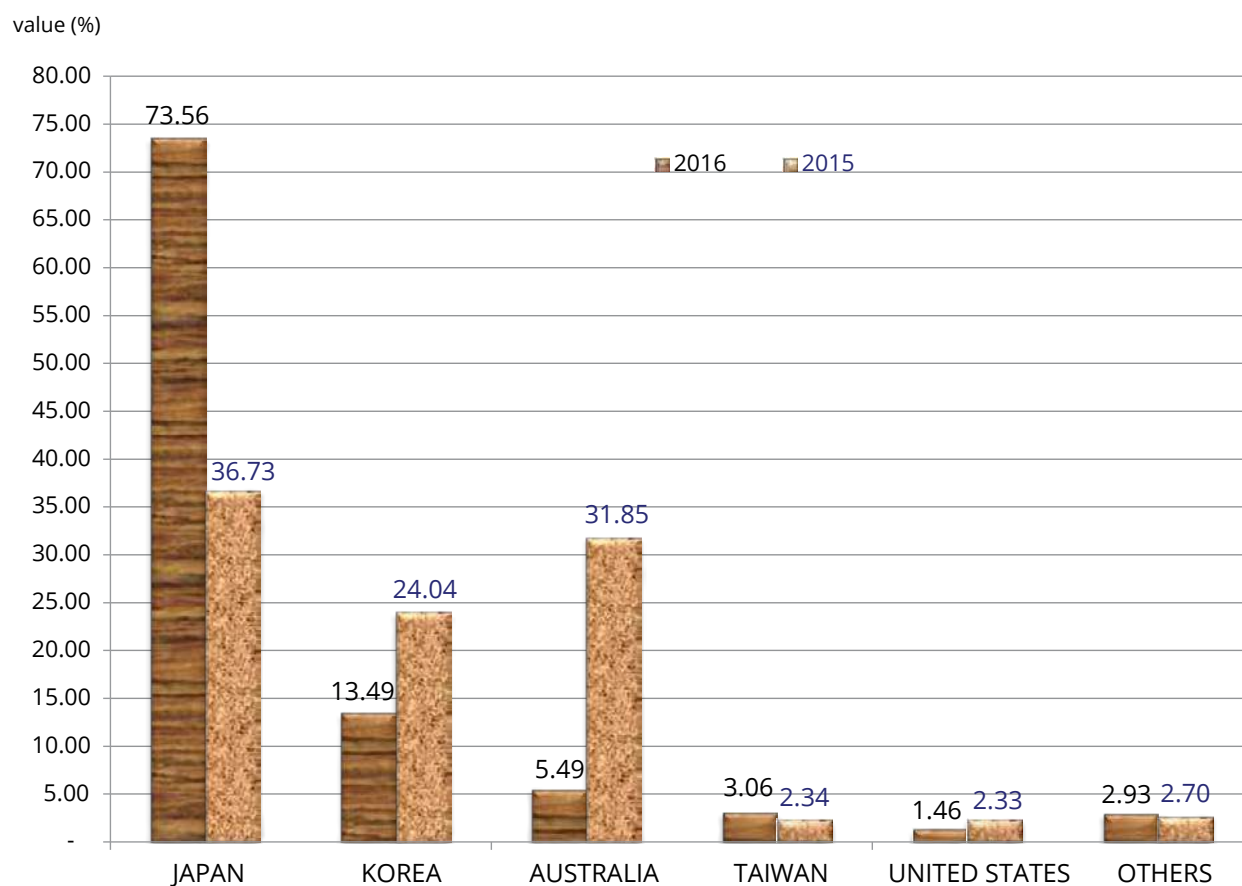


TABLE 8

EXPORT OF DOWEL BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^a			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
SOUTH AFRICA	156	497	28.90	243	802	35.79	(35.89)	(38.03)
EU	99	557	32.38	55	239	10.66	79.63	133.05
UNITED STATES	97	464	26.98	145	687	30.66	(33.23)	(32.46)
INDIA	18	100	5.81	37	167	7.45	(50.21)	(40.12)
JAPAN	17	102	5.93	42	229	10.22	(60.83)	(55.46)
AUSTRALIA	-	-	-	45	94	4.19	(100.00)	(100.00)
TAIWAN	-	-	-	16	23	1.03	(100.00)	(100.00)
TOTAL	388	1,720	100	585	2,241	100	(33.74)	(23.25)

EXPORT VALUE(%) OF DOWEL TO MAJOR DESTINATIONS: 2016 / 2015

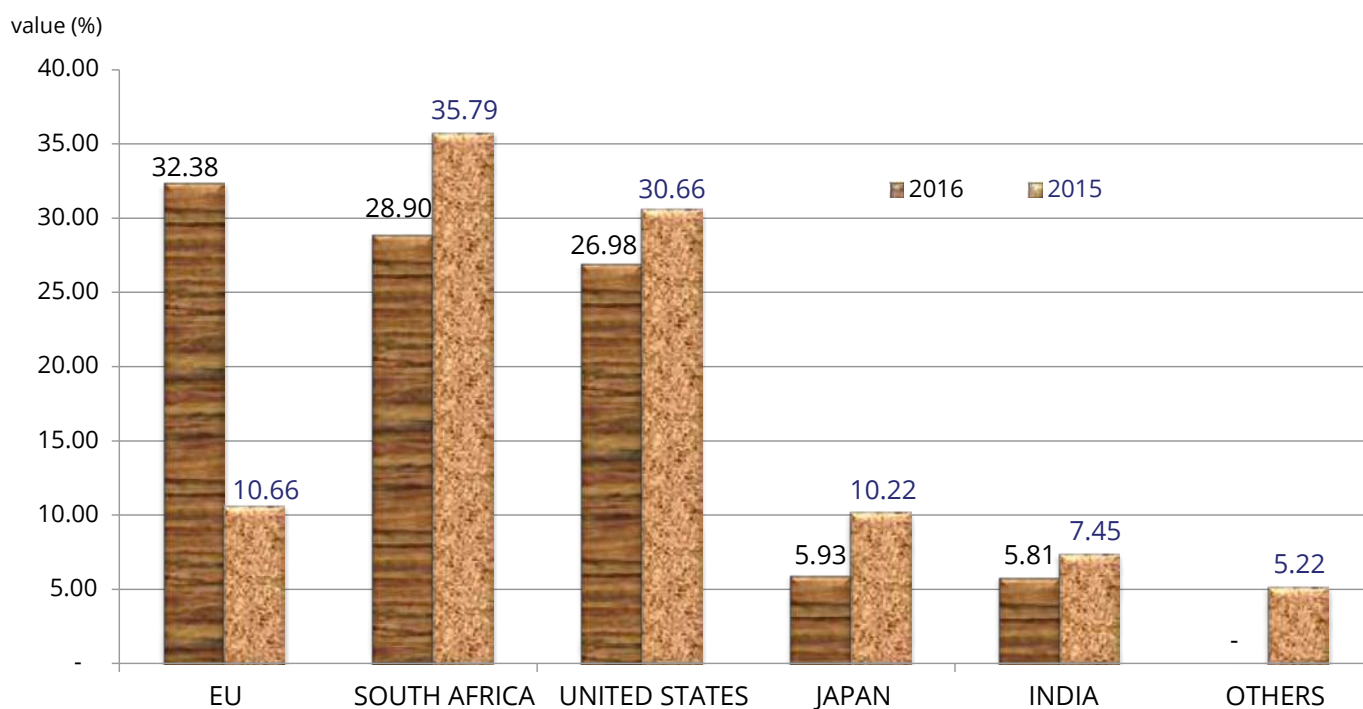


TABLE 9

EXPORT OF FIBREBOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^p			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
JAPAN	130,690	240,097	80.62	137,612	209,600	80.78	(5.03)	14.55
PHILIPPINES	12,470	16,698	5.61	10,456	13,916	5.36	19.26	19.99
INDONESIA	6,804	10,635	3.57	6,823	10,584	4.08	(0.27)	0.48
VIETNAM	6,787	13,152	4.42	5,689	9,849	3.80	19.29	33.54
KOREA	3,888	7,270	2.44	790	709	0.27	392.20	925.39
TAIWAN	3,802	7,276	2.44	5,116	12,249	4.72	(25.68)	(40.60)
INDIA	2,114	1,172	0.39	-	-	-	100.00	100.00
BRUNEI DARUSSALAM	395	271	0.09	1,195	1,030	0.40	(66.97)	(73.69)
EU	324	904	0.30	227	572	0.22	42.79	58.04
CHINA	166	252	0.08	271	498	0.19	(38.67)	(49.40)
OTHER*	65	100	0.03	321	455	0.18	(79.79)	(78.02)
TOTAL	167,505	297,827	100	168,499	259,462	100	(0.59)	14.79

OTHER DESTINATIONS:

- THAILAND
- UNITED STATES

EXPORT VALUE(%) OF FIBREBOARD TO MAJOR DESTINATIONS: 2016 / 2015

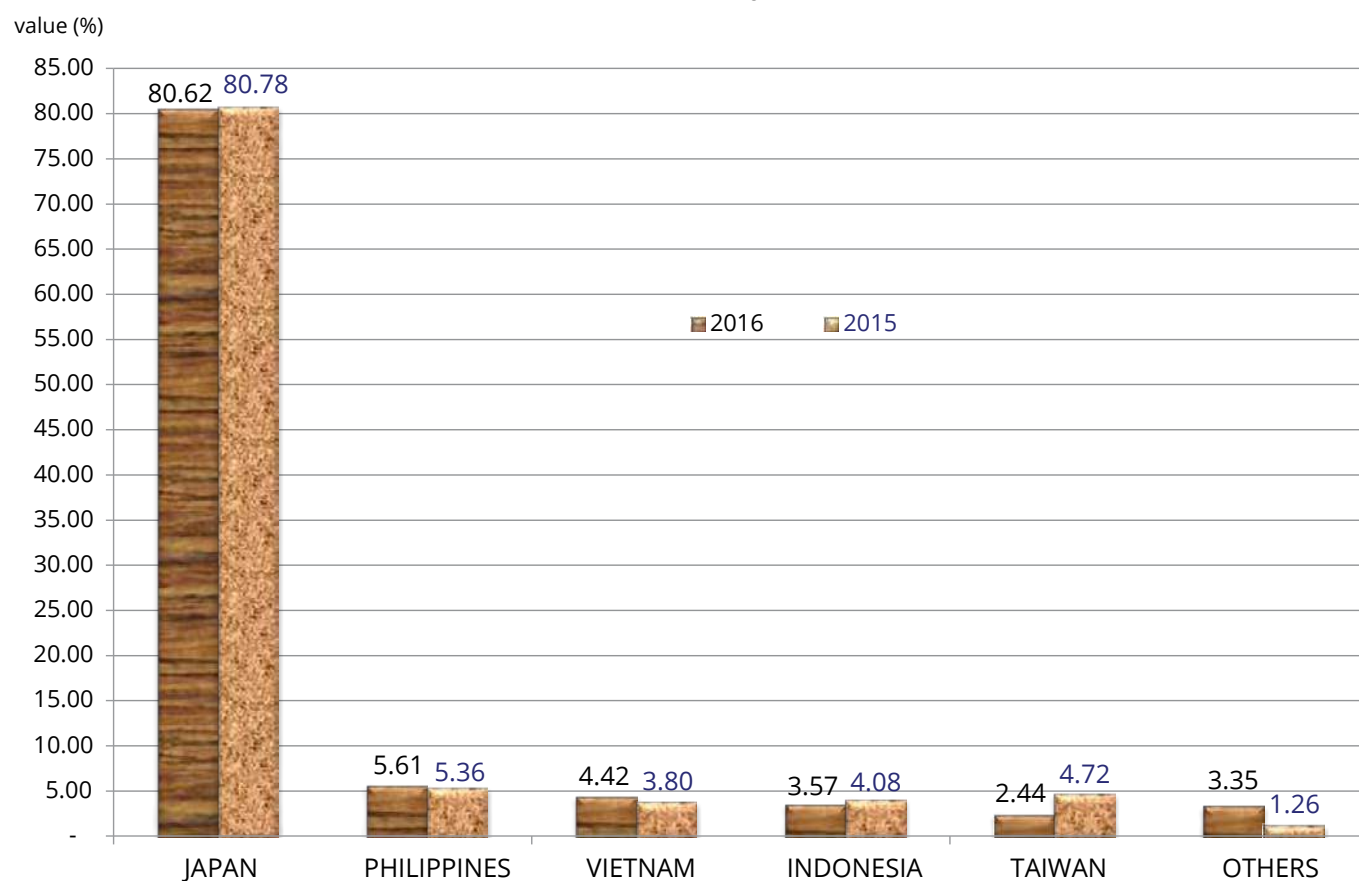


TABLE 10

EXPORT OF PARTICLE BOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2016 ^a			2015 ^a			% Change	
	January - December			January - December			2016/2015	
	Volume	FOB Value	Value	Volume	FOB Value	Value	Volume	Value
	(m ³)	(RM'000)	%	(m ³)	(RM'000)	%		
VIETNAM	26,693	16,190	35.01	28,587	17,319	34.60	(6.62)	(6.52)
INDONESIA	16,497	9,661	20.89	31,376	18,195	36.35	(47.42)	(46.90)
PHILIPPINES	9,902	5,557	12.02	8,852	5,283	10.55	11.87	5.19
KOREA	9,046	5,634	12.18	9,572	5,559	11.10	(5.50)	1.35
BANGLADESH	5,947	3,410	7.37	2,622	1,513	3.02	126.82	125.38
INDIA	5,615	3,062	6.62	1,263	657	1.31	344.44	366.06
JAPAN	1,736	1,040	2.25	1,479	848	1.69	17.39	22.64
CHINA	1,132	636	1.38	107	73	0.15	956.31	771.23
SRI LANKA	862	491	1.06	-	-	-	100.00	100.00
BRUNEI DARUSSALAM	653	327	0.71	1,090	554	1.11	(40.10)	(40.97)
OTHER*	430	239	0.52	86	59	0.12	401.30	305.08
TOTAL	78,514	46,247	100	85,034	50,060	100	(7.67)	(7.62)

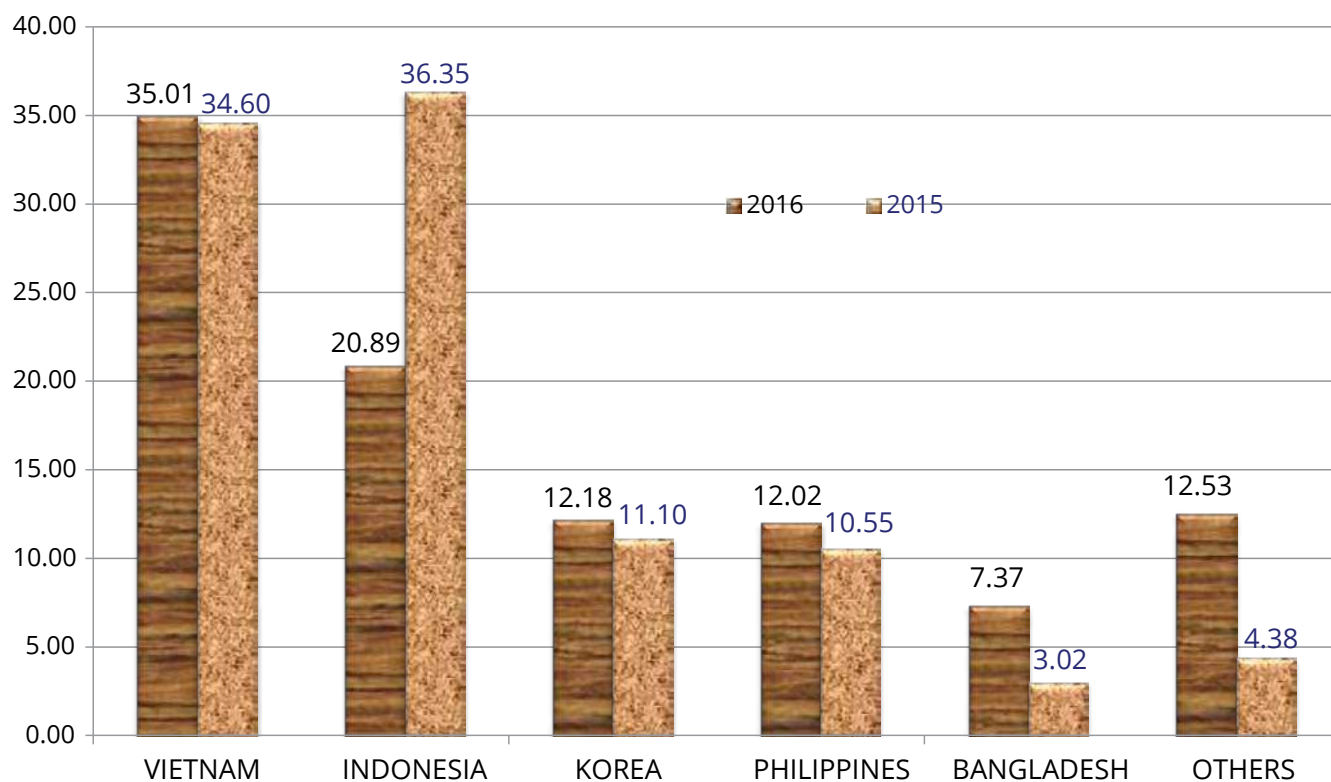
OTHER DESTINATIONS:

- HONG KONG
- NEW ZEALAND

- OMAN
- SINGAPORE

- TAIWAN
- THAILAND

EXPORT VALUE (%) OF PARTICLE BOARD TO MAJOR DESTINATIONS: 2016 / 2015



SUMMARY ALL PRODUCTS

SUMMARY ALL PROD. (1) JAN-DEC

	2016	2015
PLYWOOD	49.38	49.69
LOG	23.56	27.01
SAWNTIMBER	13.22	11.14
FIBREBOARD	5.01	3.95
VENEER	3.45	3.64
OTHERS	5.37	4.57
	100.00	100.00

LOGS (2) JAN-DEC

	2016	2015
INDIA	66.59	69.68
INDONESIA	11.91	5.73
TAIWAN	10.20	9.54
VIETNAM	6.26	5.30
JAPAN	3.37	4.48
OTHERS	1.69	5.27
	100.00	100.00

SAWNTIMBER (3) JAN-DEC

	2016	2015
MIDDLE EAST	32.70	21.14
PHILIPPINES	28.86	25.75
THAILAND	11.10	18.76
TAIWAN	7.62	8.94
JAPAN	5.28	5.95
OTHERS	14.43	19.47
	100.00	100.00

PLYWOOD (4) JAN-DEC

	2016	2015
JAPAN	59.98	62.75
KOREA	10.85	10.36
MIDDLE EAST	10.79	6.90
TAIWAN	7.41	8.52
HONG KONG	2.03	1.99
OTHERS	8.94	9.48
	100.00	100.00

VENEER (5) JAN-DEC

	2016	2015
KOREA	47.48	45.86
TAIWAN	41.09	43.92
JAPAN	5.43	4.46
CHINA	2.77	3.33
AUSTRALIA	2.61	2.36
OTHERS	0.62	0.08
	100.00	100.00

LAM.BOARD/ FLOORING (6) JAN-DEC

	2016	2015
UNITED STATES	54.89	42.36
VIETNAM	25.52	21.73
TAIWAN	8.55	12.22
KOREA	4.55	8.95
INDONESIA	2.73	6.32
OTHERS	3.77	8.42
	100.00	100.00

MOULDING (7) JAN-DEC

	2016	2015
JAPAN	73.56	36.73
KOREA	13.49	24.04
AUSTRALIA	5.49	31.85
TAIWAN	3.06	2.34
UNITED STATES	1.46	2.33
OTHERS	2.93	2.70
	100.00	100.00

