



PUSAKA



Annual Report
Laporan Tahunan

2019

Contents

02	Background of STIDC
04	Corporate Vision, Mission, Functions
06	Objectives
08	Client's Charter
09	Corporate Song
10	Quality Policy
11	Logo
12	Office Complex
14	Corporate Structure
18	Corporate Management
24	Chairman's Statement
26	Preface
28	2019 Activities
54	Development in Tanjung Manis
58	2019 vs 2018 Trade Statistics
71	2019 Financial Statement

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Background



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

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

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



Corporate Functions

STIDC core functions are to:

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



Corporate Vision

Spearheading the Advancement of Timber Industry

Corporate Mission

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


Quality Policy

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




Objectives







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



2. To ensure effective use of forest resources;



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



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

STIDC Client's Charter

- 
- 1 ► To process all types of registration applications within five (5) working days.
 - 2 ► To process and issue the Grading Certificates within seven (7) working days.
 - 3 ► To process and issue Import and Export Licences for timber and timber products within one (1) working day.
 - 4 ► To process feedback on applications for non-resident workers and expatriates within seven (7) working days.
 - 5 ► To process applications for physical inspection of wood-based mills layout plans within twenty-one (21) working days.
 - 6 ► To process payments within twelve (12) working days.
 - 7 ► To respond to enquiries and information request within three (3) working days
 - 8 ► To respond to customer complaints within three (3) working days.



STIDC Corporate Song



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

Lyrics

*Bersama kita tingkatkan kejayaan
Dengan semangat berkerjasama
Bersatu tenaga dan warisan budaya
Menjadi amalan kerja kita.*

*Budaya kerja berteras kualiti
Kami anak watan yang berdikari
Penuh kasih sayang sesama kita
PUSAKA berjaya dan gemilang.*

STIDC Quality Policy

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



▲ 17 January 2019

Datuk Amar Haji Awang Tengah signing the 2019 STIDC Strategy Map in conjunction with the staff assembly

STIDC Logo



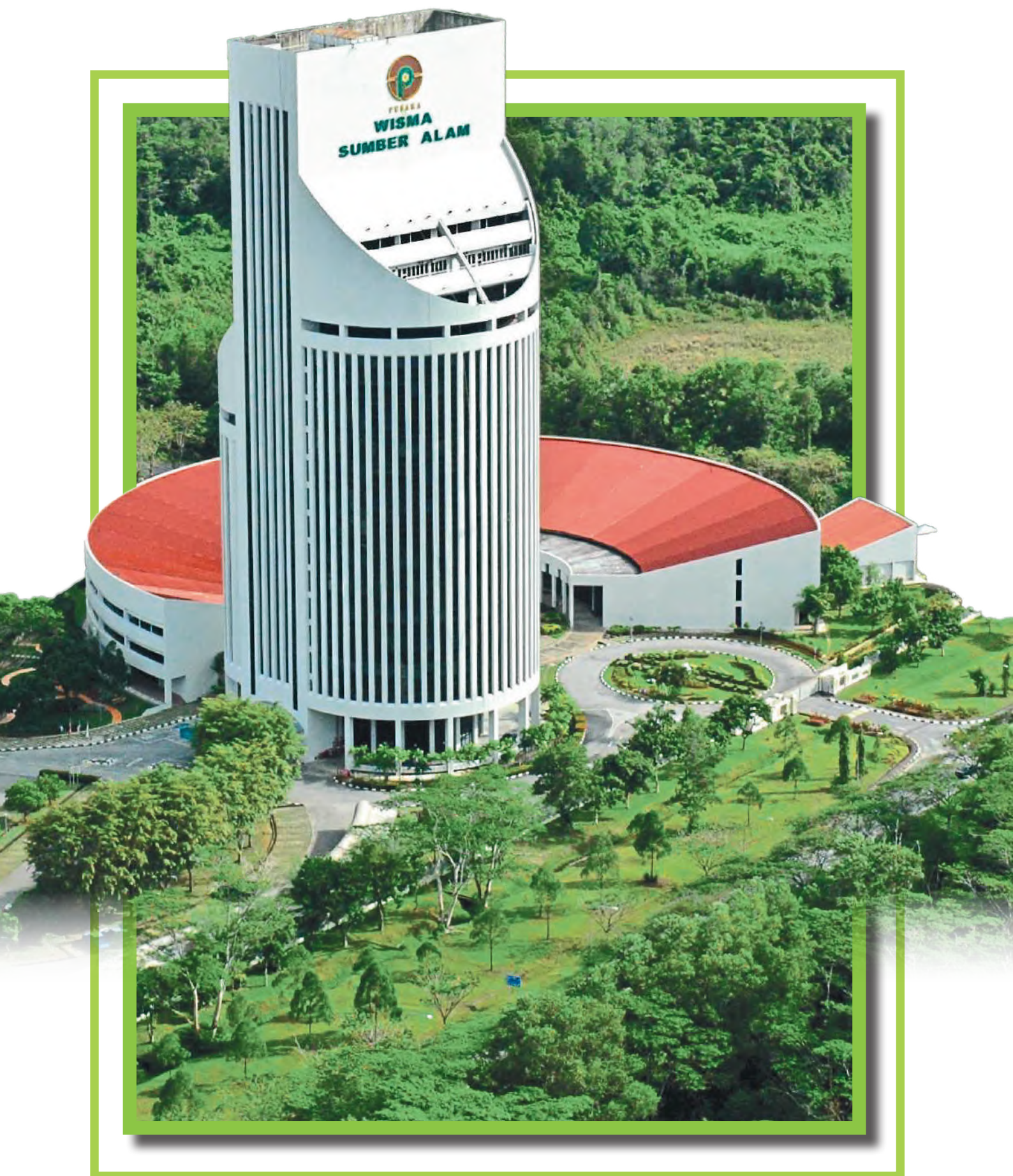
This logo was officially launched on 7 May 1993 in conjunction with the Corporation's 20th Anniversary.

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

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

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

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



Office Complex

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

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

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

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



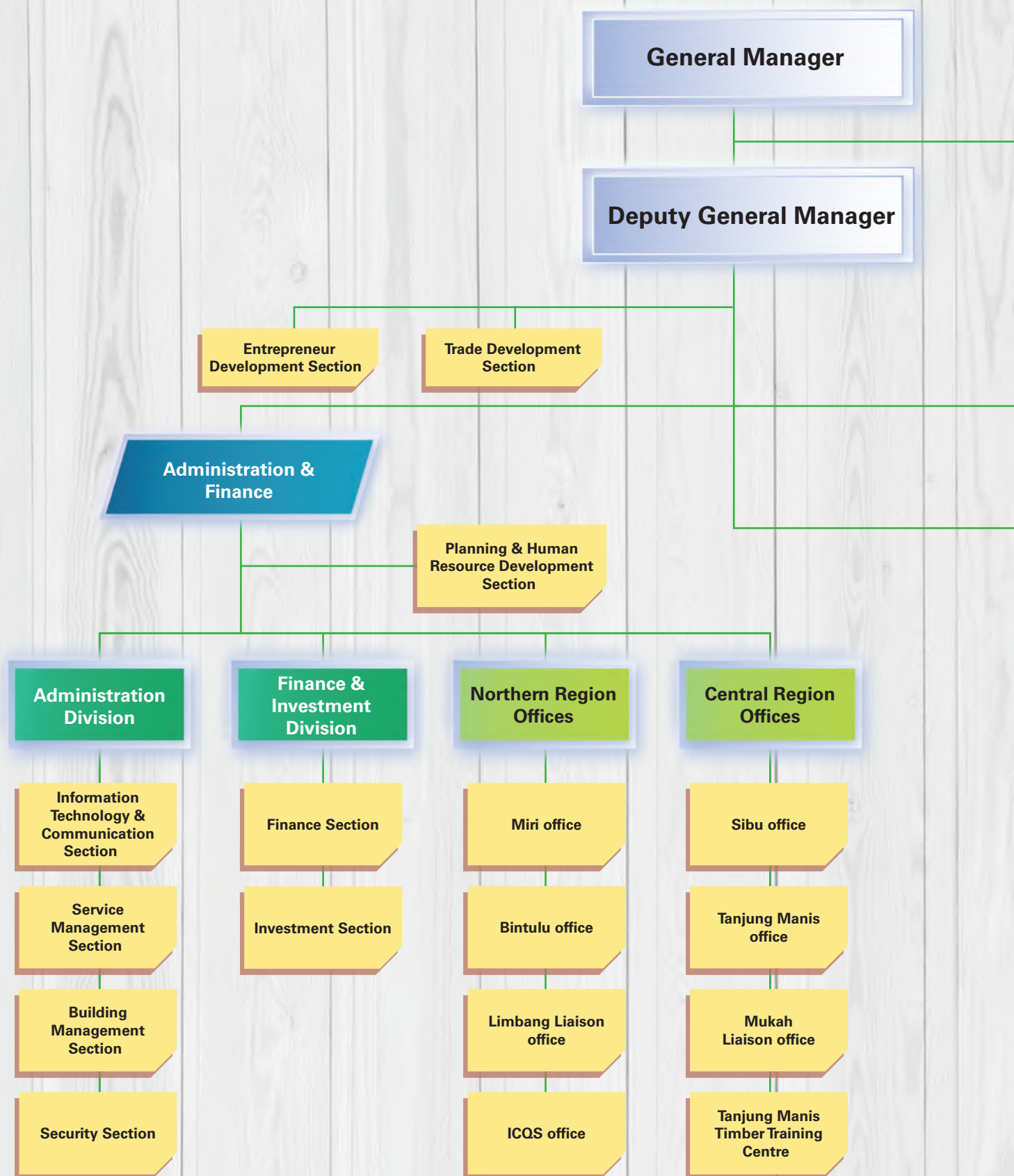


Corporate Structure

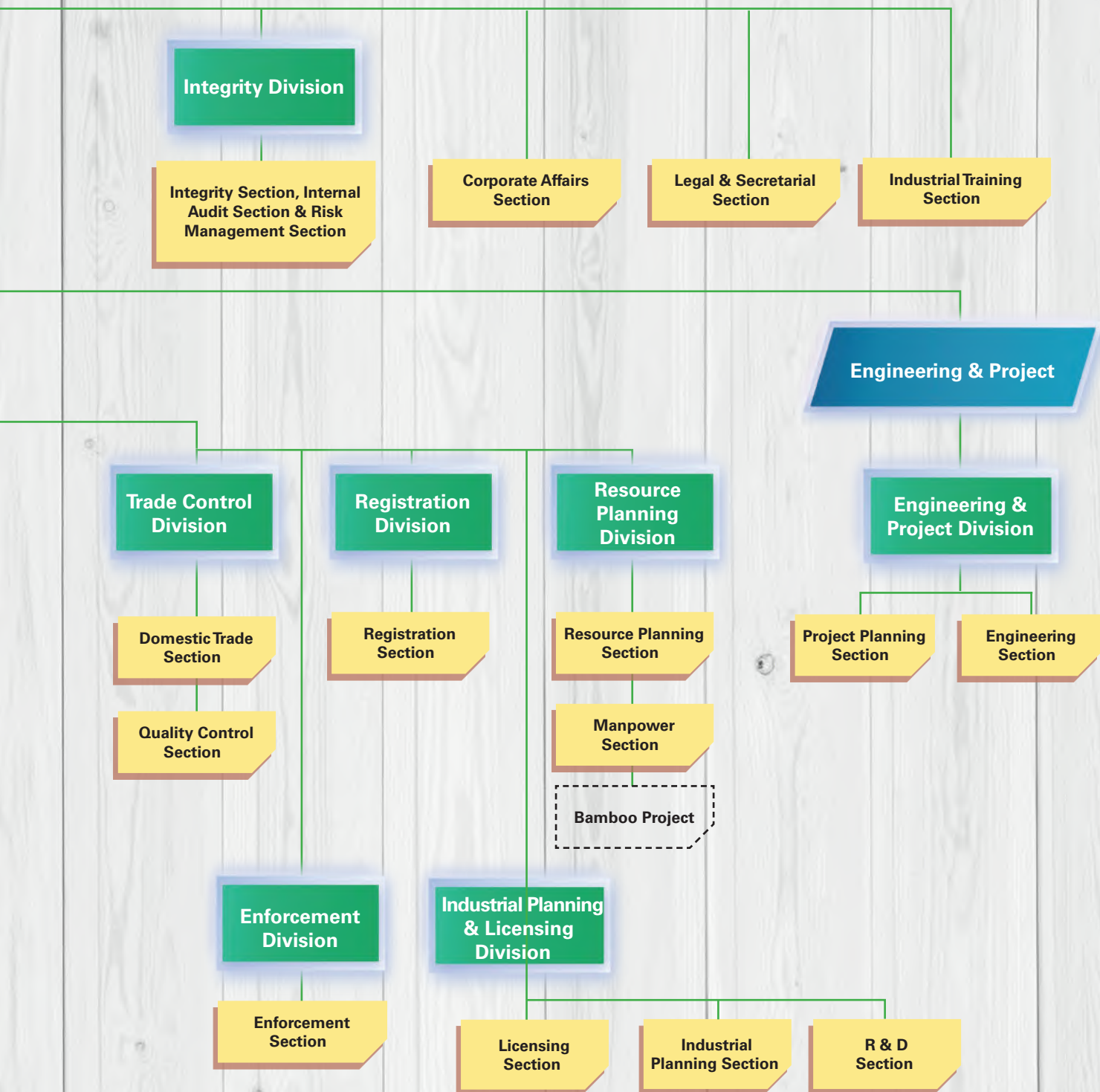


Organisational Chart

Ministry of Urban Development and Natural Resources



Sarawak Timber Industry Development Corporation (STIDC)



 Special Project





Board of Management



Board of Management



Chairman

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

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



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

Sarawak State Secretary



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

*Assistant Minister of International
Trade and Industry, Industry Terminal
& Entrepreneur Development*



YB Datu Haji Len Talif Salleh

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



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

*Chairman, Sarawak Economic
Development Corporation (SEDC)*



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

State Financial Secretary



**YBhg Dato Sri Haji Mohamad
Abu Bakar Bin Marzuki**

*Deputy State Secretary Sarawak
(Socio Economic Transformation)*



**YBhg Datu Sr Zaidi
Bin Haji Mahdi**

*Permanent Secretary for Ministry
of Urban Development & Natural
Resources*



Management Team



General Manager

Tuan Haji Hashim Bin Haji Bojet

P.B.K, P.P.B, P.P.S

Master of Business Administration, The Ohio University

Bachelor of Business Administration (Hons), UKM



**Puan Dayang Nena Binti
Abang Bruce**
Deputy General Manager



Cik Hajah Haluyah Binti Awi
*Senior Assistant General Manager
(Administration & Finance)*



Puan Hajah Sadiyah Binti Tu
*Senior Assistant General Manager
(Project & Engineering)*



**Puan Suraya Binti Mohamad
Ali**
*Senior Assistant General Manager
(Integrity)*



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



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



**Tuan Haji Hamzah Haji
Morshidi**
*Assistant General Manager
(Resource Planning)*



**Encik Nicholas Andrew
Lissem**
*Assistant General Manager
(Industrial Planning & Licensing)*



Encik Johari Zainuddin
*Assistant General Manager
(Central Region)*



**Encik Awang Mentali Bin
Awang Mohamed Sulaiman**
*Assistant General Manager
(Trade Control)*



**Encik Abang Luqman
Alhakim bin Abang Wahid**
*Acting Assistant General
Manager (Finance & Investment)*



**Encik Dahrawi Bin
Muhammad**
*Acting Assistant General
Manager (Northern Region)*



Chairman's *Statement*

Chairman's Statement



2019 saw an unfavourable market performance of timber and timber products of Sarawak due to global market volatility, US-China trade war and environmental issues. These were aggravated by local issues such as high overhead and operational costs which led to modest market shares.

The wood-based sector of Sarawak recorded a decline in export earnings by 17 percent from RM5.4 billion in 2018 to RM4.5 billion in 2019.

Plywood which contributed 50 percent to the overall income of the wood-based sector also dropped by 23 percent from RM3 billion in 2018 to RM2.3 billion in 2019.

Japan which accounted for 47 percent of the market share also experienced weaker export revenue by 22 percent from RM2.7 billion in 2018 to RM2.1 billion in 2019.

Numerous consultations were conducted by the State Government with the industry players including LPF holders, plywood and furniture manufacturers as well as timber exporters to generate ideas to assist the industry amid the challenging times.

The consultations concluded with various proposals on government's supports to ease the timber industry to progress especially the SMEs and to encourage the industry players to optimise the use of logs from planted forests.

Previously Sarawak was the largest producer of tropical hardwood plywood in this region and the main exporter to Japan. Indonesia took over by leveraging on planted forest logs.

Currently, sawmills in Sarawak are equipped with machinery to process huge timber from natural forests. Planted forest logs, however, are relatively smaller. It is, therefore, vital for the industry to embrace transformation by replacing the machinery accordingly and focus on automated production to ensure competitiveness.

Technological advancement is equally important to ensure cost effectiveness. This will reduce labour intensive operations and mitigate the impact of labour policies such as minimum wages and foreign workers' levy.

With dwindling natural forest log production, planted forests will be the main source of raw materials for local processing with the projected annual log production of 5-6 million m³.

The way forward for the industry is to focus on R&D to promote the use of planted forest logs to produce value-added products such as furniture and engineered wood. It is also important to lure foreign investors to catalyse the growth of export markets for these products.

DATUK AMAR HAJI AWANG TENGAH ALI HASAN

Deputy Chief Minister

Minister of Urban Development & Natural Resources (II)

*Minister of International Trade and Industry, Industry Terminal & Entrepreneur Development, Sarawak
cum Chairman of STIDC*



Preface

Preface



STIDC remained committed to its vision to spearhead the advancement of timber industry in Sarawak.

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

Numerous consultations were held with the stakeholders and industry players to address current issues. Efforts were also made to promote the furniture industry through the young designers programme and collaboration with UNIMAS and Institut Teknologi Bandung. In addition, international trade mission and expos were never missed to expand market share.

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

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

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

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

HAJI HASHIM HAJI BOJET

General Manager

Sarawak Timber Industry Development Corporation





2019 Activities



1 February 2019

Handling over of Key Focus Activities (KFA's) Final Report, Kota Kinabalu



26 February 2019

STIDC 45th Anniversary Dinner

2019 Activities

PUSAKA
Laporan
Tahunan
2019



26 February 2019

Media familiarisation visit to Tanjung Manis



27 February 2019

Media familiarisation visit to the timber industry in Bintulu



28 February 2019

Media familiarisation visit to the timber industry in Miri



1 March 2019

Media familiarisation visit to the timber industry in Lawas



5 - 6 March 2019

ISO 9001 2015 internal audit report presentation



9 - 10 March 2019

Tanjung Manis Day

2019 Activities

PUSAKA
Laporan
Tahunan
2019



18 - 19 March 2019

Tender Bids and Proposals in Procurement Course



20 March 2019

Staff retirement farewell dinner in Kuching



21 March 2019

Tuan Haji Hashim presenting an appreciation certificate to a retired staff in conjunction with the staff assembly.



4 - 5 April 2019

Aerodrome Safety Management System Workshop at Tanjung Manis Airport



3 May 2019

STIDC staff assembly for the central region in Sibul



15 May 2019

Presentation of Hari Raya gifts to Kampung Belawai folks

2019 Activities



15 May 2019

Presentation of Hari Raya gifts to Kampung Jerijeh folks



5 May 2019

Presentation of Hari Raya gifts to Kampung Rajang folks



17 May 2019

Presentation of Gawai gifts in Tanjung Manis



21 May 2019

Breaking of fast at Borneo Convention Centre Kuching



24 May 2019

Presentation of monetary aids to the charitable organisations by STIDC and its subsidiaries



24 May 2019

STIDC staff assembly for the northern region in Miri

2019 Activities



27 - 28 May 2019

MGR Competency Upgrading Test in Miri



15 June 2019

Launching of Sarawak Forest Landscape Restoration Programme by the Right Honourable Chief Minister of Sarawak

2019 Activities



24 June 2019

STIDC Gawai-Raya Open House



25 June 2019

Staff Assembly at STIDC Headquarters in Kuching

2019 Activities

PUSAKA
Laporan
Tahunan
2019



26 June 2019

Slides Presentation by Tuan Haji Hashim Haji Bojet for the Chief Minister's Quality Award



27 - 30 June 2019

Sarawak Timber & SMEs Expo in Kuching



2 July 2019

Gawai-Raya Open House for the staff of the central region in Sibul



6 July 2019

Karnival Pantai Belawai

2019 Activities



15 July 2019

Soft opening of the new office premises in Bintulu



18 July 2019

Farewell dinner for retired staff



16 - 18 July 2019

STIDC Strategic Plan Mid-Year Review



24 - 25 July 2019

Guidelines For Verifying Timber Legality Workshop



29 July 2019

Staff assembly at STIDC Headquarters in Kuching



3 August 2019

STIDC Annual Golf Tournament

2019 Activities

PUSAKA
Laporan
Tahunan
2019



12 August 2019

Ibadah Qurban Program PUSAKA



14 August 2019

I-Share on International Trade in Endangered Species Act (Act No. 686 of 2008)



16 - 18 August 2019

Annual Tanjung Manis Fishing Safari

2019 Activities



3 - 5 September 2019

STIDC Participated in Sarawak Timber and Furniture Expo in Singapore



20 September 2019

Celebrating the STIDC high achievers



20 September 2019

School children from Sarikei Division visiting the STIDC museum

2019 Activities

PUSAKA
Laporan
Tahunan
2019



24 September 2019

Lab on Bamboo



25 September 2019

Staff assembly at STIDC Headquarters in Kuching



26 - 27 September 2019

Kumpulan Pengurusan Kayu Kayan Terengganu Sdn. Bhd. visiting a forest plantation in Bintulu



1 - 2 October 2019

Custom Procedures and Documentation Course



16 October 2019

STIDC Integrity Day

2019 Activities



7 - 10 October 2019

Aluminium Kitchen Cabinet Engineering Course



24 October 2019

Staff assembly at STIDC Headquarters



25 October 2019

Celebrating the high achievers in conjunction with the staff assembly for the central region

2019 Activities



28 October 2019

Board Meeting in progress



28 - 30 Oktober 2019

Workshop on timber structures



5 - 6 November 2019

Safety and Health Campaign in Limbang

2019 Activities



9 November 2019

STIDC participated in the State level Maulidur Rasul



10 November 2019

Furniture design exhibition in Bandung



12 - 14 November 2019

MGR course in Bintulu



19 - 21 November 2019

STIDC participated in Malaysian Wood Expo in Kuala Lumpur.



25 November 2019

Staff assembly for the northern region in Miri

2019 Activities

PUSAKA
Laporan
Tahunan
2019



2 - 4 December 2019

Strategic Planning Annual Retreat



5 December 2019

Problem Solving Course



7 December 2019

STIDC bowling competition



13 December 2019

STIDC meeting with the Japanese investors



14 December 2019

Bowling competition between STIDC and the media members

2019 Activities

PUSAKA
Laporan
Tahunan
2019



14 December 2019

Farewell dinner for retired staff



20 December 2019

National Timber Industry Census Seminar





Development in Tanjung Manis

Development in Tanjung Manis

Artist Impression of Tanjung Manis Administrative Centre



An aerial view of Tanjung Manis

200 units of Government Quarters





Distribution of Petroleum Products



Liquid Bulk Petroleum Products Depot



Tanjung Manis Airport



Palm Oil Bulking Storage Facilities



Tanjung Manis Masterplan



Tanjung Manis Integrated Port



2019 vs. 2018 Trade Statistics

Table 1

Export Summary of Timber and Timber Products from Sarawak

PRODUCTS	2019 ^p January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
LOG	1,290,133	722,217	15.96	1,416,557	771,014	14.23	(8.92)	(6.33)
SAWNTIMBER	317,106	582,900	12.88	373,608	669,693	12.36	(15.12)	(12.96)
PLYWOOD	1,122,641	2,263,861	50.03	1,423,999	3,030,327	55.92	(21.16)	(25.29)
VENEER	68,668	93,655	2.07	92,151	154,230	2.85	(25.48)	(39.28)
LAMINATED BOARD / FLOORING	10,277	42,269	0.93	10,747	40,027	0.74	(4.37)	5.60
MOULDING	7,291	16,636	0.37	11,278	20,814	0.38	(35.35)	(20.07)
DOWEL	95	401	0.01	141	535	0.01	(32.70)	(25.12)
FIBREBOARD	188,169	350,524	7.75	186,121	321,637	5.94	1.10	8.98
BLOCKBOARD	1,325	1,738	0.04	2,355	3,095	0.06	(43.74)	(43.84)
PARTICLE BOARD	48,463	31,573	0.70	55,871	36,624	0.68	(13.26)	(13.79)
OTHER PRODUCTS*	161,636	200,485	4.43	175,951	201,747	3.72	(8.14)	(0.63)
OTHER PRODUCTS**[Units]	3,292,236	44,380	0.98	3,911,662	42,921	0.79	(15.84)	3.40
OTHER PRODUCTS***[Kgm]	5,038	160	0.00	-	-	-	100.00	100.00
WOODCHIP [Tonne]	353,174	174,059	3.85	294,115	126,578	2.34	20.08	37.51
TOTAL (m³) (RM)	3,215,805	4,524,856	100	3,748,779	5,419,240	100	(14.22)	(16.50)

***Other timber products:**

- Barecore
- Briquette
- Charcoal
- Chopping board
- Core plug/pellets

- Densified wood
- Door & door frames
- Doorskin
- Finger jointed
- Lamin Board
- Laminated beam

- Laminated post
- Laminated Veneer Lumber (LVL)
- Railways sleepers
- Wooden panels
- Wooden lattice
- Wooden Handle

- Wooden frames
- Wooden Flooring
- Wooden Fence
- Wood Pellets
- Wooden stakes

****Other timber products:**

- Furniture & Furniture parts
- Pallet
- Seat (Wooden Frame)

*****Other timber products:**

- Door Panel & Frames
- Handicraft

Notes:

> Fibreboard include MDF and HDF

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

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

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

Export Value of Major Timber and Timber Products from Sarawak (RM'000) : 2019/ 2018

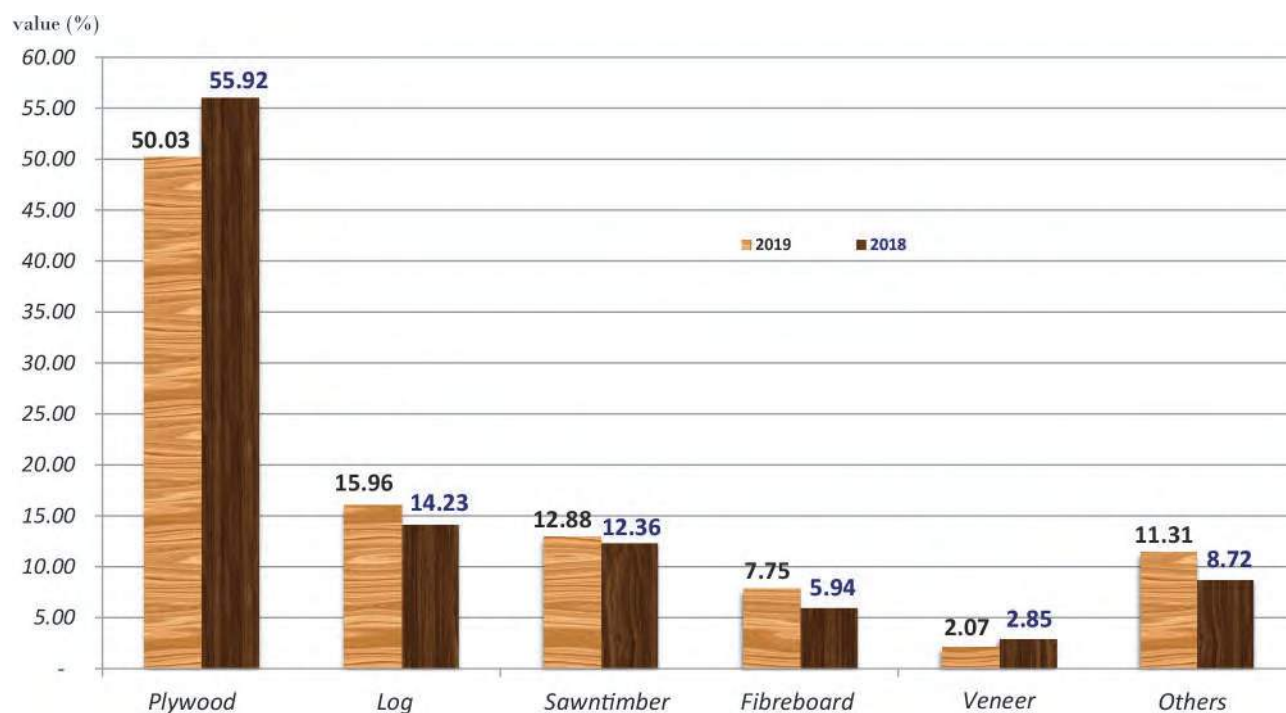




Table 2
Export of Logs by Country of Destinations

DESTINATIONS	2019 ^a January -December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDIA	570,944	467,255	64.70	539,665	485,082	62.91	5.80	(3.67)
INDONESIA	558,490	123,706	17.13	695,654	133,312	17.29	(19.72)	(7.21)
TAIWAN	72,824	63,681	8.82	98,650	89,523	11.61	(26.18)	(28.87)
JAPAN	38,784	33,550	4.65	33,734	31,704	4.11	14.97	5.82
VIETNAM	27,572	18,435	2.55	36,163	21,591	2.80	(23.76)	(14.61)
CHINA	17,320	12,499	1.73	11,439	7,951	1.03	51.42	57.20
KOREA	4,200	3,091	0.43	1,253	1,851	0.24	235.19	66.93
TOTAL	1,290,133	722,217	100	1,416,557	771,014	100	(8.92)	(6.33)

Export Value (%) of Logs to Major Destinations : 2019 / 2018

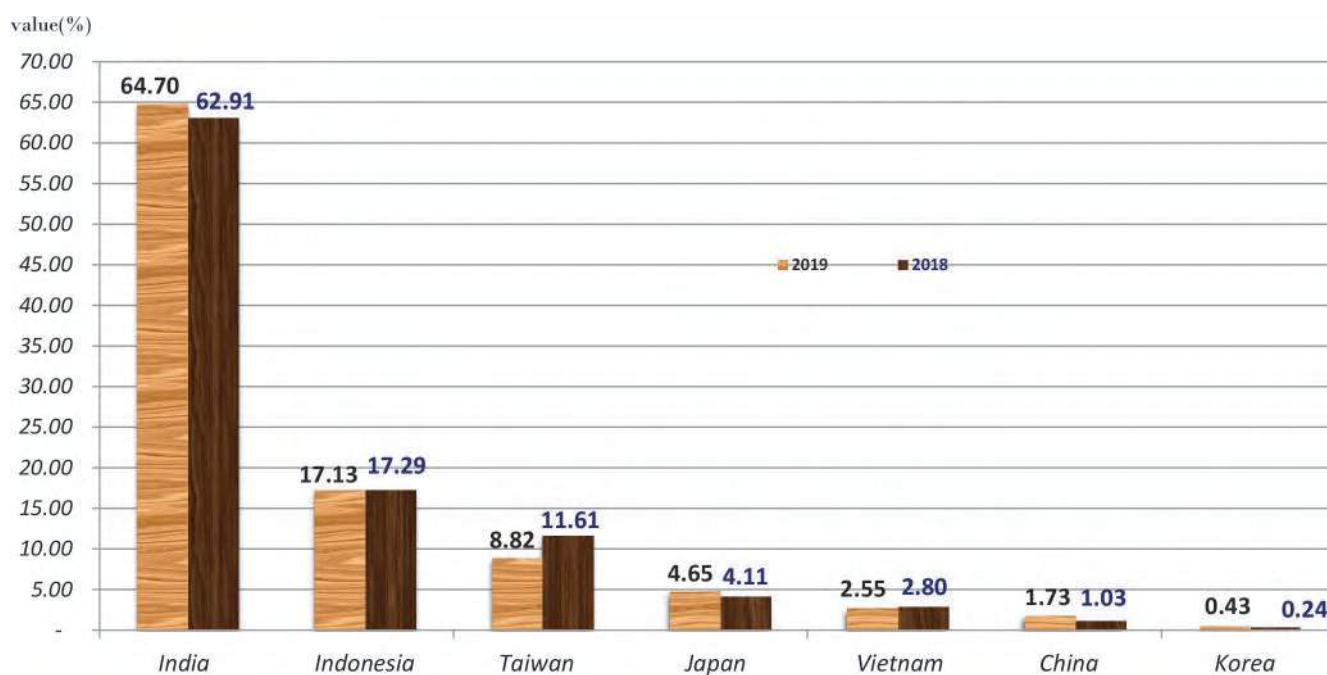


Table 3
Export of Sawntimber by Country of Destinations

DESTINATIONS	2019 ^a January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
MIDDLE EAST	98,297	189,789	32.56	92,009	182,077	27.19	6.83	4.24
PHILIPPINES	76,483	145,924	25.03	121,143	217,177	32.43	(36.87)	(32.81)
THAILAND	49,392	70,517	12.10	49,451	66,951	10.00	(0.12)	5.33
TAIWAN	37,691	67,386	11.56	44,144	76,518	11.43	(14.62)	(11.93)
KOREA	15,357	24,898	4.27	17,325	30,228	4.51	(11.36)	(17.63)
CHINA	11,871	17,240	2.96	12,463	14,681	2.19	(4.76)	17.43
JAPAN	11,761	29,742	5.10	14,573	34,071	5.09	(19.29)	(12.71)
SOUTH AFRICA	3,763	7,841	1.35	3,759	7,054	1.05	0.09	11.15
MALDIVES	3,497	13,100	2.25	2,875	12,683	1.89	21.67	3.28
SRI LANKA	2,505	4,626	0.79	5,059	10,677	1.59	(50.48)	(56.68)
OTHERS*	6,489	11,838	2.03	10,806	17,575	2.62	(39.95)	(32.65)
TOTAL	317,106	582,900	100	373,608	669,693	100	(15.12)	(12.96)