DOWELS (8) JAN-DEC

	2016	2015
EU	32.38	10.66
SOUTH AFRICA	28.90	35.79
UNITED STATES	26.98	30.66
JAPAN	5.93	10.22
INDIA	5.81	7.45
OTHERS	-	5.22
	100.00	100.00

FIBREBOARD (9) JAN-DEC

	2016	2015
JAPAN	80.62	80.78
PHILIPPINES	5.61	5.36
VIETNAM	4.42	3.80
INDONESIA	3.57	4.08
TAIWAN	2.44	4.72
OTHERS	3.35	1.26
	100.00	100.00

PARTICLEBOARD (10) JAN-DEC

	2016	2015
VIETNAM	35.01	34.60
INDONESIA	20.89	36.35
KOREA	12.18	11.10
PHILIPPINES	12.02	10.55
BANGLADESH	7.37	3.02
OTHERS	12.53	4.38
	100.00	100.00

2016 FINANCIAL STATEMENTS

Sarawak Timber Industry
Development Corporation

31 DECEMBER 2016

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

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

Board Members, Officers and Professional Advisors

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

PENYATA Pengerusi dan Seorang Ahli Lembaga Pengarah (AKAUN KUMPULAN)

Kami, **YB DATUK AMAR HAJI AWANG TENGAH ALI HASAN** dan **YBHG DATO SRI AHMAD TARMIZI BIN HAJI SULAIMAN**, yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK pada 31 Disember 2016 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



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

Kuching, Sarawak, Malaysia

Tarikh : **15 MAY 2017**

Bagi pihak Lembaga,



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

Kuching, Sarawak, Malaysia

Tarikh : **15 MAY 2017**

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

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

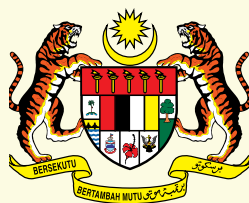
Sebenarnya dan sesungguhnya diakui oleh

DATU HAJI SARUDU BIN HAJI HOKLAI

di Kuching, Sarawak pada 13 April 2017



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



**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2016**

Laporan Mengenai Penyata Kewangan

Pendapat

Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2016 dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 12 hingga 59.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan pada 31 Disember 2016 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan), 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance*, 1973.

Asas Kepada Pendapat

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

Kebebasan dan Tanggungjawab Etika Lain

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

Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya

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

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

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

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

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

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

nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

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

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

- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

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

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan) 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance, 1973*, saya juga melaporkan perkara berikut:

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

Hal-hal Lain

- a. Seperti yang dinyatakan pada Nota 2 kepada penyata kewangan, Perbadanan Kemajuan Perusahaan Kayu Sarawak telah menerima pakai piawaian perakaunan *Malaysian Private Entities Reporting Standard* (MPERS) mulai 1 Januari 2016 dengan tarikh peralihan pada 1 Januari 2015. Piawaian ini diterima pakai secara retrospektif oleh Lembaga Pengarah terhadap angka perbandingan dalam penyata kewangan ini, termasuk Penyata Kedudukan Kewangan Perbadanan Kemajuan Perusahaan Kayu

Sarawak dan Kumpulan pada 31 Disember 2015 dan 1 Januari 2015, dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada 31 Disember 2015 dan pendedahan berkaitan. Saya tidak terikat untuk melaporkan angka perbandingan yang dinyatakan semula dan tidak diaudit. Tanggungjawab saya sebagai sebahagian daripada pengauditan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan bagi tahun berakhir 31 Disember 2016, dalam keadaan ini, termasuk mendapatkan bukti audit yang mencukupi dan bersesuaian yang baki awal pada 1 Januari 2016 tidak mengandungi salah nyata yang boleh memberi kesan ketara terhadap kedudukan kewangan pada 31 Disember 2016 dan prestasi kewangan dan aliran tunai bagi tahun berakhir pada tarikh tersebut.

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



(TOIEYAH BINTI HAJI TIOH)
b.p. KETUA AUDIT NEGARA
MALAYSIA

KUCHING

TARIKH: **28 AUG 2017**



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

Statements of Financial Position
As at 31 December 2016

		Group		Corporation	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
			Restated		Restated
NON-CURRENT ASSETS					
Property, plant and equipment	6	487,527,530	477,483,314	193,697,168	198,393,895
Investment in subsidiaries	7	-	-	301,282,127	155,628,130
Investment in associates	8	144,612,257	132,533,375	21,510,003	21,510,002
Other investments	9	211,878,618	188,271,537	93,520,265	101,809,466
Property development expenditure	10	144,389,547	153,664,473	143,344,528	152,867,625
Plantation development expenditure	11	602,896	557,573	-	-
Tree planting expenditure	12	334,551,954	-	-	-
Long term loan receivables	13	32,059,504	11,059,504	62,819,764	35,342,164
Deposits		-	53,949	-	-
Deferred tax assets	22	7,873,467	124,000	-	-
Goodwill on consolidation	14	1,413,600	1,590,300	-	-
Total Non-current Assets		<u>1,364,909,373</u>	<u>965,338,025</u>	<u>816,173,855</u>	<u>665,551,282</u>
CURRENT ASSETS					
Inventories	15	161,325,327	155,185,054	133,999,231	133,999,231
Trade and other receivables	16	125,066,384	72,361,775	40,018,169	66,460,710
Cash and cash equivalents	17	325,619,858	349,397,861	250,056,001	268,663,646
Total Current Assets		<u>612,011,569</u>	<u>576,944,690</u>	<u>424,073,401</u>	<u>469,123,587</u>
TOTAL ASSETS		<u>1,976,920,942</u>	<u>1,542,282,715</u>	<u>1,240,247,256</u>	<u>1,134,674,869</u>

The accompanying notes form an integral part of financial statements.

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

Statements of Financial Position (contd.)
As at 31 December 2016

		Group		Corporation	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
			Restated		Restated
EQUITY					
Capital reserve		183,882	183,882	-	-
Available-for-sale reserve		699,575	1,432,720	-	-
Retained earnings	18	1,251,405,958	1,010,848,120	805,734,507	758,933,537
		<u>1,252,289,415</u>	<u>1,012,464,722</u>	<u>805,734,507</u>	<u>758,933,537</u>
Accumulated funds					
Non-controlling interests		55,233,229	55,905,229	-	-
		<u>1,307,522,644</u>	<u>1,068,369,951</u>	<u>805,734,507</u>	<u>758,933,537</u>
NON-CURRENT LIABILITIES					
Deferred income	19	112,645,105	168,713,358	112,645,105	168,713,358
Deferred tax liabilities	22	16,977,158	12,101,792	-	-
Borrowings	20	225,752,283	75,013,326	148,335,594	38,717,216
Retirement benefit obligations		4,205,683	-	-	-
Total Non-current Liabilities		<u>359,580,229</u>	<u>255,828,476</u>	<u>260,980,699</u>	<u>207,430,574</u>
CURRENT LIABILITIES					
Trade and other payables	23	154,769,142	123,724,607	100,300,969	100,531,322
Borrowings	20	154,838,814	93,771,683	73,231,081	67,779,436
Tax payable		210,113	587,998	-	-
Total Current Liabilities		<u>309,818,069</u>	<u>218,084,288</u>	<u>173,532,050</u>	<u>168,310,758</u>
TOTAL LIABILITIES		<u>669,398,298</u>	<u>473,912,764</u>	<u>434,512,749</u>	<u>375,741,332</u>
TOTAL EQUITY AND LIABILITIES		<u>1,976,920,942</u>	<u>1,542,282,715</u>	<u>1,240,247,256</u>	<u>1,134,674,869</u>

The accompanying notes form an integral part of financial statements.

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

Statements of Comprehensive Income
For the year ended 31 December 2016

		Group		Corporation	
	Note	2016 RM	2015 RM Restated	2016 RM	2015 RM Restated
Continuing Operations					
Revenue	24	476,642,696	224,484,481	111,090,105	52,806,606
Cost of sales	25	(239,330,439)	(113,636,952)	-	-
Gross profit		237,312,257	110,847,529	111,090,105	52,806,606
Administration expenses		(154,665,227)	(101,525,152)	(58,955,926)	(52,598,138)
Finance costs	26	(11,097,971)	(5,457,116)	(5,057,970)	(695,786)
Share of results of associates		8,184,030	7,726,808	-	-
Profit / (Loss) before tax	27	79,733,089	11,592,069	47,076,209	(487,318)
Tax expenses	28	(8,525,890)	2,516,358	(538,157)	7,149,669
Profit for the financial year		71,207,199	14,108,427	46,538,052	6,662,351
Retained profits brought forward:					
As previously reported		1,010,848,120	905,583,247	758,933,537	655,277,378
Effects of adopting MPERS	3	-	91,156,446	262,918	96,993,808
Acquired in subsidiary		169,350,639	-	-	-
As restated		1,180,198,759	996,739,693	759,196,455	752,271,186
Available for appropriations		1,251,405,958	1,010,848,120	805,734,507	758,933,537
Profit for the year attributable to:					
Non-controlling interests		7,500,991	(1,945,128)	-	-
Owners of the parents		63,706,208	16,053,555	46,538,052	6,662,351
		71,207,199	14,108,427	46,538,052	6,662,351

The accompanying notes form an integral part of financial statements.