***OTHER DESTINATIONS:**

- Australia
- Brunei Darussalam
- EU
- Hong Kong
- India
- Indonesia
- Malaysia (Peninsular Or Sabah-Free zone)
- Mauritius
- Pakistan
- Reunion
- Seychelles
- Singapore
- United States

Export Value (%) of Sawntimber to Major Destinations : 2019 / 2018

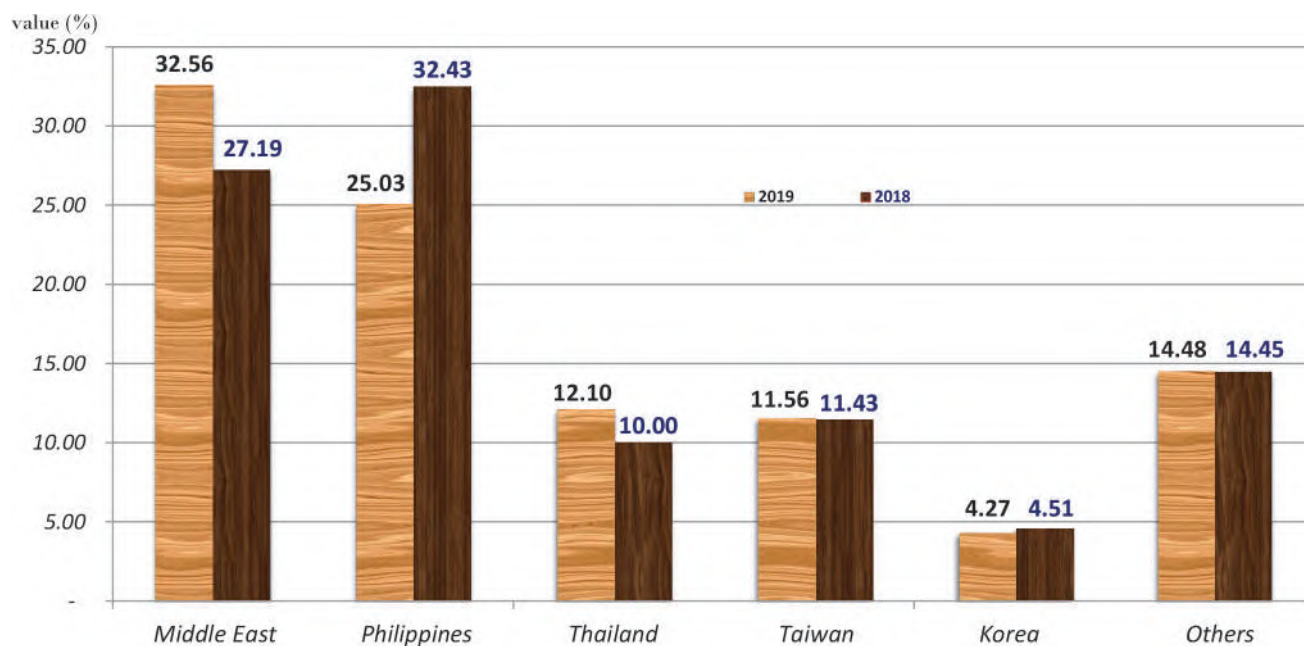




Table 4
Export of Plywood by Country of Destinations

DESTINATIONS	2019 ^a January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	733,051	1,590,420	70.25	989,059	2,168,901	71.57	(25.88)	(26.67)
MIDDLE EAST	138,137	220,416	9.74	125,103	200,280	6.61	10.42	10.05
KOREA	86,451	144,391	6.38	123,168	260,769	8.61	(29.81)	(44.63)
TAIWAN	85,072	134,567	5.94	75,256	133,842	4.42	13.04	0.54
AUSTRALIA	11,527	29,320	1.30	12,309	31,484	1.04	(6.35)	(6.87)
HONG KONG	11,339	21,182	0.94	9,204	19,954	0.66	23.20	6.15
INDIA	10,694	26,786	1.18	11,387	29,677	0.98	(6.08)	(9.74)
BRUNEI DARUSSALAM	9,956	15,977	0.71	8,625	14,976	0.49	15.44	6.69
THAILAND	7,426	16,302	0.72	8,297	18,872	0.62	(10.51)	(13.62)
CHINA	7,216	14,081	0.62	14,858	30,933	1.02	(51.44)	(54.48)
OTHERS*	21,774	50,421	2.23	46,734	120,638	3.98	(53.41)	(58.21)
TOTAL	1,122,641	2,263,861	100	1,423,999	3,030,327	100	(21.16)	(25.29)

***OTHER DESTINATIONS:**

- Canada
- Djibouti
- EU
- Malaysia (Peninsular Or Sabah-Free Zone)
- Maldives
- Mexico
- Myanmar
- New Zealand
- Papua New Guinea
- Philippines
- Puerto Rico
- Singapore
- Solomon Islands
- Somalia
- South Africa
- Sri Lanka
- Turkey
- United States
- Vietnam

Export Value (%) of Plywood to Major Destinations : 2019 / 2018

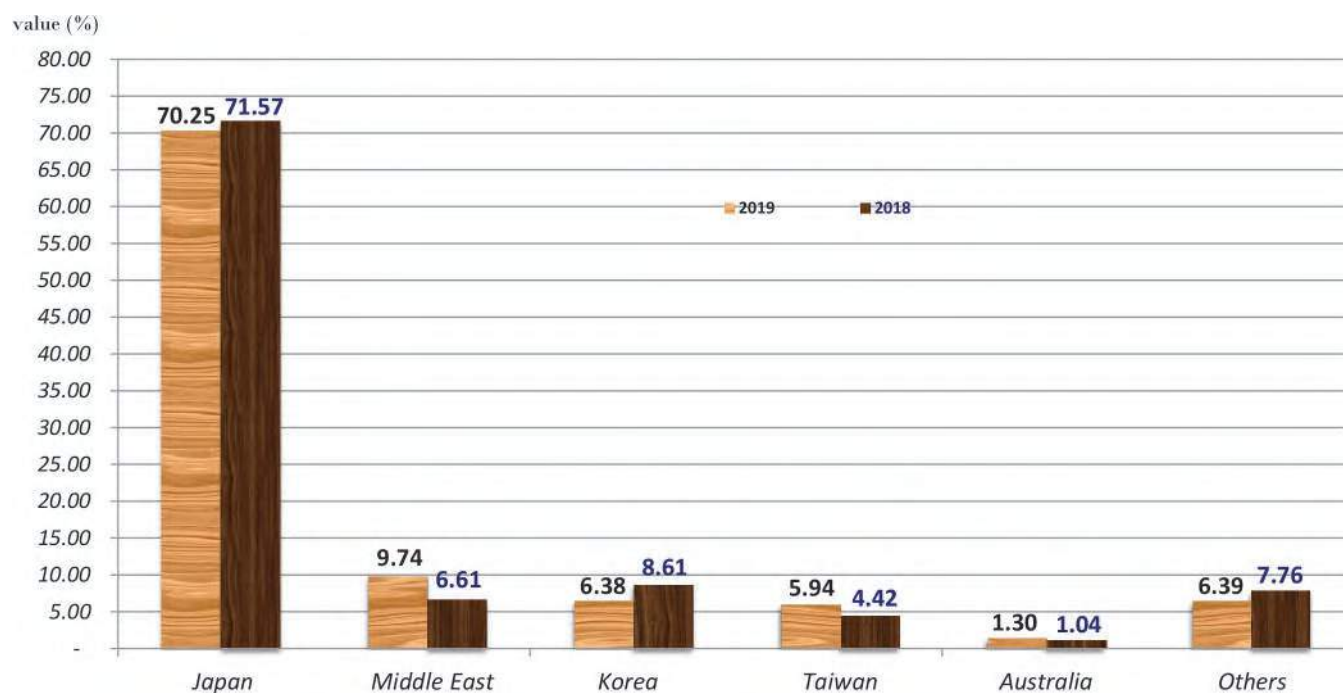


Table 5
Export of Veneer by Country of Destinations

DESTINATIONS	2019 ^p January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
TAIWAN	36,718	44,314	47.32	30,592	45,928	29.78	20.02	(3.51)
KOREA	13,344	21,785	23.26	42,597	75,201	48.76	(68.67)	(71.03)
PHILIPPINES	7,541	7,301	7.80	3,218	3,500	2.27	134.33	108.62
CHINA	6,418	8,804	9.40	9,835	14,612	9.47	(34.74)	(39.75)
JAPAN	3,908	9,081	9.70	5,181	12,343	8.00	(24.56)	(26.43)
AUSTRALIA	641	2,186	2.33	695	2,570	1.67	(7.72)	(14.94)
INDIA	78	133	0.14	-	-	-	100.00	100.00
OTHERS*	19	50	0.05	33	76	0.05	(41.25)	(33.64)
TOTAL	68,668	93,655	100	92,151	154,230	100	(25.48)	(39.28)

*Other Destinations:

► Brunei Darussalam

Export Value(%) of Veneer to Major Destinations : 2019/ 2018

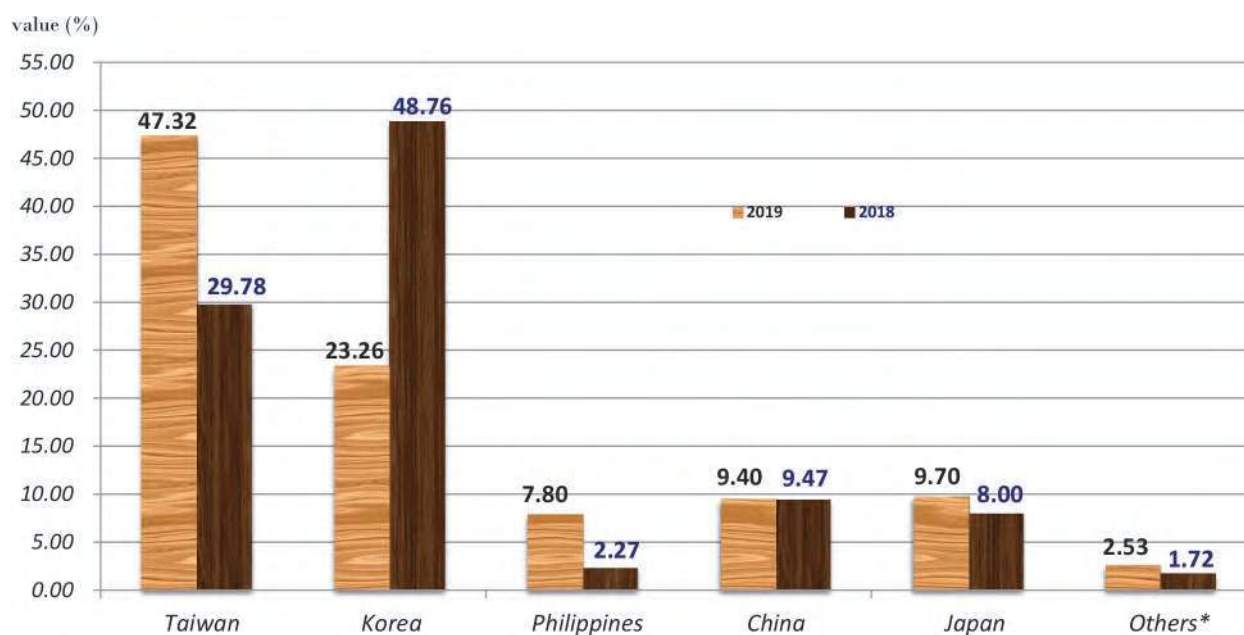


Table 6
Export of Laminated Board/Flooring by Country of Destinations

DESTINATIONS	2019 ^a January -December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	6,816	30,900	73.10	4,938	20,696	51.70	38.05	49.31
VIETNAM	1,565	5,349	12.65	3,387	11,748	29.35	(53.79)	(54.47)
TAIWAN	1,096	3,283	7.77	976	2,847	7.11	12.31	15.31
INDONESIA	174	635	1.50	371	1,203	3.00	(53.22)	(47.17)
MIDDLE EAST	140	446	1.06	143	361	0.90	(2.08)	23.68
KOREA	120	277	0.66	127	306	0.76	(5.47)	(9.36)
EU	107	408	0.97	307	1,273	3.18	(65.01)	(67.95)
BRUNEI DARUSSALAM	82	354	0.84	172	668	1.67	(52.26)	(46.91)
HONG KONG	42	56	0.13	-	-	-	100.00	100.00
SINGAPORE	41	50	0.12	108	211	0.53	(62.32)	(76.52)
OTHERS*	94	510	1.21	219	715	1.79	(56.97)	(28.61)
TOTAL	10,277	42,269	100	10,747	40,027	100	(4.37)	5.60

***OTHER DESTINATIONS:**

- Australia
- Bangladesh
- Canada
- China
- India
- Japan
- Macau
- Myanmar

Export Value (%) of Laminated Board/ Flooring To Major Destinations : 2019/ 2018

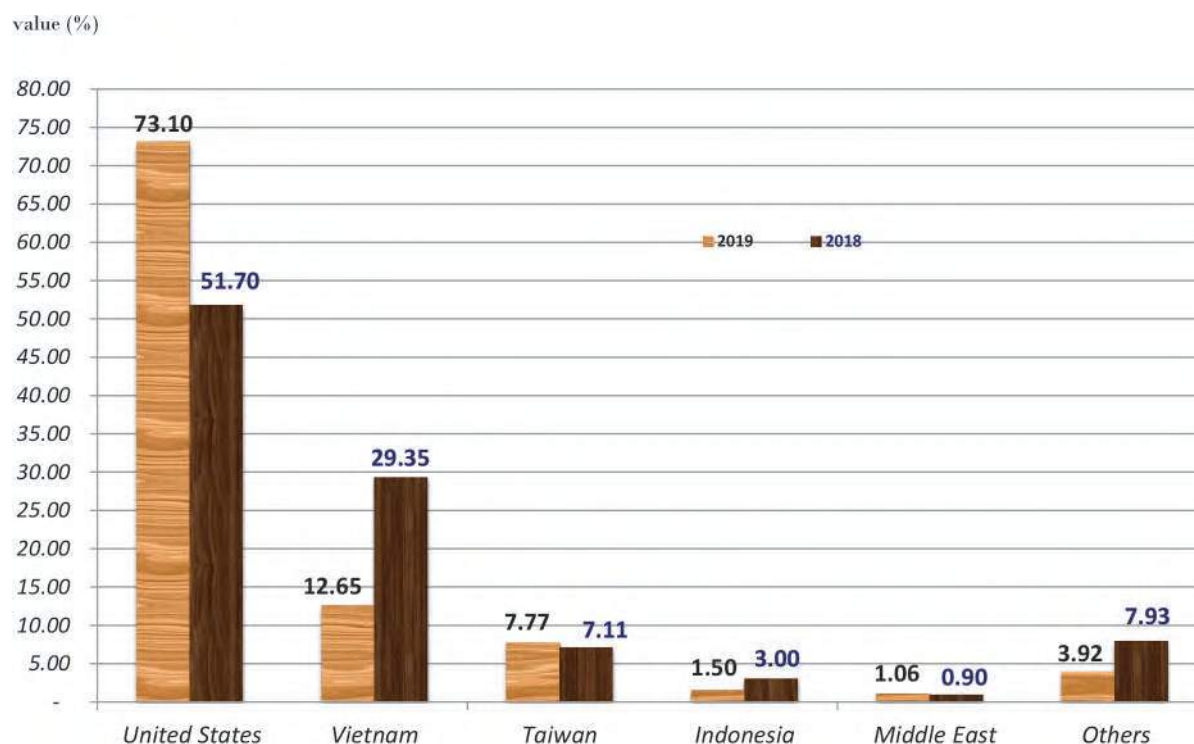


Table 7
Export of Moulding by Country of Destinations

DESTINATIONS	2019 ^p January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	2,844	6,425	38.62	4,089	7,548	36.26	(30.45)	(14.87)
JAPAN	2,752	6,241	37.51	3,512	7,884	37.88	(21.62)	(20.85)
CHINA	920	1,269	7.63	2,733	2,687	12.91	(66.33)	(52.77)
TAIWAN	178	294	1.77	361	555	2.67	(50.65)	(46.97)
AUSTRALIA	120	510	3.06	63	250	1.20	91.49	103.64
EU	116	579	3.48	24	107	0.51	390.73	441.89
SOUTH AFRICA	109	427	2.57	206	795	3.82	(47.42)	(46.31)
VIETNAM	102	215	1.29	-	-	-	100.00	100.00
SRI LANKA	97	473	2.84	-	-	-	100.00	100.00
MALDIVES	35	155	0.93	120	542	2.60	(70.54)	(71.35)
OTHERS*	18	48	0.29	171	446	2.14	(89.50)	(89.31)
TOTAL	7,291	16,636	100	11,278	20,814	100	(35.35)	(20.07)

***OTHER DESTINATIONS:**

- Brunei Darussalam
- Hong Kong
- Mauritius
- Seychelles
- Singapore
- United States

Export Value (%) of Moulding to Major Destinations : 2019 / 2018

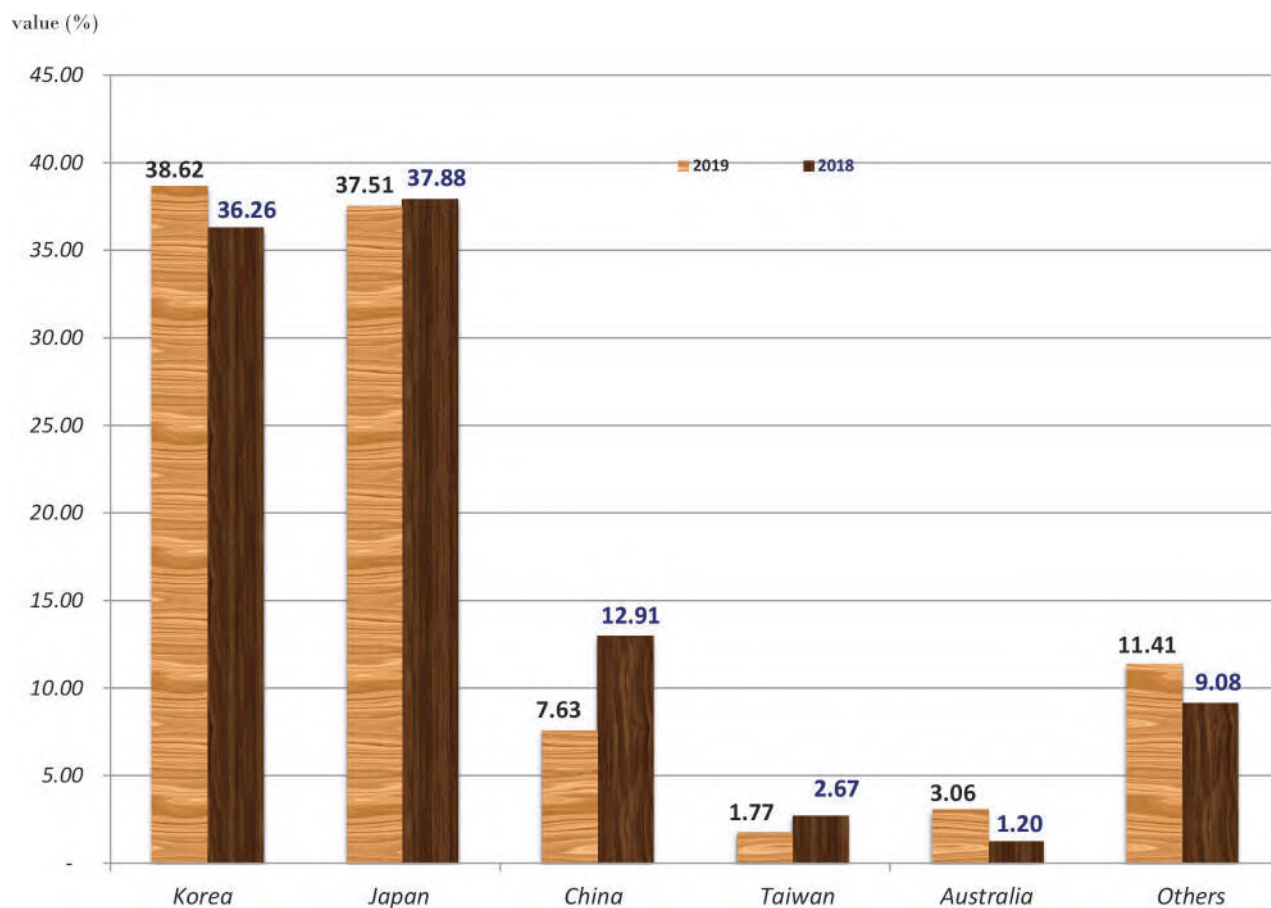




Table 8
Export of Dowel by Country of Destinations

DESTINATIONS	2019 ^a January -December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
SOUTH AFRICA	88	359	89.62	133	499	93.35	(34.17)	(28.12)
EU	8	42	10.38	9	36	6.65	(9.75)	16.88
TOTAL	95	401	100	141	535	100	(32.70)	(25.12)

Export Value(%) of Dowel to Major Destinations: 2019/ 2018

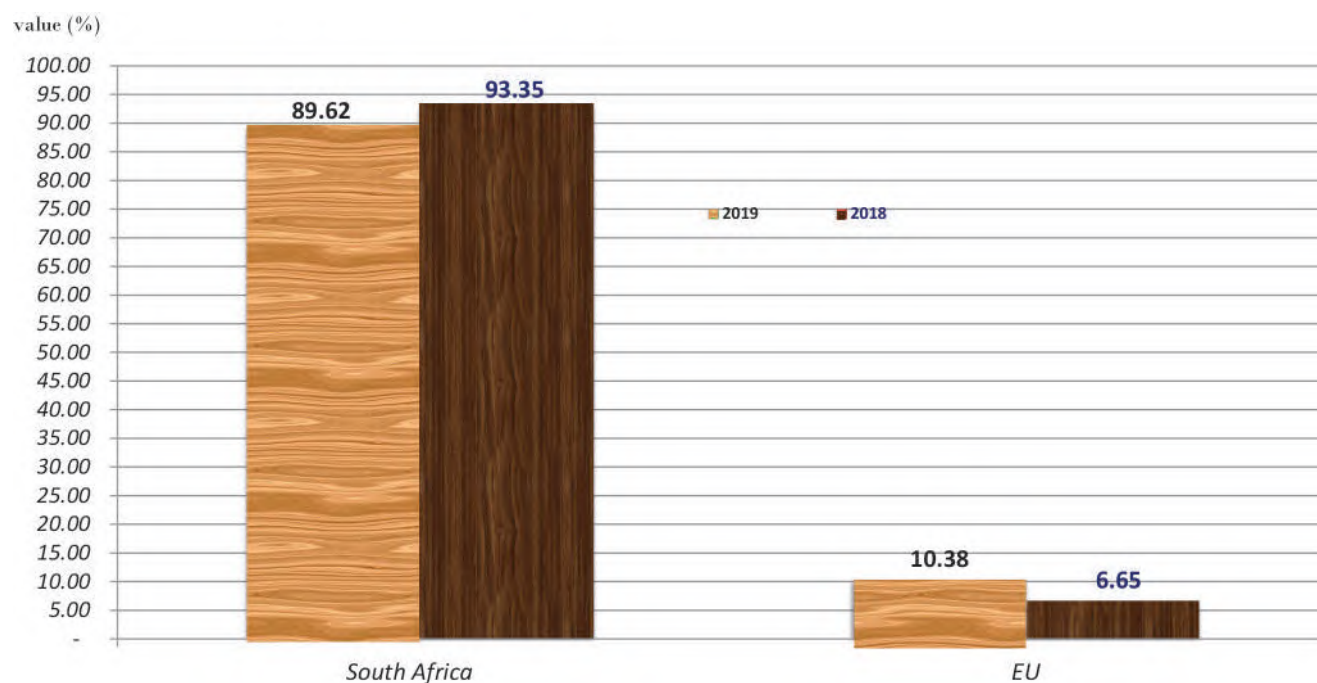


Table 9
Export of Fibreboard by Country of Destinations

DESTINATIONS	2019 ^p January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	150,316	285,254	81.38	145,081	249,552	77.59	3.61	14.31
PHILIPPINES	16,431	29,239	8.34	20,555	37,717	11.73	(20.06)	(22.48)
INDONESIA	9,890	14,104	4.02	8,382	11,840	3.68	18.00	19.12
VIETNAM	5,324	11,356	3.24	6,047	12,148	3.78	(11.95)	(6.52)
TAIWAN	2,965	5,148	1.47	2,590	4,827	1.50	14.48	6.66
KOREA	2,313	4,504	1.29	2,633	4,565	1.42	(12.16)	(1.33)
INDIA	929	918	0.26	592	793	0.25	56.91	15.76
OTHERS*	1	1	0.00	242	194	0.06	(99.79)	(99.68)
TOTAL	188,169	350,524	100	186,121	321,637	100	1.10	8.98

*Other Destinations:

- China
- Brunei Darussalam

Export Value(%) of Fibreboard to Major Destinations : 2019 / 2018

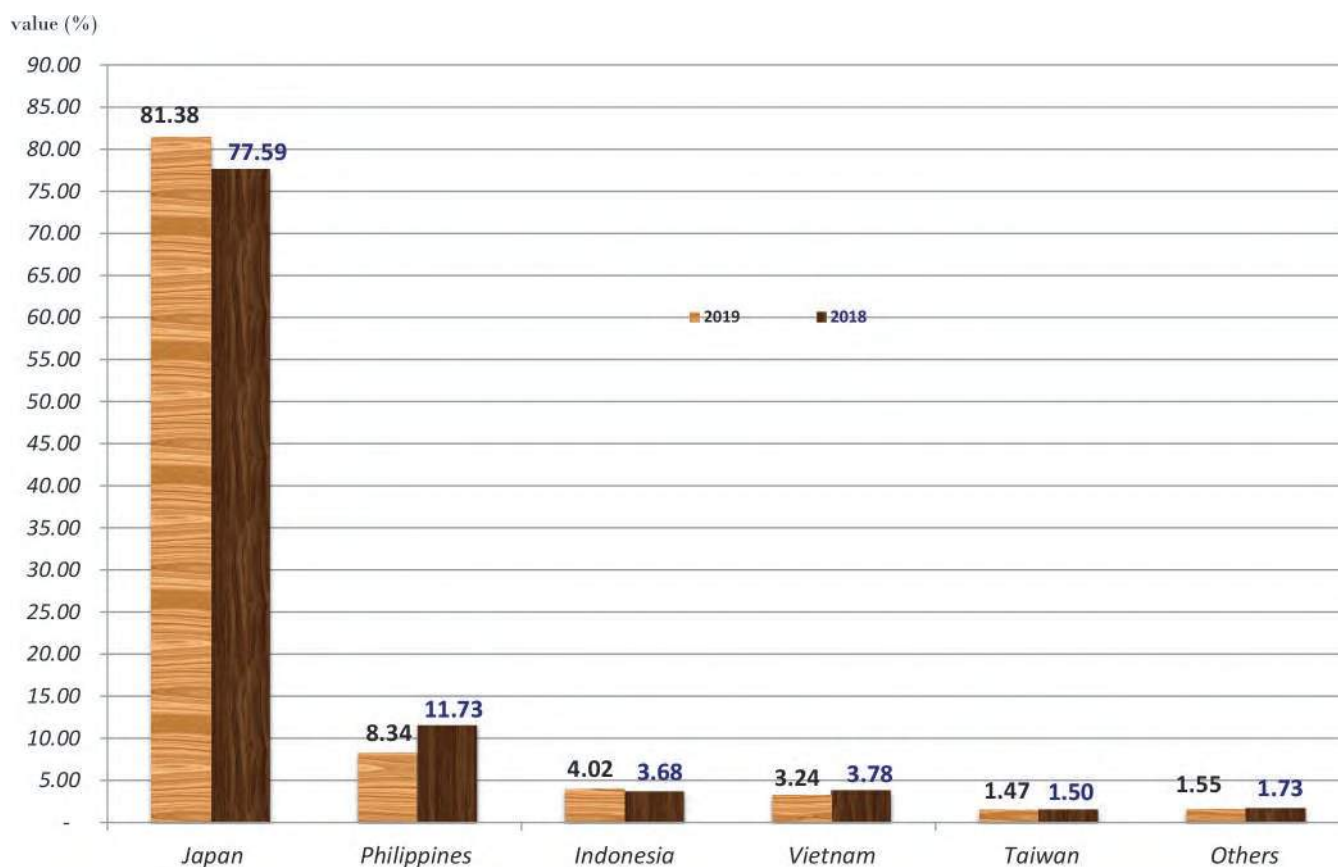




Table 10
Export of Blockboard by Country of Destinations

DESTINATIONS	2019 ^a January -December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
KOREA	1,048	1,233	70.97	2,103	2,639	85.27	(50.20)	(53.26)
BRUNEI DARUSSALAM	144	273	15.74	126	239	7.73	13.98	14.29
JAPAN	97	176	10.12	126	216	6.99	(22.52)	(18.75)
MALDIVES	21	37	2.13	-	-	-	100.00	100.00
CHINA	15	18	1.05	-	-	-	100.00	100.00
TOTAL	1,325	1,738	100	2,355	3,095	100	(43.74)	(43.84)