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

Statements of Changes in Equity
For the year ended 31 December 2016

	Government's contribution RM	Donated funds RM	Revolving funds RM	Capital reserve RM	Retained profits RM	Total RM
Group						
At 1 January 2015	5,257,200	363,502	416,588	183,882	905,583,247	911,804,419
Profit for the year	-	-	-	-	14,108,427	14,108,427
Effects of adopting MPERS	(5,257,200)	(363,502)	(416,588)	-	91,156,446	85,119,156
Restated at 31 December 2015	-	-	-	183,882	1,010,848,120	1,011,032,002
Profit for the year	-	-	-	-	71,207,199	71,207,199
Acquired in subsidiary	-	-	-	-	169,350,639	169,350,639
At 31 December 2016	-	-	-	183,882	1,251,405,958	1,251,589,840
Corporation						
At 1 January 2015	5,257,200	363,502	416,588	-	655,277,378	661,314,668
Profit for the year	-	-	-	-	6,662,351	6,662,351
Effects of adopting MPERS	(5,257,200)	(363,502)	(416,588)	-	96,993,808	90,956,518
Restated at 31 December 2015	-	-	-	-	758,933,537	758,933,537
Profit for the year	-	-	-	-	46,538,052	46,538,052
Effects of adopting MPERS	-	-	-	-	262,918	262,918
At 31 December 2016	-	-	-	-	805,734,507	805,734,507

The accompanying notes form an integral part of financial statements.

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

Statement of Cash Flows
For the financial year ended 31 December 2016

Note	Group		Corporation	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Cash Flow From Operating Activities				
Profit/(Loss) before tax	79,733,089	11,592,069	47,076,209	(487,318)
Adjustments for:				
Amortisation of goodwill	176,700	176,700	-	-
Bad debts written off	13,596	743	2,000,000	743
Creditors written off	-	(227,960)	-	-
Provision for doubtful debts no longer required	(476,095)	(190,165)	-	(9,246)
Inventories written off	-	85,988	-	-
Depreciation of property, plant and equipment	50,678,468	39,408,474	4,406,324	4,506,485
Finance costs	11,097,971	5,457,116	5,057,970	695,786
Grant amortised	(57,176,470)	(959,526)	(57,176,470)	(959,526)
Gross dividend:				
- Other investment	(6,704,122)	(4,833,538)	(3,940,571)	(6,954,134)
- Subsidiaries	-	-	(3,367,254)	(1,082,040)
Impairment loss on property, plant and equipment	48,008	-	-	-
Interest income	(12,121,766)	(10,861,406)	(10,745,862)	(9,271,847)
Property, plant and equipment written off	1,657	15,878	-	-
Provision for doubtful debts	2,083,724	72,036	2,000,000	-
Profit / (loss) from disposal of property, plant and equipment	(631,123)	(210,643)	628,993	-
Profit / (loss) on disposal of investment	(71,619)	(60,805)	-	-
Impairment of investment	-	5,012,022	-	-
Reversal of provision for diminution in value of investment	(40,063,945)	-	-	-
Share of results in associates	(8,184,030)	(7,726,808)	-	-
Unrealised loss on foreign	-	15,599	-	-
Operating profit / (loss) before changes in working capital	18,404,043	36,765,774	(14,060,661)	(13,561,097)
(Increase) / decrease in:				
Inventories	(6,140,273)	(260,150)	-	-
Trade and other receivables	84,702,518	32,685,823	22,442,541	5,102,172
Trade and other payables	35,250,218	(41,604,231)	(230,353)	(25,390,835)
Cash flow from / (used in) operations	132,216,506	27,587,216	8,151,527	(33,849,760)
Interest paid	(11,097,971)	(5,457,116)	(5,057,970)	(695,786)
Tax paid, net of tax refunded	(3,068,491)	2,221,956	-	7,503,576
Net cash generated from / (used in) operating activities	118,050,044	24,352,056	3,093,557	(27,041,970)

The accompanying notes form an integral part of financial statements.

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

Statement of Cash Flows
For the financial year ended 31 December 2016 (contd.)

		Group		Corporation	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
			Restated		
Cash Flow From Investing Activities					
Additional investment in associate		(3,900,001)	-	-	-
Increase in tree planting expenditure		(334,551,954)	-	-	-
Purchase of property, plant and equipment		(61,204,333)	(69,836,826)	(134,251)	(625,293)
Increase in investment, net		(30,897,337)	(807,165)	(137,844,375)	(164,147)
Decrease in project development expenditure		9,274,926	47,654,195	9,523,097	92,786,805
Increase in plantation development expenditure		(45,323)	(113,664)	-	-
Proceed from property, plant and equipment		1,063,107	210,643	-	-
Proceed from disposal of investments		47,425,820	5,721,260	-	2,000,000
Gross dividends:					
- Other investment		6,704,122	4,833,538	3,940,571	6,954,134
- Subsidiaries		-	-	3,367,254	1,082,040
Interest income		12,121,766	10,861,406	10,745,862	9,271,847
Net cash (used in) / generated from investing activities		<u>(354,009,207)</u>	<u>(1,476,613)</u>	<u>(110,401,842)</u>	<u>111,305,386</u>
Cash Flow From Investing Activities					
Government grant received, net		1,108,217	45,959,526	1,108,217	(53,472,655)
Increase on loan		232,004,923	-	130,000,000	-
Repayment of finance lease		(656,759)	(717,388)	-	-
Repayment of loan		(19,358,608)	(44,994,139)	(42,407,577)	(19,358,608)
Revolving credit obtained, net		(733,145)	20,000,000	-	-
Dividend paid to non-controlling interest		-	(270,000)	-	-
Increase in fixed deposits pledged and fixed deposits with maturity more than 3 months		<u>(2,087,217)</u>	<u>(16,303)</u>	<u>-</u>	<u>-</u>
Net cash generated from / (used in) investing activities		<u>210,277,411</u>	<u>19,961,696</u>	<u>88,700,640</u>	<u>(72,831,263)</u>

The accompanying notes form an integral part of financial statements.

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

Statement of Cash Flows
For the financial year ended 31 December 2016 (contd.)

		Group		Corporation	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
			Restated		
Net movement in cash and cash equivalents		(25,681,752)	42,837,139	(18,607,645)	11,432,153
Cash and cash equivalents:					
- at beginning of year		347,113,404	304,276,265	268,663,646	257,231,493
- at end of year	17	<u>321,431,652</u>	<u>347,113,404</u>	<u>250,056,001</u>	<u>268,663,646</u>

The accompanying notes form an integral part of financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2016

1. Corporate information

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

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

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

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

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

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

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

The number of employees in the Group and in the Corporation at the end of the financial year were 893 (2015: 893) and 413 (2015: 413) respectively.

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

The financial statements were authorised for issue by the Board of Management on 29 March 2017.

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

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

	Principal place of business	Parent's effective ownership		Principal activities
		2016	2015	
		%	%	
Direct subsidiaries:				
PUSAKA Capital Sdn. Bhd.	Malaysia	100	100	Investment holding
Harwood Timber Sdn. Bhd.	Malaysia	100	100	Timber trading
STIDC Belian Holdings Sdn. Bhd.	Malaysia	100	100	Timber trading
Hillog Sdn. Bhd.	Malaysia	100	100	Woodworking and related timber-processing services
Tanjong Manis Furniture Sdn. Bhd.	Malaysia	100	100	Furniture manufacturer
Tanjong Manis Sawmill Sdn. Bhd.	Malaysia	100	100	Log trading
Saratim Insurance Agency Services Sdn. Bhd.	Malaysia	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd.	Malaysia	60	60	Production of wood chip
Hornbill Skyways Sdn. Bhd.	Malaysia	67	67	Aviation services
Sarawak Planted Forest Sdn Sdn. Bhd.	Malaysia	100	100	Planted forest
Selah Timber Sdn. Bhd.	Malaysia	75	75	Dormant
Amra Timbers Sdn. Bhd.	Malaysia	100	100	Dormant
Kestrel Sdn. Bhd.	Malaysia	100	100	Dormant
Tinamou Sdn. Bhd.	Malaysia	100	100	Dormant
Balamra Sdn. Bhd.	Malaysia	100	100	Dormant
Teratim Sdn. Bhd.	Malaysia	100	100	Dormant
Elmhurst Sdn. Bhd.	Malaysia	75	75	Under winding up process
Tanjung Manis Timber Training Centre Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Tanjong Manis Construction Sdn. Bhd.	Malaysia	100	100	Dormant

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

	Principal place of business	Parent's effective ownership		Principal activities
		2016	2015	
		%	%	
Indirect subsidiaries				
Held by PUSAKA Capital Sdn. Bhd.				
PUSAKA Timber Industries Sdn. Bhd.	Malaysia	100	100	Investment holding,
PUSAKA Palm Oil Industry Sdn. Bhd.	Malaysia	100	100	operating of management of timber industry related business
PUSAKA Realty & Construction Sdn. Bhd.	Malaysia	100	100	Property development and construction work
PUSAKA Logistics & Services Sdn. Bhd.	Malaysia	100	100	Investment holding, management of port and shipping operation and other logistic related business
Held by PUSAKA Palm Oil Industry Sdn. Bhd.				
Tanjung Manis Bulkera Sdn. Bhd.	Malaysia	70	70	Own and manage crude palm oil bulking installation and dry bulk facilities
Held by PUSAKA Realty & Construction Sdn. Bhd.				
Tanjung Manis Development Sdn. Bhd.	Malaysia	100	100	Provision of general repairs and maintenance and Supervision work
Tanjung Manis Realty Sdn. Bhd.	Malaysia	100	100	Planning, operating, maintenance and marketing of realty projects
Held by PUSAKA Logistics & Services Sdn. Bhd.				
Tanjung Manis Integrated Port Sdn. Bhd.	Malaysia	100	100	General port management
Tanjung Manis Shipping Sdn. Bhd.	Malaysia	100	100	Provision of transportation and wharfing services, trading in construction materials, renting of barges, speed boat and supplying of port handling equipment

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

1. Corporate information (contd.)

1.1 Composition of the Group (contd.)

	Principal place of business	Parent's effective ownership		Principal activities
		2016	2015	
Held by Harwood Timber Sdn. Bhd.				
Bigwood Sdn. Bhd.	Malaysia	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd.	Malaysia	66	66	Assembling, importing and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd.	Malaysia	100	100	Production and sale of sawn timber and moulding products

2. Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Corporation's first financial statements prepared in accordance with MPERS. For periods up to and including the year ended 31 December 2015, the financial statements of the Group and of the Corporation were prepared in accordance with Private Entity Reporting Standards ("PERS") in Malaysia. The significant accounting policies that have been used in the preparation of the financial statements are set out below.