Export Value(%) of Blockboard to Major Destinations: 2019/ 2018

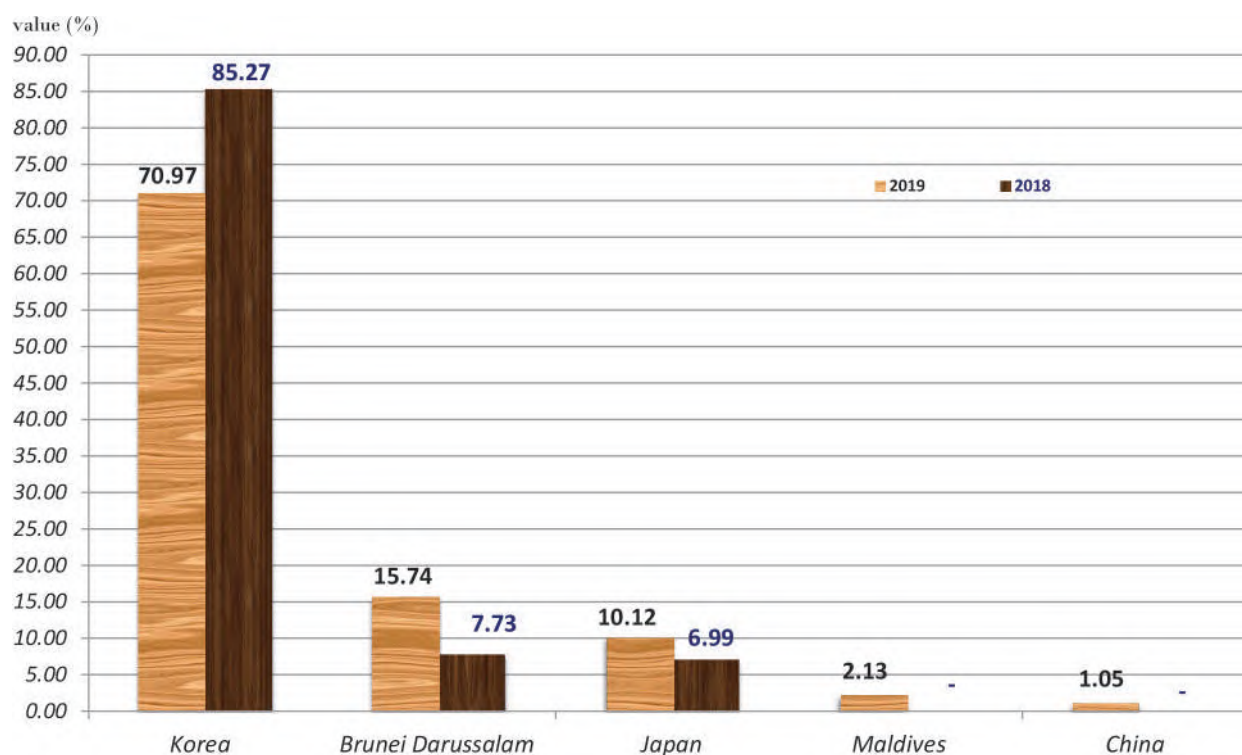


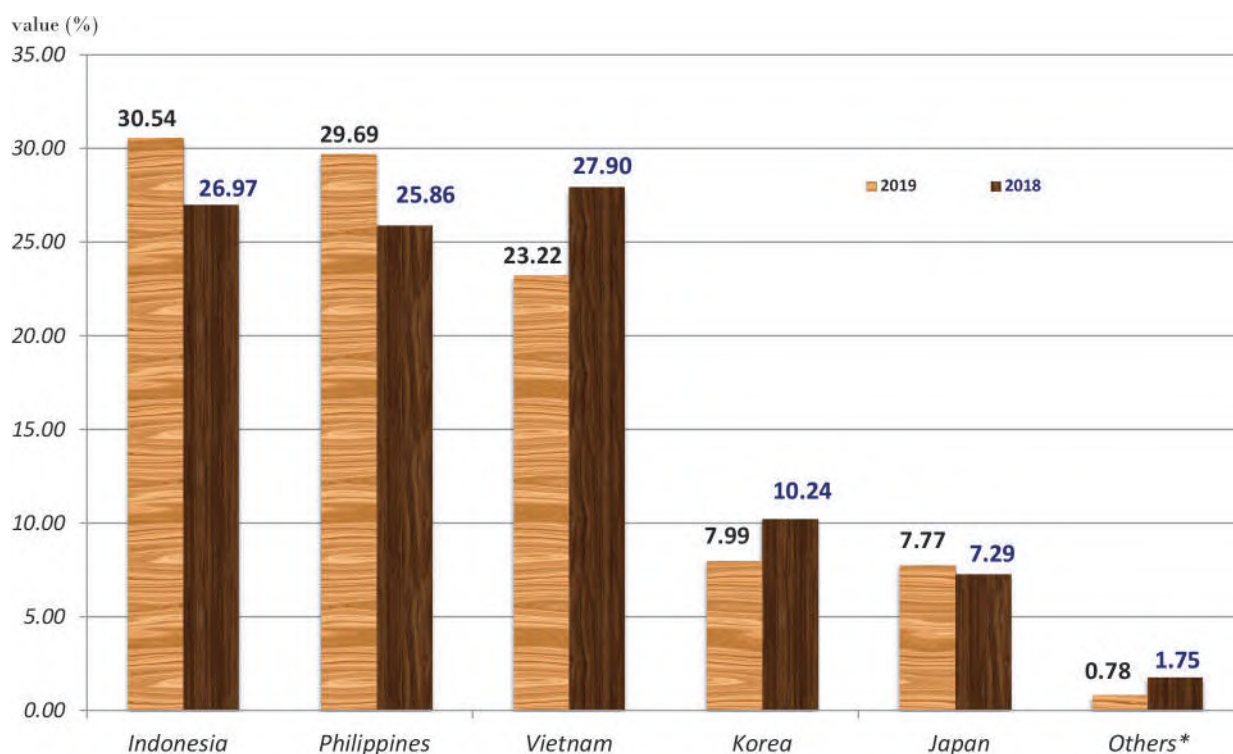
Table 11
Export of Particle Board by Country of Destinations

DESTINATIONS	2019 ^a January - December			2018 ^a January - December			% Change 2019/2018	
	Volume (m ³)	FOB Value (RM'000)	Value %	Volume (m ³)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	16,376	9,643	30.54	16,014	9,877	26.97	2.26	(2.37)
PHILIPPINES	12,896	9,375	29.69	13,076	9,471	25.86	(1.37)	(1.02)
VIETNAM	11,458	7,332	23.22	16,506	10,217	27.90	(30.59)	(28.24)
KOREA	3,786	2,524	7.99	5,486	3,750	10.24	(30.99)	(32.69)
JAPAN	3,397	2,454	7.77	3,711	2,669	7.29	(8.46)	(8.06)
INDIA	536	231	0.73	-	-	-	100.00	100.00
TAIWAN	15	15	0.05	8	8	0.02	86.66	88.52
OTHERS *	-	-	-	1,070	632	1.73	(100.00)	(100.00)
TOTAL	48,463	31,573	100	55,871	36,624	100	(13.26)	(13.79)

*Other Destinations:

- Bangladesh
- Middle East
- New Zealand

Export Value(%) of Fibreboard to Major Destinations : 2019 / 2018



2019 Financial Statements

2019 Financial Statements

Sarawak Timber Industry Development Corporation

31 December 2019

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

73

Board Members, officers And Professional Advisors

74

Statement By Chairman And A Board Member

75

Statutory Declaration

76

Independent Auditors' Report

80

Statements of Financial Position

82

Statements of Comprehensive Income

83

Statement of Changes In Equity

85

Statements of Cash Flows

88

Notes To The Financial Statements

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

Board Members, Officers and Professional Advisors

Chairman	: YB Datuk Amar Haji Awang Tengah Ali Hasan
Board Members	: YB Datuk Haji Mohd Naroden Bin Haji Majais
	: YB Datu Haji Len Talif Salleh
	: YBhg. Tan Sri Datuk Amar (Dr) Hj Abdul Aziz Bin Dato Hj Husain
	: YBhg. Tan Sri Datuk Amar Haji Mohamad Morshidi Bin Abdul Ghani
	: YBhg. Datuk Amar Haji Ahmad Tarnizi Bin Haji Sulaiman
	: YBhg. Dato Sri Haji Mohamad Abu Bakar Bin Marzuki
	: YBhg. Datu Dr Wan Lizozman Bin Wan Omar (Until 30 th September 2019)
	: YBhg. Datu Sr. Zaidi Bin Mahdi (Appointed on 1 st October 2019)
General Manager	: YBhg. Tuan Haji Hashim Bin Haji Bojet
Address	: Wisma Sumber Alam Jalan Stadium, Petra Jaya 93050 Kuching Sarawak, Malaysia
Auditor	: Auditor General of Malaysia
Bankers	: Malayan Banking Berhad : CIMB Bank Berhad : RHB Bank Berhad : Kuwait Finance House

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

Penyata Pengerusi dan Seorang Ahli Lembaga Pengarah

Kami, **Yang Berhormat Datuk Amar Haji Awang Tengah Ali Hasan** dan **YBhg. Datuk Amar Haji 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 Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan **Perbadanan Kemajuan Perusahaan Kayu Sarawak** dan Kumpulan pada 31 Disember 2019 dan hasil kendaliannya serta perubahan kedudukan kewangan bagi tahun berakhir pada tarikh tersebut.

Bagi pihak lembaga,



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

Kuching, Sarawak, Malaysia
Tarikh: 18/11/20

Bagi pihak lembaga,



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

Kuching, Sarawak, Malaysia
Tarikh: 18 NOV 2020

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

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

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

Sebenarnya dan sesungguhnya diakui oleh
Tuan Haji Hashim Bin Haji Bojet
Di Kuching, Sarawak pada

18 NOV 2020



Tuan Haji Hashim Bin Haji Bojet
Di hadapan saya,



Pesuruhjaya Sumpah

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



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2019**

Sijil Mengenai Pengauditan Penyata Kewangan

Pendapat

Penyata Kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2019 Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan dan Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan bagi tahun berakhir pada tarikh tersebut dan nota kepada penyata kewangan termasuklah ringkasan polisi perakaunan yang signifikan seperti yang dinyatakan pada muka surat 5 hingga 53, telah diaudit wakil saya.

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 2019 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 dan *The Sarawak Timber Industry Development Corporation Ordinance*, 1973.

Asas Kepada Pendapat

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



Kebebasan dan Tanggungjawab Etika Lain

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

Maklumat Lain Selain Daripada Penyata Kewangan dan Sijil Juruaudit Mengenainya

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

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

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

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

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Sijil Juruaudit yang merangkumi pendapat saya.



Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

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

- a. 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 diperoleh, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Perbadanan Kemajuan Perusahaan Kayu Sarawak atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Sijil Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperoleh sehingga tarikh Sijil Juruaudit.

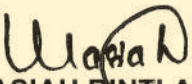
- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Perbadanan Kemajuan Perusahaan Kayu Sarawak dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta *The Sarawak Timber Industry Development Corporation Ordinance*, 1973, saya juga melaporkan syarikat subsidiari yang tidak diaudit oleh saya, telah dinyatakan di Nota 1 dalam penyata kewangan.

Hal-hal Lain

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


(DR. MASIAH BINTI AHMAD)
b.p. KETUA AUDIT NEGARA

KUCHING, SARAWAK
TARIKH: 23 NOV 2020



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	The Group 2019 RM	2018 RM Restated	The Corporation 2019 RM	2018 RM Restated
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	442,632,225	454,000,392	194,235,250	198,033,582
Intangible asset	5	31,333	35,667	-	-
Investment in subsidiaries	6	-	-	254,946,121	260,946,121
Investment in an associates	7	184,027,042	197,432,856	88,983,040	88,233,039
Other investments	8	265,707,179	325,916,698	59,713,059	99,372,883
Property development expenditure	9	110,964,240	181,490,754	110,964,240	181,490,754
Plantation development expenditure	10	602,896	602,896	-	-
Biological assets	11	357,289,278	380,025,106	-	-
Deferred tax assets	25	8,218,521	8,218,521	8,218,521	8,218,521
Amount owing by subsidiaries	15	-	-	30,290,479	-
Amount owing by associates	16	9,559,504	-	9,559,504	-
Other receivables	14	1,947,002	-	847,383	-
Goodwill on consolidation	12	883,500	1,060,200	-	-
		1,381,862,720	1,548,783,090	757,757,597	836,294,900
CURRENT ASSETS					
Inventories	13	151,182,457	142,824,716	120,380,092	118,555,199
Trade and other receivables	14	398,287,262	324,602,998	70,802,831	23,800,027
Amount owing by subsidiaries	15	-	-	13,947,181	39,074,798
Amount owing by an associate	16	2,254,342	9,955,475	12,657	9,648,504
Amount owing by related companies	17	4,249,570	-	-	2,446,248
Fixed deposits with licensed bank	18	144,452,726	168,057,596	106,405,791	145,567,118
Cash and bank balances	19	33,139,937	33,865,792	3,126,601	943,785
Tax refundable		12,910,428	32,171,412	9,653,100	27,511,240
		746,476,722	711,477,989	324,328,253	367,546,919
TOTAL ASSETS		2,128,339,442	2,260,261,079	1,082,085,850	1,203,841,819

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

	Note	The Group 2019 RM	2018 RM Restated	The Corporation 2019 RM	2018 RM Restated
EQUITY AND LIABILITIES					
EQUITY					
Retained earnings	20	1,293,010,670	1,362,222,285	784,482,038	836,041,742
Equity attributable to owners of the Corporation		1,293,010,670	1,362,222,285	784,482,038	836,041,742
Non-controlling interests		82,767,061	79,191,285	-	-
TOTAL EQUITY		1,375,777,731	1,441,413,570	784,482,038	836,041,742
NON-CURRENT LIABILITIES					
Deferred grant income	21	68,104,642	144,291,832	68,104,642	144,291,832
Loans and borrowings	22	344,335,036	351,126,383	78,420,827	78,420,801
Hire purchase payables	23	2,502,506	1,505,412	328,517	-
Retirement benefit obligations	24	7,145,873	6,774,517	2,280,072	2,225,930
Deferred tax liabilities	25	33,527,262	36,310,984	-	-
		455,615,319	540,009,128	149,134,058	224,938,563
CURRENT LIABILITIES					
Trade and other payables	26	85,306,751	77,529,472	30,620,260	26,022,648
Amount owing to subsidiaries	15	-	-	2,978,727	2,264,755
Amount owing to associates	16	3,704,403	3,809,096	157,404	-
Amount owing to related companies	17	17,673,255	-	-	-
Retirement benefit obligations	24	628,828	476,635	456,210	89,515
Provision for taxation		1,215,247	4,840,920	-	-
Loans and borrowings	22	187,710,573	191,769,059	114,180,775	114,484,596
Hire purchase payables	23	707,335	413,199	76,378	-
		296,946,392	278,838,381	148,469,754	142,861,514
TOTAL LIABILITIES		752,561,711	818,847,509	297,603,812	367,800,077
TOTAL EQUITY AND LIABILITIES		2,128,339,442	2,260,261,079	1,082,085,850	1,203,841,819

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	NOTE	The Group		The Corporation	
		2019 RM	2018 RM Restated	2019 RM	2018 RM
REVENUE	27	752,589,835	662,708,728	118,610,131	62,966,511
COST OF SALES		(633,102,100)	(465,449,796)	(96,068,630)	(15,104,070)
GROSS PROFIT		119,487,735	197,258,932	22,541,501	47,862,441
OTHER INCOME		32,756,737	20,687,813	10,554,512	13,336,852
		152,244,472	217,946,745	33,096,013	61,199,293
ADMINISTRATIVE EXPENSES		(175,268,086)	(174,522,920)	(73,549,924)	(74,073,353)
FINANCE COSTS	28	(14,316,064)	(14,688,253)	(5,231,148)	(6,373,131)
SHARES OF NET (LOSS)/PROFIT OF EQUITY ACCOUNTED ASSOCIATES		(8,622,183)	10,080,543	-	-
(LOSS)/PROFIT BEFORE TAXATION	29	(45,961,861)	38,816,115	(45,685,059)	(19,247,191)
INCOME TAX EXPENSE	30	(14,659,478)	(1,066,831)	(5,874,645)	12,606,315
(LOSS)/PROFIT AFTER TAXATION		(60,621,339)	37,749,284	(51,559,704)	(6,640,876)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Corporation		(69,211,615)	26,817,920	(51,559,704)	(6,640,876)
Non-controlling interests		8,590,276	10,931,364	-	-
		(60,621,339)	37,749,284	(51,559,704)	(6,640,876)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Retained profits RM	Non- controlling interests RM	Total Equity RM
The Group				
Balance at 31.12.2017/1.1.2018				
- As previously reported		1,322,508,816	62,728,969	1,385,237,785
- Prior year adjustments	36	12,895,549	13,666,563	26,562,112
- As restated		1,335,404,365	76,395,532	1,411,799,897
Dividends by subsidiaries to non-controlling interests		-	(8,135,611)	(8,135,611)
Profit after taxation for the financial year				
- As previously reported		48,189,037	8,834,101	57,023,138
- Prior year adjustments	36	(21,371,117)	2,097,263	(19,273,854)
Profit after taxation for the financial year, restated		26,817,920	10,931,364	37,749,284
Balance at 31.12.2018, restated		1,362,222,285	79,191,285	1,441,413,570
Balance at 31.12.2018/1.1.2019				
- As previously reported		1,379,531,954	54,593,358	1,434,125,312
- Prior year adjustments	36	(17,309,669)	24,597,927	7,288,258
- As restated		1,362,222,285	79,191,285	1,441,413,570
Dividends by subsidiaries to non-controlling interests			(5,014,500)	(5,014,500)
(Loss)/Profit after taxation for the financial year		(69,211,615)	8,590,276	(60,621,339)
Balance at 31.12.2019		1,293,010,670	82,767,061	1,375,777,731