The date of transition is 1 January 2015. The effects of the transition to MPERS on the Group's and the Corporation's financial position and financial performance are set out in Note 3(a) below.

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

3. (a) Transition to MPERS

These are the Group's and the Corporation's first financial statements prepared in accordance with MPERS. The audited financial statements of the Group and of the Corporation for the year ended 31 December 2015 were prepared in accordance with PERS. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2015 except as discussed below:

Notes to the Financial Statements
For the financial year ended 31 December 2016

3. (a) Transition to MPERS (contd.)

(i) Available-for-sale financial assets

In the prior years, investments in ordinary shares were measured at cost less impairment. This policy has been changed to measure at fair value through other comprehensive income if the investments are quoted or the fair value can otherwise be measured reliably. Other non-quoted equity investments are measured at cost less impairment. The differences between fair values and the previous carrying amounts of those quoted investments at the date of transition have been adjusted to the available-for-sale reserve on the date.

(ii) Trade and other receivables

Prior to 1 January 2015, the Group used their judgement to provide for bad and doubtful debts of trade and other receivables. Specific provision was made when a debt was assessed as bad and a general provision was made for all other trade receivables. Upon adoption of the MPERS Framework, the Group's assessment of impairment of financial assets are based on incurred loss events, where individual impairment is recognised based on objective evidence of impairment.

(iii) Goodwill amortisation

In the prior years, goodwill was measured at cost less accumulated impairment losses in accordance with generally accepted accounting principles as there were no standards on goodwill in the PERS Framework. This measurement policy has been changed to cost less accumulated amortisation and impairment. As the useful life of goodwill cannot be determined reliably, the Group assumes that the life is 10 years and uses the straight-line basis for amortisation. The cumulative effect of goodwill amortisation at the date of transition has been charged directly against the opening retained earnings. The effects of the change in policy on the line items are set out below:

(iv) Non-controlling interests

Prior to 1 January 2015, losses of partly-owned subsidiaries were allocated to non-controlling interests up to the extent of their capital contributions. Any excess losses attributable to the non-controlling interests were allocated to the parent Corporation. After 1 January 2015, losses of partly-owned subsidiaries were allocated between the parent Corporation and non-controlling interests based on their respective ownership interests, even if the allocation results in a deficit amount of non-controlling interests. However, this attribution of losses has been applied prospectively from the date of transition to MPERS and losses attributed to non-controlling interests prior to the date of transition were not reattributed.

3. (a) Transition to MPERS (contd.)

(v) Business combinations

Section 35 Transition to the MPERS provides the option to apply Section 19 Business Combinations and Goodwill prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of Section 19 which would require restatement of all business combinations prior to the date of transition.

Acquisition before the date of transition

The Group has elected to apply Section 19 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (a) The classification of former business combinations under PERS is maintained;
- (b) There is no remeasurement of original fair values determined at the time of business combination (date of acquisition).

(vi) Property development costs

In the prior years, Group and the Corporation capitalised development costs in accordance with the previous Standard of the PERS Framework. This policy has been changed to expensing all development cost incurred because MPERS does not permit capitalisation of the development costs unless the costs relate to a recognised assets.

The amount of capitalised development costs brought forward at the date of transition and the end of the prior year has been written off to the opening retained profits.

(vii) Borrowing costs

In the prior years, borrowing costs incurred on qualifying assets were included in the component cost of the qualifying assets in accordance with the previous Standard of the PERS Framework. The amounts of borrowing costs capitalised in property development expenditure, property development projects and other qualifying assets have been removed to comply with MPERS and the related adjustments have been made to the opening retained profits at the date of transition.

Notes to the Financial Statements
For the financial year ended 31 December 2016

3. (b) Non-mandatory exemption

Deemed cost of property, plant and equipment (PPE)

In the prior years, properties (land and buildings) of the Group and the Corporation were measured at revalued amount. On adoption of MPERS, Group and the Corporation opted to change its accounting policy to measure all its PPE on the cost model. Group and the Corporation treated the revalued amount as the deemed cost of the properties at their revaluation dates. The related revaluation reserve attributable to the previous revaluation has been transferred to retained profits at the date of transition to MPERS.

(c) Mandatory exceptions

At the date of transition, the Corporation did not retrospectively change the accounting that it followed under the previous PERS Framework for the following transactions:

(i) Derecognition of financial assets and financial liabilities

For financial assets and financial liabilities derecognised under the previous PERS Framework before the date of the transition, the Corporation did not recognise them upon adoption of the MPERS Framework. Conversely, for the financial assets and liabilities that would have been derecognised under the MPERS Framework, the Corporation chose to continue to recognise them until they are disposed of or settled.

(ii) Accounting estimates

Prior to 1 January 2015, the Corporation used its judgement to provide for bad and doubtful debts of trade and other receivable. Specific provision was made when a debt was assessed as bad and a general provision was made for all the trade receivables. Upon adoption of the MPERS Framework, the Corporation assessment of impairment of financial assets is based on incurred loss events, where individual impairment and collective impairment of financial assets is based in objective evidences of impairment. However, the amounts of provision for bad and doubtful debt at the date of transition were not adjusted retrospectively on the date.

Notes to the Financial Statements
For the financial year ended 31 December 2016

3. (c) Mandatory exceptions (contd.)

(iii) Loan from holding body corporate entity at below-market interest rate

Prior to 1 January 2015, loan from holding body corporate entity at below-market interest rate were measured based in the nominal amounts of the loan received. Upon adoption of the MPERS Framework, the Corporation did not retrospectively remeasure the holding body corporate entity loans received in accordance with the requirements in MPERS. Accordingly, the Corporation has used the previous carrying amount of the holding body corporate entity loans at the date of transition to MPERS as the carrying amounts of the loans at that date and did not recognise the benefit if any holding body corporate entity at below-market rate of interest as a holding body corporate entity grant.

3. (d) Reconciliation

The following reconciliations show the effect of the transition to the MPERS on the Group and Corporation's equity and profit.

At the date of transition to MPERS 1 January 2015.

Group	Previous PERSs RM	Effects of Transition to MPERS RM	MPERS RM
Property, plant and equipment	447,070,840	1,103,532	448,174,372
Other investments	196,238,974	312,614	196,551,588
Long term loan receivables	9,346,437	1,499,668	10,846,105
Trade and other receivables	110,849,013	(21,258)	110,827,755
Net change total in assets		<u>2,894,556</u>	
Retained earnings	905,583,247	1,394,888	906,978,135
Available-for-sale reserve	-	1,499,668	1,499,668
		<u>2,894,556</u>	

Notes to the Financial Statements
For the financial year ended 31 December 2016

3. (d) Reconciliation (contd.)

At the end of the previous reporting period 31 December 2015:

Group	Pervious PERSs RM	Effects of Transition to MPERS RM	MPERS RM
Property, plant and equipment	415,030,735	62,452,579	477,483,314
Investment in associates	134,283,373	(1,749,998)	132,533,375
Other investments	193,334,879	(5,063,342)	188,271,537
Property development expenditure	157,792,771	(4,128,298)	153,664,473
Long term loan receivables	9,346,437	1,713,067	11,059,504
Goodwill on consolidation	1,767,000	(176,700)	1,590,300
Inventories	155,173,321	11,733	155,185,054
Trade and other receivables	85,542,704	(13,180,929)	72,361,775
Cash and cash equivalents	349,483,690	(85,829)	349,397,861
Trade and other payables	(108,168,312)	(15,556,295)	(123,724,607)
Borrowings	(188,615,698)	19,830,689	(168,785,009)
Tax payables	(633,498)	45,500	(587,998)
Net change total in assets		44,112,177	
Retained earnings	918,100,082	92,748,038	1,010,848,120
Non controlling interest	57,855,332	(1,950,103)	55,905,229
Available-for-sale reserve	-	1,432,720	1,432,720
Government's contribution	5,257,200	(5,257,200)	-
Donated funds	363,502	(363,502)	-
Revolving funds	416,588	(416,588)	-
Government grants	210,794,546	(42,081,188)	168,713,358
Total equity		44,112,177	

Reconciliation of Profit or Loss

Group	Pervious PERSs RM	Transition to MPERS RM	MPERS RM
Revenue	224,402,438	82,043	224,484,481
Cost of sales	(121,448,748)	7,811,796	(113,636,952)
Gross profit	102,953,690		110,847,529
Administrative expenses	(93,213,158)	(8,311,994)	(101,525,152)
Finance cost	(5,471,259)	14,143	(5,457,116)
Share of results of	7,726,808	-	7,726,808
Tax expenses	2,470,858	45,500	2,516,358
Non controlling interest	(1,950,104)	1,950,104	-
Total comprehensive income	12,516,835	1,591,592	14,108,427

Sarawak Timber Industry Development Corporation
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Notes to the Financial Statements
For the financial year ended 31 December 2016

3. (d) Reconciliation (contd.)

At the date of transition to MPERS (1 January 2015), there is no MPERS reconciliation adjustment.

At the end of the previous reporting period 31 December 2015: (contd.)

Corporation

	Pervious PERSs RM	Effects of Transition to MPERS RM	MPERS RM
Property, plant and equipment	136,866,470	61,527,425	198,393,895
Investment in associates	23,260,000	(1,749,998)	21,510,002
Other investments	108,618,998	(6,809,532)	101,809,466
Property development expenditure	156,995,923	(4,128,298)	152,867,625
Inventories	133,987,498	11,733	133,999,231
Net change total in assets		48,851,330	
Retained earnings	655,277,378	96,993,808	752,271,186
Trade and other payables	100,555,322	(24,000)	100,531,322
Government's contribution	5,257,200	(5,257,200)	-
Donated funds	363,502	(363,502)	-
Revolving funds	416,588	(416,588)	-
Government grants	210,794,546	(42,081,188)	168,713,358
Total equity		48,851,330	

4. Significant accounting policies (contd.)

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

(i) Subsidiaries (contd.)

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

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

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

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

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

4. Significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

(ii) Associates

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

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

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

The Corporation's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(g).

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

(b) Goodwill

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses are in accordance with Note 4(g).

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

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

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

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

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

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

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

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

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

(d) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(g).

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(e) Plantation development expenditure

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 4(g).

(f) Tree planting expenditure

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

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

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

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

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

4. Significant accounting policies (contd.)

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

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

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

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

(h) Financial assets

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

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

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

4. Significant accounting policies (contd.)

(h) Financial assets (contd.)

i Financial assets measured at fair value through profit or loss

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

Changes in fair value are recognised in profit or loss.

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

ii Financial assets that are debt instruments measured at amortised cost

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

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

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

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

4. Significant accounting policies (contd.)

(i) Project development expenditure

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

(j) Inventories

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(k) Receivables

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

(l) Marketable securities

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

(m) Cash and cash equivalents

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

(n) Liabilities and equity

i. Classification of liabilities and equity

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

ii. Equity Instruments

Ordinary shares are classified as equity.

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(n) Liabilities and equity (contd.)

iii. Financial liabilities

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

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

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

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

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

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

v. Financial liabilities measured at amortised cost

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(n) Liabilities and equity (contd.)

v. Financial liabilities measured at amortised cost (contd.)

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

vi. Derecognition of financial liabilities

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

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

(o) Provisions

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

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

(p) Loans and borrowings

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(q) Leases- as lessee

i. Finance leases

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

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

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

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

ii Operating leases

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

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(r) Deferred income

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

(s) Revenue recognition

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

- i. Revenue relating to sale of goods is measured at the fair value of the consideration receivable and is recognised net of sales taxes and discounts when the transfer of risks and rewards have been completed.
- ii. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion is assessed by reference to services performed to date as a percentage to total services to be performed.
- iii. Commission on insurance policies written is recognised as income in full upon the issuance of the policies. No part of the commission is deferred to match possible subsequent cancellation of policies or reduction of sum insured.
- iv. Revenue from property development is accounted for by the percentage of completion method on properties sold. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(s) Revenue recognition (contd.)

- v. Revenue from aviation services is recognised when services are rendered.
- vi. Dividend income is recognised when the right to receive payment is established.
- vii. Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.
- viii. Income from timber premium is recognised on accrual basis.

(t) Foreign currencies

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

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

	2016	2015
	RM	RM
United States Dollars	4.486	4.292
European Dollars	4.720	4.269
Singapore Dollars	3.099	3.035
	=====	=====

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Significant accounting policies (contd.)

(u) Income tax

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

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

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

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

(v) Employee benefits

(i) Short term benefits

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

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

4. Significant accounting policies (contd.)

(v) Employee benefits (contd.)

(i) Short term benefits (contd.)

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

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

(ii) Defined contribution plans

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

(w) Borrowing costs

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

5. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the accounting policies

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

Key sources of estimation uncertainty

(a) Measurement of a provision

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

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

(b) Determining the value-in-use

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

(c) Loss allowances of financial assets

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

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

Key sources of estimation uncertainty (contd.)

(d) Depreciation of property, plant and equipment

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

(e) Measurement of income taxes

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

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6. Property, plant and equipment									
Group	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Office furniture, fittings & equipment RM	Plant & machinery RM	Aircraft spare engines and components RM	Transportation equipment & motor vehicles RM	Construction- in-progress RM	Total RM
Cost									
As at 1 January 2016	57,617,457	15,848,153	307,363,011	17,792,090	58,245,722	305,777,729	16,568,162	2,207,998	781,420,322
Additional	-	165,800	5,844,361	4,584,777	982,105	-	877,982	29,986,341	42,441,366
Disposal	-	-	(610,000)	(106,299)	-	-	-	-	(716,299)
Written off	-	-	-	(101,508)	(96,931)	-	(158,250)	-	(356,689)
Transfer	-	-	147,000	-	5,712,454	-	-	(5,859,454)	-
Acquisition of subsidiary	-	-	11,101,522	5,068,537	-	-	2,592,908	-	18,762,967
As at 31 December 2016	57,617,457	16,013,953	323,845,894	27,237,597	64,843,350	305,777,729	19,880,802	26,334,885	841,551,667
Accumulated depreciation									
As at 1 January 2016	4,330,366	6,926,634	75,717,176	11,186,877	29,891,103	165,308,804	10,576,048	-	303,937,008
Additional	538,518	334,728	9,620,058	6,410,695	2,065,374	28,109,518	3,599,577	-	50,678,468
Disposal	-	-	(190,849)	(93,466)	-	-	-	-	(284,315)
Written off	-	-	-	(101,508)	(96,594)	-	(156,930)	-	(355,032)
Impairment loss	-	-	-	-	48,008	-	-	-	48,008
As at 31 December 2016	4,868,884	7,261,362	85,146,385	17,402,598	31,907,891	193,418,322	14,018,695	-	354,024,137
Net book value									
As at 31 December 2016	52,748,573	8,752,591	238,699,509	9,834,999	32,935,459	112,359,407	5,862,107	26,334,885	487,527,530
Restated									
As at 31 December 2015	53,287,091	8,921,519	231,645,835	6,605,213	28,354,619	140,468,925	5,992,114	2,207,998	477,483,314
Depreciation charged for 2015	538,518	345,361	5,622,575	917,915	1,888,649	29,023,900	1,071,556	-	39,408,474

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6. Property, plant and equipment (contd.)						
Corporation	Long term leasehold land RM	Buildings RM	Office furniture, fittings & equipment RM	Plant & machinery RM	Transportation equipment & motor vehicles RM	Total RM
Cost						
As at 1 January 2015	14,914,450	169,085,878	7,715,404	1,374,744	5,949,887	199,040,363
Additional	-	-	348,193	-	277,100	625,293
Revaluation	32,145,467	25,645,838	-	415,840	3,320,280	61,527,425
Restated as at 31 December 2015	47,059,917	194,731,716	8,063,597	1,790,584	9,547,267	261,193,081
Additional	-	-	134,251	-	-	134,251
Disposal	-	(610,000)	(96,839)	-	-	(706,839)
As at 31 December 2016	47,059,917	194,121,716	8,101,009	1,790,584	9,547,267	260,620,493
Accumulated depreciation						
As at 1 January 2015	2,760,892	42,961,661	6,275,102	1,291,296	5,003,750	58,292,701
Additional	298,289	3,381,652	383,093	22,977	420,474	4,506,485
Restated as at 31 December 2015	3,059,181	46,343,313	6,658,195	1,314,273	5,424,224	62,799,186
Additional	298,289	3,376,569	350,163	21,444	359,859	4,406,324
Disposal	-	(190,849)	(91,336)	-	-	(282,185)
As at 31 December 2016	3,357,470	49,529,033	6,917,022	1,335,717	5,784,083	66,923,325
Net book value						
As at 31 December 2016	43,702,447	144,592,683	1,183,987	454,867	3,763,184	193,697,168
Restated						
As at 31 December 2015	44,000,736	148,388,403	1,405,402	476,311	4,123,043	198,393,895
Depreciation charged for 2015	298,289	3,381,652	383,093	22,977	420,474	4,506,485

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6. Property, plant and equipment (contd.)

The title deeds to the leasehold land and buildings acquired by the Corporation with net book value amounted to RM5,382,969 (2015: RM5,382,969) are in the process of being transferred or issued to the Corporation.

7. Investment in subsidiaries

	Corporation	
	2016	2015
	RM	RM
Unquoted shares, at cost	283,516,325	157,878,160
Unquoted shares, at premium	17,765,802	-
	<u>301,282,127</u>	<u>157,878,160</u>
Less: Impairment loss	-	(2,250,030)
	<u>301,282,127</u>	<u>155,628,130</u>

8. Investment in associates

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
At cost:				
Quoted shares	30,671,905	25,021,906	23,260,000	23,260,000
Additional	-	-	1	-
Share of post-acquisition retained profits	113,940,352	107,511,469	-	-
Less: Impairment loss	-	-	(1,749,998)	(1,749,998)
	<u>144,612,257</u>	<u>132,533,375</u>	<u>21,510,003</u>	<u>21,510,002</u>

	Group	
	2016	2015
	RM	RM
Represented by:		
Share of net tangible assets	142,291,714	130,212,832
Goodwill on acquisition	2,320,543	2,320,543
	<u>144,612,257</u>	<u>132,533,375</u>

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9. Other investments

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
i Quoted unit trusts at cost				
Gross carrying amount	139,056,854	142,172,139	57,437,719	60,405,127
Additional	32,363,363	-	338,002	-
Disposal / Impairment	(5,000,000)	(2,967,408)	(5,000,000)	(2,967,408)
	<u>166,420,217</u>	<u>139,204,731</u>	<u>52,775,721</u>	<u>57,437,719</u>
ii Unquoted shares at cost				
Gross carrying amount	78,348,509	78,348,509	77,932,677	77,932,677
Additional	5,274,942	-	5,274,942	-
Disposal	(50,977,174)	-	(51,033,601)	-
	<u>32,646,277</u>	<u>78,348,509</u>	<u>32,174,018</u>	<u>77,932,677</u>
Less: Accumulated impairment losses	(91,000)	(42,187,537)	(91,000)	(42,187,537)
	<u>32,555,277</u>	<u>36,160,972</u>	<u>32,083,018</u>	<u>35,745,140</u>
Details movement of impairment losses:				
Gross carrying amount	42,187,537	42,187,537	42,187,537	42,187,537
Disposal	(42,096,537)	-	(42,096,537)	-
	<u>91,000</u>	<u>42,187,537</u>	<u>91,000</u>	<u>42,187,537</u>
iii Quoted shares at cost				
Gross carrying amount	15,219,769	15,263,059	13,928,556	13,928,556
Less: Accumulated impairment losses	(7,695,906)	(7,695,906)	(7,695,906)	(7,695,906)
	<u>7,523,863</u>	<u>7,567,153</u>	<u>6,232,650</u>	<u>6,232,650</u>

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9. Other investments (contd.)