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Total Equity RM
The Corporation		
Balance at 31.12.2017/1.1.2018		
- As previously reported		817,712,080
- Prior year adjustment	36	24,970,538
- As restated		842,682,618
Loss after taxation for the financial year		(6,640,876)
Balance at 31.12.2018, restated		836,041,742
Balance at 31.12.2018/1.1.2019		
- As previously reported		811,071,204
- Prior year adjustment	36	24,970,538
- As restated		836,041,742
Loss after taxation for the financial year		(51,559,704)
Balance at 31.12.2019		784,482,038

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	The Group 2019 RM	2018 RM	The Corporation 2019 RM	2018 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(45,961,861)	38,816,115	(45,685,059)	(19,247,191)
Adjustments for:-					
Allowance for impairment loss on receivables		119,718	4,551,195	-	-
Amortisation of goodwill		176,700	176,700	-	-
Amortisation of intangible asset		4,334	4,333	-	-
Bad debts recovered		-	(6,650,000)	-	-
Bad debts written off		5,624	5,035	-	-
Depreciation of property, plant and equipment		38,577,344	38,275,692	6,146,208	5,264,207
Depletion of biological assets		31,478,414	12,330,459	-	-
Property, plant and equipment written off		31,533	213,034	23,704	-
(Gain)/Loss on disposal of:					
- Property, plant and equipment		(4,195,443)	12,915,223	(1,049,051)	1,259,328
- Other investment		(17,974)	-	-	-
(Gain)/Loss on fair value changes in:					
- Investment		(421,217)	-	182,315	-
- Biological assets		43,144,087	29,690,686	-	-
Grant amortised		(76,819,793)	(4,545,757)	(76,819,793)	(4,545,757)
Gross dividend:					
- Other investment		(7,280,720)	(1,796,734)	(1,469,255)	(12,053,584)
- Associates		-	-	(4,200,000)	-
- Subsidiaries		-	-	(2,877,511)	(1,343,750)
Impairment loss on property, plant and equipment		139,100	4,539,647	139,100	-
Interest expense		14,316,064	14,688,253	5,231,148	6,373,131
Interest income		(6,369,345)	(5,891,179)	(5,204,818)	(5,245,978)
Inventories written off		45,461	24,445	-	-
Loss on disposal of associate		203,628	-	-	-
Loss on foreign exchange - unrealised		262,144	602,447	-	-
Retirement benefit obligations		1,110,550	1,159,980	578,776	575,541
Reversal of allowance for impairment loss on:					
- Investment		(2,967,407)	532,505	(2,967,407)	-
- Receivables		(280,360)	(97,270)	-	-
Shares of net loss/(profit) of equity accounted associates		8,622,183	(10,080,543)	-	-
Operating (loss)/profit before working capital changes		(6,077,236)	129,464,266	(127,971,643)	(28,964,053)
BALANCE CARRIED FORWARD		(6,077,236)	129,464,266	(127,971,643)	(28,964,053)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group 2019 RM	2018 RM	The Corporation 2019 RM	2018 RM
BALANCE BROUGHT FORWARD		(6,077,236)	129,464,266	(127,971,643)	(28,964,053)
(Increase)/decrease in inventories		(8,403,202)	13,070,989	(1,824,893)	15,104,070
Increase in trade and other receivables		(75,471,344)	(31,893,572)	(47,850,187)	(9,661,262)
(Increase)/decrease in amount owing by associates		(1,963,064)	-	76,343	-
Increase in amount owing by subsidiaries		-	-	(5,162,862)	-
Decrease in amount owing by related companies		-	-	2,446,248	-
Increase in amount owing to associates		-	-	157,404	-
Decrease in amount owing to subsidiaries		-	-	713,972	-
Decrease in amount owing to related companies		13,423,685	-	-	-
Increase/(decrease) in trade and other payables		6,277,154	(54,039,345)	4,597,612	(25,930,253)
CASH (FOR)/FROM OPERATIONS		(72,214,007)	56,602,338	(174,818,006)	(49,451,498)
Interest paid		(7,390,648)	(14,688,253)	(447,408)	(6,373,131)
Tax paid		(18,897,657)	(177,781)	(3,179,680)	-
Tax refund		17,089,768	-	15,163,175	-
Retirement benefits paid		(587,001)	(740,032)	(157,939)	(254,803)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(81,999,545)	40,996,272	(163,439,858)	(56,079,432)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
(Acquisition)/Disposal of investment in associate		(849,998)	3,627,646	(750,001)	-
Acquisition of intangible asset		-	(40,000)	-	-
Proceeds from disposal of associate	1	-	-	-	-
Proceeds from disposal of other investment		123,660,243	-	43,569,998	-
Proceeds from disposal of property, plant and equipment		8,895,504	(16,197,899)	1,079,314	(1,252,655)
Decrease/(Increase) in property development expenditure		70,526,514	(26,642,490)	70,526,514	(26,642,490)
Increase in biological assets		(51,052,500)	(39,970,192)	-	-
(Increase)/Decrease in investment, net		(59,392,527)	(46,870,712)	(1,000,000)	7,588,990
(Increase)/Decrease in deposits with maturity period of more than three months tenure		(3,597,961)	(3,436,235)	3,392,249	(3,987,621)
Purchase of property, plant and equipment	31	(31,142,949)	(10,536,162)	(2,123,644)	(1,421,312)
BALANCE CARRIED FORWARD		57,046,327	(140,066,044)	114,694,430	(25,715,088)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	The Group 2019 RM	2018 RM	The Corporation 2019 RM	2018 RM
BALANCE BROUGHT FORWARD		57,046,327	(140,066,044)	114,694,430	(25,715,088)
Redemption of redeemable preference shares in subsidiary		-	-	6,000,000	-
Redemption of redeemable preference shares by non-controlling interest		(5,000,000)	(2,000,000)	-	-
Reinvestment of interest received		(125,082)	-	(125,082)	-
Dividend received:					
- Other investment		7,280,720	10,053,584	1,469,255	12,053,584
- Associates		5,430,000	-	4,200,000	-
- Subsidiaries		-	-	2,877,511	1,343,750
Interest received		6,369,345	5,891,179	5,204,818	5,245,978
NET CASH FROM/(FOR) INVESTING ACTIVITIES		71,001,310	(126,121,281)	134,320,932	(7,071,776)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Additional loan received		-	6,638,772	-	11,101,857
Addition of banker's acceptances		4,851,775	-	-	-
Government grant received		632,603	33,800,001	632,603	33,800,001
Increase in pledged fixed deposit with licensed bank		(18,017)	(10,784)	-	-
Net repayment of hire-purchase payables		(484,770)	1,751,890	(12,405)	-
Dividend paid to non-controlling interest		(5,014,500)	-	-	-
Repayment of term loans		(15,274,332)	-	(5,087,534)	-
Repayment of revolving credit		(4,150,000)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(19,457,241)	42,179,879	(4,467,336)	44,901,858
NET DECREASE IN CASH AND CASH EQUIVALENTS		(30,455,476)	(42,945,130)	(33,586,262)	(18,249,350)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		150,708,837	193,653,967	118,449,104	136,698,454
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	120,253,361	150,708,837	84,862,842	118,449,104

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

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

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

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

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

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

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

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

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

The financial statements were authorised for issue by the Board of Management on 12 May 2020.

1.1 Composition of the Group

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

	Principal place of business	Parent's effective ownership		Principal activities
		2019 %	2018 %	
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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	Parent's effective ownership		Principal activities
		2019 %	2018 %	
Direct subsidiaries:				
Hillog Sdn. Bhd. *#	Malaysia	100	100	Woodworking and related timber-processing services
Tanjong Manis Furniture Sdn. Bhd. *#	Malaysia	100	100	Furniture manufacturer
Tanjong Manis Sawmill Sdn. Bhd. *	Malaysia	100	100	Log trading
Saratim Insurance Agency Services Sdn. Bhd. *	Malaysia	100	100	Insurance agency
Tanjong Manis Resources Sdn. Bhd. *	Malaysia	60	60	Production of wood chip
Hornbill Skyways Sdn. Bhd. *	Malaysia	67	67	Aviation services
Sarawak Planted Forest Sdn. Bhd. *	Malaysia	100	100	Develop and establish forest plantations in licensed area
Selah Timber Sdn. Bhd. *#	Malaysia	75	75	Dormant
Amra Timbers Sdn. Bhd. *	Malaysia	100	100	Dormant
Kestrel Sdn. Bhd. *	Malaysia	100	100	Dormant
Tinamou Sdn. Bhd. *	Malaysia	100	100	Dormant
Balamra Sdn. Bhd. *	Malaysia	100	100	Dormant
Teratim Sdn. Bhd. *	Malaysia	100	100	Dormant
Tanjong Manis Timber Training Centre Sdn. Bhd. *	Malaysia	100	100	Dormant
Tanjong Manis Entereprise Sdn. Bhd. *	Malaysia	100	100	Dormant
Tanjong Manis Construction Sdn. Bhd. *	Malaysia	100	100	Dormant
Indirect subsidiaries:				
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd.</u>				
PUSAKA Timber Industries Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operation and management of timber industry related business
PUSAKA Palm Oil Industry Sdn. Bhd. *#	Malaysia	100	100	Investment holding, operations and management of palm oil industry related business
PUSAKA Realty & Construction Sdn. Bhd. *	Malaysia	100	100	Property development, construction work, management and operation of investment properties

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	Parent's effective ownership		Principal activities
		2019 %	2018 %	
<u>Subsidiaries of PUSAKA Capital Sdn. Bhd. (cont'd)</u>				
PUSAKA Logistics & Services Sdn. Bhd. *#	Malaysia	100	100	Investment holding, management of port and shipping operations and other logistics related business
PUSAKA Food Industry Sdn. Bhd. *#	Malaysia	100	100	Agriculture and aquaculture related business
<u>Subsidiaries of PUSAKA Realty & Construction Sdn. Bhd.</u>				
Tanjung Manis Development Sdn. Bhd. *	Malaysia	100	100	Provision of general repair and maintenance and supervision works
Tanjong Manis Realty Sdn. Bhd. *	Malaysia	100	100	Planning, operating, marketing and maintenance of realty projects
PUSAKA Land Development Sdn. Bhd. *	Malaysia	-	100	Strike off
<u>Subsidiaries of PUSAKA Logistics & Services Sdn. Bhd.</u>				
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 barge and speedboat and supplying port handling equipment
PUSAKA Pratama Sdn. Bhd. *	Malaysia	51	51	Wholesale of liquefied petroleum gas, petrol, diesel, lubricants, and other solid, liquid and gaseous fuels and its related products
<u>Subsidiaries of PUSAKA Palm Oil Industry Sdn. Bhd.</u>				
Tanjung Manis Bulkiers Sdn. Bhd. *#	Malaysia	70	70	Owning and managing crude palm oil bulking installation and dry bulk facilities

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION (CONT'D)

1.1 Composition of the Group (cont'd)

	Principal place of business	Parent's effective ownership		Principal activities
		2019 %	2018 %	
<u>Subsidiaries of Harwood Timber Sdn. Bhd.</u>				
Bigwood Sdn. Bhd. *	Malaysia	100	100	Extraction and sale of timber logs
Giovanni Wood Industries Sdn. Bhd. *	Malaysia	81.47	81.47	Manufacture, importation and sale of furniture and provision of reupholstery services
Harwood Timber Products Sdn. Bhd. *	Malaysia	100	100	Trading of timber and timber related products, rubber plantation and property development
Enrich Essence Sdn. Bhd. *	Malaysia	100	100	Trading of timber and non- timber products
<u>Subsidiary of Bigwood Sdn. Bhd.</u>				
Bmasj Timber Sdn. Bhd. *	Malaysia	70	-	Tree planting and logging activities
<u>Subsidiary of Hornbill Skyways Sdn. Bhd.</u>				
HS Aviation Services Sdn. Bhd. *	Malaysia	100	100	Providing non-scheduled transport of passenger and transport of freight by air

* Not audited by Auditor-General, Malaysia.

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

2. BASIS OF PREPARATION

The financial statements of the Group and of the Corporation are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 12.

(c) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Income Taxes

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

Critical Judgements Made in Applying Accounting Policies

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

3.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (cont'd)

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

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

3.3 Goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

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

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

3.5 FINANCIAL INSTRUMENTS

(a) Initial Recognition and Measurement

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

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

(b) Subsequent Measurement

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

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

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

(c) Derecognition

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Derecognition (cont'd)

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

3.6 INVESTMENTS IN SUBSIDIARIES

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

3.7 INVESTMENTS IN ASSOCIATES

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases. Dividends received and receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

3.9 INTANGIBLE ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 INTANGIBLE ASSETS (CONT'D)

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

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

(i) Planted forest licence

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

(ii) Forest timber licence

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

3.10 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.

3.11 PLANTATION DEVELOPMENT EXPENDITURE

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 BIOLOGICAL ASSETS

(a) Biological assets – At fair value

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

(b) Biological assets – At cost

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

3.13 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

All impairment losses are recognised in profit or loss immediately.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 LEASED ASSETS

(a) Finance Lease

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

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

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

(b) Operating Lease

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

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

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PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 INVENTORIES

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

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

3.16 CASH AND CASH EQUIVALENTS

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

3.17 PROVISIONS

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

3.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

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

3.20 BORROWING COSTS

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

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 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.

3.22 REVENUE AND OTHER INCOME

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

(a) Sale of Goods

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

(b) Interest Income

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

(c) Dividend Income

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

(d) Property Development

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

(e) Timber Premium

Income from timber premium is recognised on an accrual basis.