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
iv Investments managed by				
ASSAR Asset Management				
Sdn Bhd	10,541,330	10,500,750	7,590,945	7,556,026
Less: Accumulated				
impairment losses	(5,167,897)	(5,167,897)	(5,167,897)	(5,167,897)
	<u>5,373,433</u>	<u>5,332,853</u>	<u>2,423,048</u>	<u>2,388,129</u>
v Structured				
investment	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>	<u>5,828</u>
Total	<u>211,878,618</u>	<u>188,271,537</u>	<u>93,520,265</u>	<u>101,809,466</u>

10. Property development expenditure

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
Development costs				
brought forward	153,664,473	249,782,728	152,867,625	249,782,728
Development costs				
incurred in the year	42,421,061	17,385,320	(9,523,097)	16,588,472
Less: Amount contra against				
government grants				
- Amount recognised in the				
current year	(51,695,987)	(113,503,575)	-	(113,503,575)
	<u>144,389,547</u>	<u>153,664,473</u>	<u>143,344,528</u>	<u>152,867,625</u>

11. Plantation development expenditure

	Group	
	2016	2015
	RM	RM
At 1 January	557,573	443,909
Additional	45,323	113,664
At 31 December	<u>602,896</u>	<u>557,573</u>

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12. Tree planting expenditure

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

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

13. Long term loan receivables

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Long term loan receivables				
i Tanjong Manis Food & Industrial				
Park Sdn. Bhd.	2,000,000	2,000,000	2,000,000	2,000,000
ii Tanjong Manis Integrated				
Port Sdn. Bhd.	-	-	3,810,260	5,000,000
iii Hornbill Skyways				
Sdn. Bhd.	-	-	-	9,282,660
iv Senari Synergy				
Sdn. Bhd.	22,500,000	-	22,500,000	-
v PUSAKA KTS Forest				
Plantation Sdn. Bhd.	9,059,504	9,059,504	9,059,504	9,059,504
vi PUSAKA KS Pulp				
Sdn. Bhd.	500,000	-	500,000	-
vi PUSAKA Capital				
Sdn. Bhd.	-	-	26,950,000	10,000,000
	<u>34,059,504</u>	<u>11,059,504</u>	<u>64,819,764</u>	<u>35,342,164</u>
Less: Provision for doubtful debts	(2,000,000)	-	(2,000,000)	-
Total	<u>32,059,504</u>	<u>11,059,504</u>	<u>62,819,764</u>	<u>35,342,164</u>

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14. Goodwill on consolidation

	Group	
	2016	2015
	RM	RM
Balance at 1 January:		
- Gross carrying amount	1,590,300	1,767,000
- Accumulated amortisation and impairment	(176,700)	-
- Net carrying amount	<u>1,413,600</u>	<u>1,767,000</u>
 Amortisation expenses for the year (Note 27)	<u>(176,700)</u>	<u>(176,700)</u>
 Balance at 31 December:		
- Gross carrying amount	1,767,000	1,767,000
- Accumulated amortisation and impairment	(353,400)	(176,700)
- Net carrying amount	<u>1,413,600</u>	<u>1,590,300</u>

15. Inventories

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Processed timber				
-plywood and sawn timber	10,325,875	4,706,644	-	-
Timber logs	676,185	370,686	-	-
Consumables	235,100	461,079	-	-
Industrial land lots	147,131,964	147,131,964	48,137,869	48,137,869
Ship building lots	-	-	79,940,096	79,940,096
Shophouses	-	-	5,921,266	5,921,266
Aircraft spares	4,074,324	3,632,802	-	-
Work-in-progress	14,612	14,612	-	-
	<u>162,458,060</u>	<u>156,317,787</u>	<u>133,999,231</u>	<u>133,999,231</u>
Less: Provision for stock obsolescence	(1,132,733)	(1,132,733)	-	-
	<u>161,325,327</u>	<u>155,185,054</u>	<u>133,999,231</u>	<u>133,999,231</u>

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16. Trade and other receivables

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Trade receivables	80,177,251	76,738,545	34,735,648	38,437,699
Due from:				
- Subsidiaries	-	-	52,000	52,000
Less: Accumulated impairment loss	(11,268,424)	(11,184,700)	(10,520,963)	(10,520,963)
	<u>68,908,827</u>	<u>65,553,845</u>	<u>24,266,685</u>	<u>27,968,736</u>
Details movement of impairment losses:				
Gross carrying amount	11,184,700	11,159,525	10,520,963	10,520,963
Additional	83,724	25,175	-	-
	<u>11,268,424</u>	<u>11,184,700</u>	<u>10,520,963</u>	<u>10,520,963</u>
Due from:				
- Subsidiaries	-	-	11,916,957	12,053,679
- Associates	539,000	96,501	89,000	96,501
- Related companies	2,977,034	1,251,088	2,934,537	1,183,125
Dividend receivables	(6,959,292)	-	(6,959,292)	-
Tax refundable	16,031,264	8,899,496	14,593,874	6,102,436
Deposits	1,939,636	1,251,931	790,598	789,298
Prepayments	1,866,920	1,961,567	149,531	155,593
Sundry receivables	45,851,240	(88,313)	9,241,481	14,770,509
Less: Accumulated impairment loss	(6,088,245)	(6,564,340)	(18,005,202)	(18,019,340)
	<u>56,157,557</u>	<u>6,807,930</u>	<u>14,751,484</u>	<u>17,131,801</u>
Details movement of impairment losses:				
Gross carrying amount	6,564,340	6,754,505	18,019,340	18,019,340
Disposal	(476,095)	(190,165)	(14,138)	-
	<u>6,088,245</u>	<u>6,564,340</u>	<u>18,005,202</u>	<u>18,019,340</u>

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16. Trade and other receivables (contd.)

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Short term loan receivables:				
Tanjong Manis Integrated Port Sdn. Bhd.	-	-	1,000,000	-
Hornbill Skyways Sdn. Bhd.	-	-	-	21,360,173
	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>21,360,173</u>
	<u>125,066,384</u>	<u>72,361,775</u>	<u>40,018,169</u>	<u>66,460,710</u>

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

17. Cash and cash equivalents

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Cash on hand and at banks	29,308,995	26,512,585	7,124,958	7,748,083
Deposits with licensed banks	296,310,863	322,885,276	242,931,043	260,915,563
	<u>325,619,858</u>	<u>349,397,861</u>	<u>250,056,001</u>	<u>268,663,646</u>
Bank overdraft	(163,106)	(346,574)	-	-
Fixed deposits pledge	(1,754,914)	(1,937,883)	-	-
Fixed deposits with maturity more than 3 months	(2,270,186)	-	-	-
	<u>321,431,652</u>	<u>347,113,404</u>	<u>250,056,001</u>	<u>268,663,646</u>

18. Retained earnings

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

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

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19. Deferred income

	Group/Corporation	
	2016	2015
	RM	RM
		Restated
Balance at 1 January		
- Total government grant received	310,226,727	265,226,727
- Utilised for project	(141,513,369)	(99,432,181)
Net carrying amount at 1 January	168,713,358	165,794,546
- Government grants received during the year	52,804,204	45,000,000
- Amortisation for the year	(108,872,457)	(42,081,188)
	<u>112,645,105</u>	<u>168,713,358</u>
Balance at 31 December:		
- Total government grant received	363,030,931	310,226,727
- Cumulative amount recognised in profit or loss	(250,385,826)	(141,513,369)
	<u>112,645,105</u>	<u>168,713,358</u>

20. Borrowings

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Unsecured				
Non-current borrowings				
Term loans-GP PUSAKA	128,976,986	-	128,976,986	-
Loan payable State Government				
- Interest free	19,358,608	38,717,216	19,358,608	38,717,216
	<u>148,335,594</u>	<u>38,717,216</u>	<u>148,335,594</u>	<u>38,717,216</u>
Unsecured				
Current borrowings				
Sarawak Planted Forest				
Sdn Bhd	-	-	5,451,645	-
Loan payable State Government				
- 6.5% p.a	48,420,828	48,420,828	48,420,828	48,420,828
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
	<u>67,779,436</u>	<u>67,779,436</u>	<u>73,231,081</u>	<u>67,779,436</u>
Total unsecured borrowings	<u>216,115,030</u>	<u>106,496,652</u>	<u>221,566,675</u>	<u>106,496,652</u>

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20. Borrowings (contd.)

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Secured				
Non-current				
Term loans	76,711,603	34,919,100	-	-
Finance lease (Note 21)	705,086	1,377,010	-	-
	<u>77,416,689</u>	<u>36,296,110</u>	<u>-</u>	<u>-</u>
Secured				
Current				
Bank overdrafts	163,106	346,574	-	-
Term loans	66,129,298	4,893,864	-	-
Revolving credit	20,000,000	20,000,000	-	-
Finance lease (Note 21)	766,974	751,809	-	-
	<u>87,059,378</u>	<u>25,992,247</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>164,476,067</u>	<u>62,288,357</u>	<u>-</u>	<u>-</u>
Total Non-current:				
Term loans-GP PUSAKA	128,976,986	-	128,976,986	-
Loan payable State Government				
- Interest free	19,358,608	38,717,216	19,358,608	38,717,216
Term loans	76,711,603	34,919,100	-	-
Finance lease (Note 21)	705,086	1,377,010	-	-
	<u>225,752,283</u>	<u>75,013,326</u>	<u>148,335,594</u>	<u>38,717,216</u>
Total Current:				
Sarawak Planted Forest Sdn Bhd	-	-	5,451,645	-
Loan payable State Government				
- 6.5% p.a	48,420,828	48,420,828	48,420,828	48,420,828
- Interest free	19,358,608	19,358,608	19,358,608	19,358,608
Bank overdrafts	163,106	346,574	-	-
Term loans	66,129,298	4,893,864	-	-
Revolving credit	20,000,000	20,000,000	-	-
Finance lease (Note 21)	766,974	751,809	-	-
	<u>154,838,814</u>	<u>93,771,683</u>	<u>73,231,081</u>	<u>67,779,436</u>
Total borrowings	<u>380,591,097</u>	<u>168,785,009</u>	<u>221,566,675</u>	<u>106,496,652</u>

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21. Finance lease

	Group	
	2016	2015
	RM	RM
Minimum lease payments:		
Not later than 1 year	828,519	873,178
Later than 1 year and not later than 2 years	732,598	905,799
Later than 2 years and not later than 5 years	-	560,368
	<u>1,561,117</u>	<u>2,339,345</u>
Less: Future finance charges	<u>(89,057)</u>	<u>(210,526)</u>
Present value of finance lease liabilities	<u>1,472,060</u>	<u>2,128,819</u>

The hire purchase bore interest from 5.00% to 8.00% (2015: 5.00% to 8.00%) per annum.