(f) Government Grant

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

(g) Aviation Services

Revenue from aviation services is recognised when services are rendered.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2019 RM	Additions RM	Over Capitalisation of Asset RM	Reclassification (Note 11) RM	Disposal RM	Depreciation Charges RM	Impairment loss RM	Written off RM	At 31.12.2019 RM
<i>Carrying Amount</i>									
Long term leasehold land	50,013,468	-	-	1,785,528	(27,602)	(1,180,626)	-	-	50,590,768
Short term leasehold land	7,734,109	6,500,000	-	-	(4,669,797)	(323,059)	-	-	9,241,253
Buildings	263,899,992	3,904,399	(56)	(1,858,193)	-	(8,569,718)	(139,100)	-	257,237,324
Office furniture, fittings and equipment	12,164,620	2,906,711	-	262,284	(2,663)	(3,255,151)	-	(26,212)	12,049,589
Electrical works	-	19,300	-	-	-	(1,930)	-	-	17,370
Plant and machineries	44,784,054	218,948	(4,848)	(941,945)	-	(2,472,060)	-	(5,321)	41,578,828
Aircraft spare engines and aircraft components	63,223,261	15,180,340	-	25,118	-	(20,789,213)	-	-	57,639,506
Transportation equipment and motor vehicles	7,272,033	2,222,743	-	(106,955)	-	(1,985,587)	-	-	7,402,224
Work-in-progress	4,908,855	1,966,508	-	-	-	-	-	-	6,875,363
	454,000,392	32,918,949	(4,904)	(834,173)	(4,700,062)	(38,577,344)	(139,100)	(31,533)	442,632,225



PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

	At 1.1.2018 RM	Additions RM	Reclassification RM	Disposal RM	Depreciation Charges RM	Written off RM	At 31.12.2018 RM
The Group							
2018							
<i>Carrying Amount</i>							
Long term leasehold land	49,576,350	597,346	749,478	-	(909,706)	-	50,013,468
Short term leasehold land	8,417,863	-	-	(349,028)	(334,726)	-	7,734,109
Buildings	267,918,276	3,732,740	221,767	-	(7,972,791)	-	263,899,992
Office furniture, fittings and equipment	11,325,012	3,100,077	444,835	(7,091)	(2,487,920)	(210,293)	12,164,620
Plant and machineries	47,317,074	59,093	(101,639)	-	(2,487,733)	(2,741)	44,784,054
Aircraft spare engines and aircraft components	86,789,857	-	-	(900,850)	(22,665,746)	-	63,223,261
Transportation equipment and motor vehicles	5,660,899	3,028,206	-	(2)	(1,417,070)	-	7,272,033
Work-in-progress	5,825,498	18,700	(935,343)	-	-	-	4,908,855
	482,830,829	10,536,162	379,098	(1,256,971)	(38,275,692)	(213,034)	454,000,392

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

The Group 2019	At Cost RM	Accumulated Depreciation RM	Impairment Loss RM	Carrying Amount RM
Long term leasehold land	58,071,109	(7,480,341)	-	50,590,768
Short term leasehold land	13,773,037	(4,531,784)	-	9,241,253
Buildings	366,850,864	(109,474,440)	(139,100)	257,237,324
Office furniture, fittings and equipment	42,731,571	(30,681,982)	-	12,049,589
Electrical works	19,300	(1,930)	-	17,370
Plant and machineries	75,258,046	(33,679,218)	-	41,578,828
Aircraft spare engines and aircraft components	298,227,868	(240,588,362)	-	57,639,506
Transportation equipment and motor vehicles	22,351,133	(14,948,909)	-	7,402,224
Work-in-progress	6,875,363	-	-	6,875,363
	884,158,291	(441,386,966)	(139,100)	442,632,225

The Group 2018	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Long term leasehold land	56,340,277	(6,326,809)	50,013,468
Short term leasehold land	15,453,953	(7,719,844)	7,734,109
Buildings	364,053,188	(100,153,196)	263,899,992
Office furniture, fittings and equipment	33,669,842	(21,505,222)	12,164,620
Plant and machineries	81,454,876	(36,670,822)	44,784,054
Aircraft spare engines and aircraft components	283,047,528	(219,824,267)	63,223,261
Transportation equipment and motor vehicles	22,241,583	(14,969,550)	7,272,033
Work-in-progress	4,908,855	-	4,908,855
	861,170,102	(407,169,710)	454,000,392

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

	At 1.1.2019 RM	Additions RM	Reclassification RM	Disposal RM	Write off RM	Depreciation charge RM	Impairment loss RM	At 31.12.2019 RM
The Corporation								
2019								
<i>Carrying Amount</i>								
Long term leasehold land	40,186,114	-	1,100	(27,602)	-	(888,209)	-	39,271,403
Buildings	151,895,333	-	(4,393)	-	-	(3,991,269)	(139,100)	147,760,571
Office furniture, fittings and equipment	1,758,511	233,480	9,335	(2,662)	(23,704)	(289,016)	-	1,685,944
Plant and machineries	415,475	17,514	(2,594)	-	-	(50,885)	-	379,510
Transportation equipment and motor vehicles	3,778,149	466,450	(3,448)	-	-	(926,829)	-	3,314,322
Work-in-progress	-	1,823,500	-	-	-	-	-	1,823,500
	198,033,582	2,540,944	-	(30,264)	(23,704)	(6,146,208)	(139,100)	194,235,250
The Corporation								
2018								
<i>Carrying Amount</i>								
Long term leasehold land	40,805,858	-	-	-	-	-	(619,744)	40,186,114
Buildings	155,631,244	-	-	-	-	-	(3,735,911)	151,895,333
Office furniture, fittings and equipment	1,040,207	1,011,453	-	(6,672)	-	(286,477)	-	1,758,511
Plant and machineries	445,567	-	-	-	-	-	(30,092)	415,475
Transportation equipment and motor vehicles	3,960,274	409,859	-	(1)	-	(591,983)	-	3,778,149
	201,883,150	1,421,312	-	(6,673)	-	(5,264,207)	-	198,033,582

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

	At Cost RM	Accumulated depreciation RM	Carrying Amount RM
The Corporation			
2018			
Long term leasehold land	44,435,913	(4,249,799)	40,186,114
Buildings	208,243,716	(56,348,363)	151,895,333
Office furniture, fittings and equipment	8,692,577	(6,934,066)	1,758,511
Plant and machineries	1,790,584	(1,375,109)	415,475
Transportation equipment and motor vehicles	9,519,186	(5,741,037)	3,778,149
	272,681,976	(74,648,394)	198,033,582

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

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	3,679,177	2,194,994	440,610	-

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

	The Group	
	2019	2018
	RM	RM
Buildings	14,255,029	15,082,244
Furniture, fittings and equipment	1,795,213	2,045,664
Plant and machineries	18,879,887	19,987,281
Work-in-progress	4,908,855	4,908,855
	39,838,984	42,024,044

(c) Included in the property, plant and equipment of the Group are the following assets which have been charged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 22 and 23.

	The Group	
	2019	2018
	RM	RM
Buildings	30,755,904	31,909,869
Work-in-progress	4,912,842	4,913,404
Office furniture, fittings and equipment	2,220,895	2,533,065
Transportation equipment and motor vehicles	75,553	114,048
Plant and machineries	37,236,723	38,936,273
	75,201,917	78,406,659

(d) Buildings with a net book value of RM5,900,657 (2018: RM6,059,399) is built on a leased land from Malaysia Airports Sdn. Bhd.

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PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. INTANGIBLE ASSET

	At 1.1.2019 RM	Amortisation RM	At 31.12.2019 RM
The Group			
<i>Carrying Amount</i>			
Licenses	35,667	(4,334)	31,333
	At Cost RM	Accumulated amortisation RM	Carrying Amount RM
The Group			
31.12.2019			
Licenses	40,000	(8,667)	31,333
31.12.2018			
Licenses	40,000	(4,333)	35,667

6. INVESTMENT IN SUBSIDIARIES

	The Corporation	
	2019 RM	2018 RM
Unquoted shares, at cost	254,946,121	260,946,121

7. INVESTMENT IN ASSOCIATES

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost	98,464,942	97,914,944	90,733,038	89,983,037
Share of post acquisition profits, net of dividend received	87,312,098	101,267,910	-	-
Less: Impairment loss	(1,749,998)	(1,749,998)	(1,749,998)	(1,749,998)
	184,027,042	197,432,856	88,983,040	88,233,039

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT IN ASSOCIATES (CONT'D)

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

8. OTHER INVESTMENTS

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Quoted unit trust, at fair value				
Carrying amount	219,121,258	273,630,277	16,956,905	49,855,160
Unquoted shares, at cost				
Cost	23,037,500	23,047,500	23,037,500	23,047,500
Disposal	(5,000,000)	(10,000)	(5,000,000)	(10,000)
	18,037,500	23,037,500	18,037,500	23,037,500
Less: Accumulated impairment losses	(91,000)	(91,000)	(91,000)	(91,000)
	17,946,500	22,946,500	17,946,500	22,946,500
Quoted shares, at fair value				
Carrying amount	21,381,733	8,217,600	20,389,707	8,217,600
Addition	-	14,224,246	-	14,224,246
	21,381,733	22,441,846	20,389,707	22,441,846
Investments managed by ASSAR Asset Management Sdn Bhd				
Carrying amount	11,412,358	11,103,009	8,574,617	8,334,311
Less: Accumulated impairment losses	(4,154,670)	(4,210,762)	(4,154,670)	(4,210,762)
	7,257,688	6,892,247	4,419,947	4,123,549
Structured investment	-	5,828	-	5,828
Total investments	265,707,179	325,916,698	59,713,059	99,372,883

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY DEVELOPMENT EXPENDITURE

	The Group/Corporation	
	2019	2018
	RM	RM
Development costs brought forward	181,490,754	154,848,264
Development costs incurred in the year	10,024,495	26,642,490
Less: Amount contra against government grants		
- Amount recognised in current year	(80,551,009)	-
	<u>110,964,240</u>	<u>181,490,754</u>

10. PLANTATION DEVELOPMENT EXPENDITURE

	The Group	
	2019	2018
	RM	RM
Carrying amount	<u>602,896</u>	<u>602,896</u>

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

11. BIOLOGICAL ASSETS

	The Group	
	2019	2018
	RM	RM
(a) Forest crops, at fair value		
Opening fair value/carrying amount	380,025,106	382,076,059
Costs incurred during the year	50,870,933	39,970,192
Depletion for the financial year	(31,478,414)	(12,330,459)
Change in fair value	(43,144,087)	(29,690,686)
	<u>356,273,538</u>	<u>380,025,106</u>
(b) Tree planting expenditure, at cost		
At 1 January	-	-
Reclassification (Note 4)	834,173	-
Additions	181,567	-
At 31 December	<u>1,015,740</u>	<u>-</u>
Total biological assets	<u>357,289,278</u>	<u>380,025,106</u>

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. BIOLOGICAL ASSETS (CONT'D)

Fair value information

Fair value of biological assets are categorised as follows:

	2019		2018	
	Level 3	Total	Level 3	Total
Biological assets	356,273,538	356,273,538	380,025,106	380,025,106

Level 1 fair value

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

Level 2 fair value

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the biological assets. The biological assets were valued by management team. The management team has applied the net present value approach under which projected future net cash flows, based on their assessment of current timber log prices, were discounted at the rate of 8% (2018: 8%) per annum for each of the years applied to pre-tax cash flows to provide the current market value of the biological assets. The discount rate used was based on the weighted average cost of capital which recognises the weighted average cost of debt funded capital and equity capital.

12. GOODWILL

	The Group	
	2019 RM	2018 RM
Carrying Amount		
At 1 January	1,767,000	1,767,000
Amortisation	(883,500)	(706,800)
At 31 December	883,500	1,060,200

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVENTORIES

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
At cost:-				
Processed timber	8,673,839	6,476,349	-	-
Consumables	364,092	1,632,252	-	-
Lubricants	459,206	-	-	-
Raw materials	4,008,700	1,307,273	-	-
Industrial land lots	56,800,421	60,137,869	44,800,421	48,137,869
Ship building lots	75,579,671	70,417,330	75,579,671	70,417,330
Aircraft spares	5,296,528	3,971,764	-	-
Work in progress	-	14,612	-	-
	151,182,457	143,957,449	120,380,092	118,555,199
Less: Provision for stock obsolescence	-	(1,132,733)	-	-
	151,182,457	142,824,716	120,380,092	118,555,199
Recognised in profit or loss:-				
Inventories recognised as cost of sales	204,058,673	60,110,559	15,517,621	15,104,070

14. TRADE AND OTHER RECEIVABLES

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade receivables	95,459,408	62,849,163	33,383,463	23,899,669
Less: Impairment losses	(10,478,388)	(10,658,478)	(10,120,963)	(10,120,963)
Net carrying amount	84,981,020	52,190,685	23,262,500	13,778,706
Other receivables	317,524,903	288,726,899	66,640,556	29,224,841
Deposits	11,733,082	3,646,381	760,667	784,657
Prepayment	4,419,803	1,335,035	144,310	17,025
	333,677,788	293,708,315	67,545,533	30,026,523
Less: Impairment losses	(20,371,546)	(21,296,002)	(20,005,202)	(20,005,202)
	313,306,242	272,412,313	47,540,331	10,021,321
Total trade and other receivables	398,287,262	324,602,998	70,802,831	23,800,027

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. TRADE AND OTHER RECEIVABLES (CONT'D)

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-current				
Other receivables	1,947,002	-	847,383	-
Total trade and other receivables (current and non-current)	400,234,264	324,602,998	71,650,214	23,800,027

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

16. AMOUNT OWING BY/(TO) ASSOCIATES

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

17. AMOUNT OWING BY/(TO) RELATED COMPANIES

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

18. FIXED DEPOSITS WITH LICENSED BANKS

- The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 3.00% to 3.67% (2018: 3.30% to 4.00%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2018: 30 to 365) days.
- Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,999,906 (2018: RM1,981,889) which has been pledged to a licensed bank as security for banking facility granted to the Group.

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PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. CASH AND CASH EQUIVALENTS

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

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	33,139,937	33,865,792	3,126,601	943,785
Fixed deposits with licensed banks	144,452,726	168,057,596	106,405,791	145,567,118
Bank overdrafts (Note 22)	(7,648,327)	(5,139,554)	-	-
	169,944,336	196,783,834	109,532,392	146,510,903
Less: Fixed deposits pledged to licensed banks	(1,999,906)	(1,981,889)	-	-
Fixed deposit with tenure more than 3 months	(47,691,069)	(44,093,108)	(24,669,550)	(28,061,799)
	120,253,361	150,708,837	84,862,842	118,449,104

20. RETAINED EARNINGS

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

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

21. DEFERRED GRANT INCOME

	The Group/Corporation	
	2019	2018
	RM	RM
Balance at 1 January		
- Total government grant received	409,640,932	375,840,931
- Utilised for project	(265,349,100)	(260,803,343)
Net carrying amount at 1 January	144,291,832	115,037,588
- Government grant received during the year	632,603	33,800,001
- Amortisation for the year	(76,819,793)	(4,545,757)
	68,104,642	144,291,832
Balance at 31 December		
- Total government grant received	410,273,535	409,640,932
- Cumulative amount recognised in profit or loss	(342,168,893)	(265,349,100)
	68,104,642	144,291,832

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. LOANS AND BORROWINGS

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current liabilities				
Bank overdrafts	7,648,327	5,139,554	-	-
Bankers' acceptance	13,875,307	9,023,532	-	-
Revolving credits	23,000,000	23,000,000	-	-
Term loans	11,837,564	14,758,877	-	-
Loan from GP Pusaka	114,180,775	114,484,596	114,180,775	114,484,596
Loan from Sarawak State Government	9,168,600	-	-	-
Redeemable preference shares	8,000,000	25,362,500	-	-
	187,710,573	191,769,059	114,180,775	114,484,596
Non-current liabilities				
Term loans	45,060,654	63,627,194	-	-
Loan from Sarawak State Government	109,374,382	109,961,689	78,420,827	78,420,801
Redeemable preference shares	189,900,000	177,537,500	-	-
Sub total	344,335,036	351,126,383	78,420,827	78,420,801
Total loans and borrowings	532,045,609	542,895,442	192,601,602	192,905,397

23. HIRE PURCHASE PAYABLES

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Minimum hire purchase payments:				
- not later than one year	886,456	527,392	92,988	-
- later than one year and not later than five years	2,757,480	1,688,451	356,386	-
	3,643,936	2,215,843	449,374	-
Less: Future finance charges	(434,095)	(297,232)	(44,479)	-
Present value of hire purchase liabilities	3,209,841	1,918,611	404,895	-
Analysed by:-				
Current liabilities	707,335	413,199	76,378	-
Non-current liabilities	2,502,506	1,505,412	328,517	-
	3,209,841	1,918,611	404,895	-

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 2.28% to 3.50% (2018: 2.63% to 5.27%) per annum.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. RETIREMENT BENEFIT OBLIGATIONS

The Group and Corporation operates an unfunded, post-retirement benefit plan for its eligible employees. Movements in the liability of retirements benefit obligations in the current year were as follows:

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Balance at 1 January	7,251,152	6,831,204	2,315,445	1,994,707
Recognised in profit or loss	1,110,550	1,159,980	578,776	575,541
Payout during the year	(587,001)	(740,032)	(157,939)	(254,803)
Balance at 31 December	7,774,701	7,251,152	2,736,282	2,315,445

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Present value of unfunded defined benefit obligations				
Current	628,828	476,635	456,210	89,515
Non-current	7,145,873	6,774,517	2,280,072	2,225,930
	7,774,701	7,251,152	2,736,282	2,315,445

25. DEFERRED TAX

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	(27,026,761)	(25,269,442)	8,218,521	3,750,206
Recognised in income statement	2,783,722	(1,757,319)	-	4,468,315
At 31 December	(24,243,039)	(27,026,761)	8,218,521	8,218,521
Presented after appropriate offsetting as follows:-				
Deferred tax assets	8,218,521	8,218,521	8,218,521	8,218,521
Deferred tax liabilities	(33,527,262)	(36,310,984)	-	-

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. DEFERRED TAX (CONT'D)

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets:				
Tax losses and unabsorbed capital allowances				
At 1 January	8,218,521	3,750,206	8,218,521	3,750,206
Recognised in income statement	-	4,468,315	-	4,468,315
At 31 December	8,218,521	8,218,521	8,218,521	8,218,521
Deferred tax liabilities:				
Accelerated capital allowances				
At 1 January	(36,310,984)	(30,085,350)	-	-
Recognised in income statement	2,783,722	(6,225,634)	-	-
At 31 December	(33,527,262)	(36,310,984)	-	-

26. TRADE AND OTHER PAYABLES

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	38,472,204	28,640,095	15,475,711	16,404,729
Goods and service tax	(166,453)	(1,108,302)	(166,453)	(1,108,302)
Other payables	42,544,803	46,631,296	15,311,002	10,726,221
Accruals	4,456,197	3,366,383	-	-
	85,306,751	77,529,472	30,620,260	26,022,648

The normal trade credit term granted to the Group ranged from 30 to 90 days. (2018: 30 to 90 days).