22. Deferred tax

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	(11,977,792)	(19,519,724)	-	(8,138,000)
Recognised in the income statement	(5,870,385)	7,541,932	-	8,138,000
Recognised in the reserve	8,744,486	-	-	-
	<u>(9,103,691)</u>	<u>(11,977,792)</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,873,467	124,000	-	-
Deferred tax liabilities	<u>(16,977,158)</u>	<u>(12,101,792)</u>	<u>-</u>	<u>-</u>

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

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22. Deferred tax (contd.)

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax liabilities:				
Accelerated capital allowances				
At 1 January	(12,101,792)	(19,627,724)	-	(8,138,000)
Recognised in the income statement	(4,875,366)	7,525,932	-	8,138,000
At 31 December	<u>(16,977,158)</u>	<u>(12,101,792)</u>	<u>-</u>	<u>-</u>
Deferred tax assets:				
Tax losses and unabsorbed capital allowances				
At 1 January	124,000	108,000	-	-
Recognised in the income statement	7,749,467	16,000	-	-
At 31 December	<u>7,873,467</u>	<u>124,000</u>	<u>-</u>	<u>-</u>

23. Trade and other payables

	Corporation		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		Restated
Trade payables	<u>32,250,614</u>	<u>9,454,902</u>	<u>-</u>	<u>-</u>
Deferred expenditure	-	-	56,161,662	56,161,662
Due to subsidiaries	-	-	3,175,821	2,043,165
Due to associates	3,546,999	522,278	-	-
Due to director	-	803	-	-
Good and service tax	36,199	-	61,582	1,183,922
Sundry payables	<u>118,883,392</u>	<u>113,746,624</u>	<u>40,901,904</u>	<u>41,142,573</u>
	<u>122,466,590</u>	<u>114,269,705</u>	<u>100,300,969</u>	<u>100,531,322</u>
Retirement benefit obligations	<u>51,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>154,769,142</u>	<u>123,724,607</u>	<u>100,300,969</u>	<u>100,531,322</u>

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

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24. Revenue

	Corporation		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Aviation services	108,278,225	72,084,418	-	-
Commission income	1,896,266	1,799,632	-	-
Bonus shares	3,299,998	-	3,299,998	-
Gain on disposal of:				
- Investments	75,823	141,892	-	-
- Shares	-	-	34,919	-
- Subsidiary	-	79,259	-	-
Gain on foreign exchange realised	218,478	122,575	-	-
General repair and maintenance services	5,374,077	5,187,814	-	-
Good and service tax	1,045,040	-	1,045,040	-
Grant amortised	57,176,470	959,526	57,176,470	959,526
Gross dividend:				
- Other investment	6,704,122	4,833,538	3,940,571	6,954,134
- Subsidiaries	-	-	3,367,254	1,082,040
Interest income	12,121,766	10,861,406	10,745,862	9,271,847
Management fees	637,001	684,222	529,001	654,222
Operation grant received	11,500,000	11,500,000	11,500,000	11,500,000
Other operating income	4,863,708	3,364,015	1,326,291	1,584,694
Other services	24,590,780	24,530,485	615,093	683,755
Project revenue	(2,268,880)	(227,092)	(2,268,880)	(227,092)
Profit / (Loss) on disposal property, plant and equipment	628,993	170,643	628,993	(40,000)
Registration fees	618,313	627,246	618,313	627,246
Rental income	1,163,432	798,545	-	-
Replanting	4,311,478	-	-	-
Sale of construction, furniture and hardware materials	214,993	967,322	-	-
Sale of woodchips, timber logs, sawn timber and peat swap logs	186,813,788	42,870,709	-	-
Timber premium	19,393,267	19,756,234	18,531,180	19,756,234
Wharfage, stevedorage, barging and other port users' services	27,985,558	23,372,092	-	-
	<u>476,642,696</u>	<u>224,484,481</u>	<u>111,090,105</u>	<u>52,806,606</u>

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25. Cost of sales

Cost of sales of the Group consists of the following:

	Group	
	2016	2015
	RM	RM
		Restated
Contract fee	96,260,654	-
Cost of construction, furniture and hardware material sold	390,790	962,406
Cost of woodchips, timber logs, sawn timber and peat swamp logs sold	33,844,892	31,008,383
Cost of aviation services	78,148,029	63,366,802
Cost of other services	6,919,903	6,725,347
Royalty and cess	8,388,068	-
Wharfage, stevedorage, barging and other port users' services	15,378,103	11,574,014
	<u>239,330,439</u>	<u>113,636,952</u>

26. Finance costs

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Interest on loan	10,987,918	-	4,376,986	-
Interest subsidy	-	5,457,116	680,984	695,786
Others	110,053	-	-	-
	<u>11,097,971</u>	<u>5,457,116</u>	<u>5,057,970</u>	<u>695,786</u>

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27. Profit/(loss) before tax

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

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Amortisation of goodwill	176,700	176,700	-	-
Auditor's remuneration	221,178	157,700	17,578	-
Bad debts written off	13,596	743	2,000,000	743
Creditors written off	-	(227,960)	-	-
Provision for doubtful debts no longer required	(476,095)	(190,165)	-	-
Depreciation of property, plant and equipment	50,678,468	39,408,474	4,406,324	4,506,485
Hire of equipment	1,160,106	866,205	755,708	454,603
Members' fees	245,880	1,566,917	245,880	357,700
Other emoluments	846,661	342,566	-	-
Office rental	860,458	819,713	218,000	323,250
Salaries and allowances	79,009,962	71,166,938	21,409,516	20,605,716
Finance costs	11,097,971	5,457,116	5,057,970	695,786
Bonus shares	(3,299,998)	-	(3,299,998)	-
Gain on disposal of:				
- Investments	(75,823)	(141,892)	-	-
- Shares	-	-	(34,919)	-
Gain on foreign exchange realised	(218,478)	(122,575)	-	-
Grant amortised	(57,176,470)	(959,526)	(57,176,470)	(959,526)
Gross dividend:				
- Other investment	(6,704,122)	(4,833,538)	(3,940,571)	(6,954,134)
- Subsidiaries	-	-	(3,367,254)	(1,082,040)
Impairment of investment	-	5,012,022	-	-
Impairment loss on property, plant and equipment	48,008	-	-	-
Reversal of provision for diminution in value of investment	(40,063,945)	-	-	-

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

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Loss on foreign exchange				
- Realised	164,387	554,350	-	-
- Unrealised	-	15,599	-	-
Interest income	(12,121,766)	(10,861,406)	(10,745,862)	(9,271,847)
Inventory written off, net of reversal	-	85,988	-	-
Property, plant and equipment written off	1,657	15,878	-	-
Provision for doubtful debt	2,083,724	2,072,036	2,000,000	2,000,000
Operation grant received	(11,500,000)	(11,500,000)	(11,500,000)	(11,500,000)
Profit / (Loss) on disposal property, plant and equipment	(628,993)	(170,643)	(628,993)	40,000
Rental of aircraft	14,222,143	448,433	-	-
Rental income	<u>(1,163,432)</u>	<u>(798,545)</u>	<u>-</u>	<u>-</u>

28. Tax expenses

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
Tax expense for the year	2,457,060	3,967,158	277,667	988,331
Under provided in prior year	<u>193,296</u>	<u>68,937</u>	<u>260,490</u>	<u>-</u>
	<u>2,650,356</u>	<u>4,036,095</u>	<u>538,157</u>	<u>988,331</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	14,498,104	854,423	-	-
Relating to changes in tax rate	(444,000)	-	-	-
Over provided in prior year	<u>(8,183,719)</u>	<u>(8,396,355)</u>	<u>-</u>	<u>(8,138,000)</u>
	<u>5,870,385</u>	<u>(7,541,932)</u>	<u>-</u>	<u>(8,138,000)</u>
Share of taxation of associates	<u>5,149</u>	<u>989,479</u>	<u>-</u>	<u>-</u>
	<u>8,525,890</u>	<u>(2,516,358)</u>	<u>538,157</u>	<u>(7,149,669)</u>

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28. Tax expenses (contd.)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

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

	Group		Corporation	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit/(loss) before tax	79,733,089	11,592,069	47,076,209	(487,318)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	19,135,941	2,827,738	11,298,290	(121,830)
Income not subject to tax	(18,574,712)	(5,244,043)	(16,911,611)	(2,894,507)
Effect of reduction in tax rate	(444,000)	-	-	-
Expenses not deductible for tax purposes	22,325,165	6,733,211	5,734,114	3,857,142
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(16,622)	(117,258)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,169,392	621,939	156,874	147,526
Utilisation of deferred tax assets previously unrecognised	(7,084,000)	-	-	-
Over provision of deferred tax in prior years	(8,183,719)	(8,396,355)	-	(8,138,000)
Under provision of tax expenses in prior years	193,296	68,931	260,490	-
Share of results of associates	5,149	989,479	-	-
	<u>8,525,890</u>	<u>(2,516,358)</u>	<u>538,157</u>	<u>(7,149,669)</u>

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29. Comparative figures

During the financial year, the Group and the Corporation changed the classification of certain items in its financial statements as a result of the adoption of MPERS, thus, the Group and the Corporation have reclassified the comparative figures to conform with the current financial year's presentation.

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