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PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. REVENUE

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Aviation services	103,020,322	107,602,149	-	-
Contract income	11,202,653	45,731,918	-	-
Crude palm oil bulking services	2,906,828	1,216,171	-	-
Gain on disposal of shares	-	290,033	-	290,033
General repair and maintenance services	757,844	5,064,393	-	-
Grant amortised	76,819,793	4,545,757	76,819,793	4,545,757
Gross dividend:				
- Other investment	1,469,255	1,140,484	1,469,255	1,796,734
- Associates	-	-	4,200,000	10,256,850
- Subsidiaries	-	-	2,877,511	1,343,750
Increase in fair value	4,313,392	1,984,950	4,313,392	1,984,950
Interest income	293,104	199,902	-	-
Management fees	-	73,000	-	-
Operation grant received	4,412,192	3,834,600	4,412,192	3,834,600
Other operating income	3,486,796	31,467,270	905,589	6,517,286
Other services	21,671,345	26,949,961	450,040	570,968
Project revenue	9,815,256	16,759,078	9,815,256	16,759,078
Registration fees	556,692	916,418	556,692	582,698
Rental income	2,550,890	2,363,442	-	-
Sales of construction, furniture and hardware materials	169,065,865	100,423,600	-	-
Sale of woodchips, timber logs, sawn timber, peat swap logs and pulpwoods	306,613,264	271,148,602	-	-
Timber premium	12,790,411	14,483,807	12,790,411	14,483,807
Wharfage, stevedorage, barging and other port users' services	20,843,933	26,513,193	-	-
	752,589,835	662,708,728	118,610,131	62,966,511

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCE COSTS

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Bank charges	462,229	118,453	-	-
Bankers' acceptances interests	594,443	139,123	-	-
Bank overdraft interests	400,157	108,275	-	-
Revolving credit interests	1,328,464	1,311,024	-	-
Interest on loan	9,536,717	11,775,952	4,783,740	5,660,465
Interest subsidy	444,315	712,666	444,315	712,666
Hire purchase interest	138,273	68,590	3,093	-
Others	1,411,466	454,170	-	-
	14,316,064	14,688,253	5,231,148	6,373,131

29. (LOSS)/PROFIT BEFORE TAX

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on receivables	119,718	4,551,195	-	-
Amortisation of goodwill	176,700	176,700	-	-
Amortisation of intangible assets	4,334	4,333	-	-
Auditors' remuneration				
- current year	272,139	250,130	19,939	18,830
- under/(over)provision in prior year	3,800	2,200	-	-
Bad debts written off	5,624	5,035	-	-
Board members' fees	249,300	2,102,488	249,300	233,200
Depreciation of property, plant and equipment	38,577,344	38,275,692	6,146,208	5,264,207
Depletion of tree plantation development expenditure	31,478,414	12,330,459	-	-
Directors' remuneration:				
- fees	1,247,040	1,178,650	-	-
- bonus	136,437	197,798	-	-
- non-fees emoluments	1,164,989	1,300,162	-	-

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Hire of equipment	1,121,594	1,476,193	1,088,594	1,009,245
Impairment loss on property, plant and equipment	139,100	4,539,647	139,100	-
Rental expenses	3,564,492	1,226,415	324,000	324,000
Interest expense	14,316,064	14,688,253	5,231,148	6,373,131
Inventories written off	45,461	24,445	-	-
Property, plant and equipment written off	31,533	213,034	23,704	-
Realised loss on foreign exchange	581,000	344,923	-	-
Rental of aircraft	21,728,868	22,863,701	-	-
Retirement benefit obligations	1,110,550	1,159,980	578,776	575,541
Staff costs:				
- wages, salaries and allowances	73,218,706	74,243,930	22,908,701	24,464,019
- EIS	16,521	15,582	-	-
- EPF	7,514,780	6,946,942	567,580	-
- Socso	501,667	459,163	10,768	-
- Other staff related expenses	4,279,159	2,926,791	2,135,207	-
Unrealised loss on foreign exchange	262,144	602,447	-	-
Loss on disposal of associates	203,628	-	-	-
Bad debts recovered	-	(6,650,000)	-	-
(Gain)/Loss on fair value changes in:-				
- investment	(421,217)	-	182,315	-
- biological assets	43,144,087	29,690,686	-	-
(Gain)/Loss on disposal of property, plant and equipment	(4,195,443)	12,915,223	(1,049,051)	1,259,328
Interest income	(6,369,345)	(5,891,179)	(5,204,818)	(5,245,978)
Rental income	(4,785,136)	(2,796,739)	(895,231)	-
Reversal of impairment on receivables	(280,360)	(97,270)	-	-
Reversal of allowance for impairment losses on investment	(2,967,407)	532,505	(2,967,407)	-

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. INCOME TAX EXPENSE

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax:				
- Current financial year	10,395,771	6,019,256	-	-
- Under/(Over)provision in the previous financial years	7,940,508	(929,644)	5,874,645	-
	18,336,279	5,089,612	5,874,645	-
Deferred tax (Note 23):				
- Current financial year	(3,502,258)	-	-	-
- Overprovision in the previous financial years	(174,543)	-	-	-
- Changes in tax rate	-	(4,022,781)	-	(12,606,315)
	14,659,478	1,066,831	5,874,645	(12,606,315)

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

	The Group		The Corporation	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before taxation	(45,961,861)	38,816,115	(45,685,059)	(19,247,191)
Tax at the statutory tax rate of 24% (2018 - 24%)	(11,030,847)	9,315,868	(10,964,414)	(4,619,326)
Tax effects of:-				
Share of results in associated companies	1,574,249	(2,419,330)	-	-
Non-deductible expenses	13,878,003	10,967,429	6,265,945	4,186,493
Non-taxable income	(4,497,309)	(11,561,248)	(1,385,746)	(7,705,167)
Utilisation of capital allowances brought forward	(113,762)	-	(511)	-
Deferred tax assets recognised	-	(4,468,315)	-	(4,468,315)
Deferred tax assets not recognised	7,083,179	2,180,471	6,084,726	-
(Over)/Underprovision of income tax in the previous financial year	7,940,508	(929,644)	5,874,645	-
Overprovision of deferred taxation in the previous financial year	(174,543)	-	-	-
Exemption based on incremental chargeable income from business	-	(2,018,400)	-	-
Income tax expense for the financial year	14,659,478	1,066,831	5,874,645	(12,606,315)

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	32,918,949	10,536,162	2,540,944	1,421,312
Amount financed through hire purchase	(1,776,000)	-	(417,300)	-
Cash disbursed for purchase of property plant and equipment	31,142,949	10,536,162	2,123,644	1,421,312

32. CAPITAL COMMITMENTS

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Approved and contracted for:				
Property, plant and equipment	3,638,000	17,022,284	-	-
Renovation at Wisma Sumber Alam Tower	28,039,334	-	28,039,334	-
Approved and not contracted for:				
Property, plant and equipment	6,174,016	1,482,565	-	-
Renovation at Wisma Sumber Alam Tower	893,598	-	893,598	-
	38,744,948	18,504,849	28,932,932	-

33. CONTINGENT LIABILITIES

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

Upon receiving the judge's decision on ruling of the case, the Corporation has filed a Notice of Appeal on 9th July 2019 to the Court of Appeal. However, the date of hearing has yet to be decided.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

	The Group		The Corporation	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial Assets				
<u>Fair Value through Profit or Loss</u>				
Other investments	265,707,179	325,916,698	59,713,059	99,372,883
<u>Amortised Cost</u>				
Trade and other receivables	388,501,182	320,956,617	70,889,547	23,015,370
Amount owing by subsidiaries	-	-	44,237,660	39,074,798
Amount owing by associates	11,813,846	9,955,475	9,572,161	9,648,504
Amount owing by related companies	4,249,570	-	-	2,446,248
Fixed deposits with licensed banks	144,452,726	168,057,596	106,405,791	145,567,118
Cash and bank balances	33,139,937	33,865,792	3,126,601	943,785
	582,157,261	532,835,480	234,231,760	220,695,823
Financial Liabilities				
<u>Amortised Cost</u>				
Trade and other payables	85,473,204	78,637,774	30,786,713	27,130,950
Amount owing to subsidiaries	-	-	2,978,727	2,264,755
Amount owing to related companies	17,673,255	-	-	-
Retirement benefits	7,774,701	7,251,152	2,736,282	2,315,445
Hire purchase payables	3,209,841	1,918,611	404,895	-
Loans and borrowings	532,045,609	542,895,442	192,601,602	192,905,397
	646,176,610	630,702,979	229,508,219	224,616,547

34.2 Fair value information

The methods used in determining the fair value of financial instruments recognised on the statements of financial position are disclosed in their respective notes to the financial statements.

35. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably estimated at this juncture.

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. PRIOR YEAR ADJUSTMENTS

The prior year adjustments were arose from the following transactions:-

- (i) Over recognition of cost of sales in prior years in respect of a property development project;
- (ii) Over recognition of other income and revenue;
- (iii) Understatement of non-controlling interests in investment in subsidiaries;
- (iv) Overstatement of investment in associates; and
- (v) Overstatement of profit of a subsidiary.

The summarised financial impacts arising from the above prior year adjustments are disclosed as below:

The Group	As Previously Reported RM	Effect of the Adjustments RM	As Restated RM
Statement of Financial Position (Extract):-			
Investment in associates	216,791,038	(19,358,182)	197,432,856
Biological assets	387,229,260	(7,204,154)	380,025,106
Trade and other receivables	183,337,370	184,428,182	367,765,552
Trade and other payables	(128,379,224)	47,040,656	(81,338,568)
Short term borrowings	(166,819,758)	(25,362,500)	(192,182,258)
Non-controlling interests	(54,593,358)	(24,597,927)	(79,191,285)
Long term borrowings	(182,245,351)	(170,386,444)	(352,631,795)
Deferred tax liabilities	(38,039,984)	1,729,000	(36,310,984)
Statement of Comprehensive Income (Extract):-			
Revenue	672,965,578	(10,256,850)	662,708,728
Other income	13,536,757	7,151,056	20,687,813
Administrative expenses	(144,832,234)	(29,690,686)	(174,522,920)
Share of results of associates	3,683,917	6,396,626	10,080,543
Income tax expense	(8,192,831)	7,126,000	(1,066,831)
Statement of Changes in Equity (Extract):-			
Retained profits	1,379,531,954	(17,309,669)	1,362,222,285
Statement of Cash Flows (Extract):-			
Dividend income	(10,053,584)	10,256,850	203,266
Loss on fair value adjustment on tree planting exp	-	29,690,686	29,690,686
Share of results in associates	(3,683,917)	(6,396,626)	(10,080,543)
Decrease in borrowings	27,114,137	(7,151,056)	19,963,081

PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

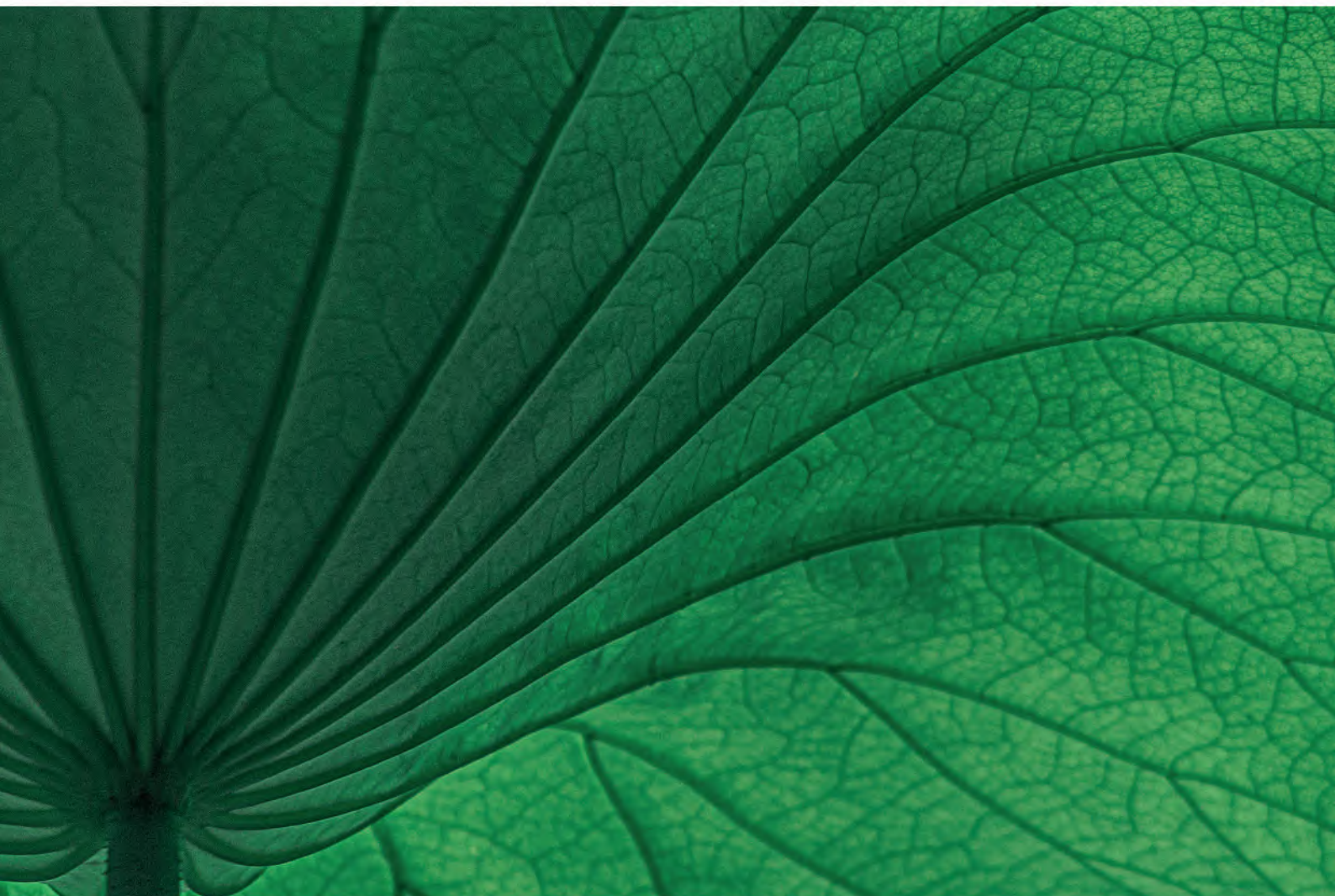
36. PRIOR YEAR ADJUSTMENTS (CONT'D)

The Corporation	As Previously Reported RM	Effect of the Adjustments RM	As Restated RM
Statement of Financial Position (Extract):-			
Property, plant and equipment	200,631,882	(2,598,300)	198,033,582
Investment in subsidiaries	271,067,127	(10,121,006)	260,946,121
Trade and other receivables	120,952,635	(18,471,818)	102,480,817
Trade and other payables	(84,449,065)	56,161,662	(28,287,403)
Statement of Changes in Equity (Extract):-			
Retained profits	811,071,204	28,568,838	836,041,742



STIDC management members and staff posing for the album.

“Historically Making A Difference”



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

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