



SARAWAK TOURISM BOARD



2016

ANNUAL REPORT



SARAWAK TOURISM BOARD



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SARAWAK TOURISM BOARD

INTRODUCTION

Sarawak Tourism Board was incorporated under the Sarawak Tourism Board (Incorporation) Ordinance, dated 12 November 1994.



OBJECTIVES OF THE BOARD



STB VISION & MISSION

Making Sarawak the naturally preferred tourism destination.

The STB Mission Statement is as follows:-

- Positioning and promoting Sarawak as a safe and friendly eco-tourism destination
- Be the catalyst for tourism growth
- Providing networking and synergy among the official agencies and tourism partners
- Increasing awareness among Sarawakians on the benefits and importance of the tourism industry
- Enhancing performance through motivation and teamwork



FUNCTIONS OF THE BOARD

- To stimulate and promote tourism to and within Sarawak;
- To stimulate, promote and market Sarawak as a tourist destination;
- To organise, secure and enhance publicity in Malaysia and overseas on tourist attractions in Sarawak;
- To engage or assist in the development of tourism in the State and to carry out such activities in association with the Government, any public or local authority, any corporation, any company, any body or any person or as managing agents or otherwise on this behalf, or enter into any arrangement with such bodies or persons for sharing profits, union of interests, co-operation, joint venture or reciprocal concession;
- To make recommendations to the Minister on the measures and programmes to be adopted to facilitate and stimulate the development and promotion of the tourism industry in Sarawak and, where approved by the Minister, to implement or assist in the implementation of such measures and programmes; and
- To liaise and co-ordinate with and make representation to the Malaysian Tourism Promotion Board or the Federal Ministry of Culture, Arts and Tourism on all matters relating to the enhancement of tourism and the development of the tourism industry in Sarawak.



SARAWAK TOURISM BOARD

BOARD OF DIRECTORS

(2016 - 2018)



SEATED FROM LEFT TO RIGHT -

MR. ALBERT SIM YAM LEONG, YBHG DATU IK PAHON JOYIK, MR. OSWALD BRAKEN TISEN, YB DATUK JOHN SIKIE TAYAI (ASST. MINISTER OF ARTS & CULTURE), YB DATUK AMAR ABANG HAJI ABDUL RAHMAN ZOHARI TUN ABANG HAJI OPENG (MINISTER OF TOURISM, ARTS & CULTURE), YBHG DATUK JASON TAI HEE, YB DATUK HAJI ABDUL WAHAB BIN AZIZ (CHAIRMAN), MR. PHILLIP YONG KHI LIANG

STANDING FROM LEFT TO RIGHT -

MR. CHRIS KON KUN CHIEW, MDM. NGUI ING ING, YBHG DATUK SERI MIRZA MOHAMMAD TAIYAB, MR. NICHOLAS SIA, TUAN HAJI MOHAMMAD IBRAHIM NORDIN

Note:

Mr. Nicholas Sia - Alternate Member for YBhg Datu Laura Lee Ngien Hion

MEMBERS OF STB BOARD OF DIRECTORS



CHAIRMAN

YB Datuk Haji Abdul Wahab Bin Aziz



Mr. Chris Kon Kun Chiew
Chairman

Malaysian Association of Travel & Tour
Agents, Sarawak Chapter (MATTA)



DEPUTY CHAIRMAN

YBhg Datu Ik Pahon Joyik
Permanent Secretary
Ministry of Tourism, Arts & Culture



Tuan Haji Mohammad Ibrahim Nordin
Chairman

Malaysian Association of Hotels,
Sarawak Chapter (MAH)



YBhg Datu Laura Lee Ngien Hion
Deputy State Financial Secretary
State Financial Secretary's Office



Mr. Albert Sim Yam Leong
Public Relation Officer

Miri Chinese Chamber of Commerce
and Industry



YBhg Datuk Seri Mirza Mohammad Taiyab
Director-General, Tourism Malaysia



YBhg Datuk Jason Tai Hee
Managing Director

Pansar Company Sdn Bhd



Mr. Oswald Braken Tisen
Deputy General Manager
Sarawak Forestry Corporation Sdn Bhd



Mdm Ngui Ing Ing
President

Hotel Lance Court and Hospitality



Mr. Phillip Yong
President
Sarawak Tourism Federation (STF)

CHAIRMAN'S REVIEW



Datuk Haji Abdul Wahab Bin Aziz

Though the Board faced formidable industry challenges in 2016, Sarawak was able to record a 3.19% increase in visitor arrivals. The state received 4,661,100 visitors and generated RM8.374 billion in tourism receipts.

GLOBAL SCENARIO

Worldwide economic factors, regional conflicts and terrorist attacks as well as the refugee crisis in Europe all impacted the global tourism industry this year, but did not impair the volume of foreign trips globally, affecting rather the choice of destination.

Rolf Freitag, President & Founder of leading tourism consultancy IPK International, speaking at the 24th World Travel Monitor® Forum, "Destinations that were perceived as very dangerous lost millions of visitors, while countries with a positive safety image benefited very heavily from this switch."

Note: IPK International is a tourism consultancy highly qualified in travel research, tourism marketing and tourism Masterplanning and counts among the leading tourism consultancy worldwide.

GLOBAL INDUSTRY PERFORMANCE

International tourist arrivals increased by 3.9%, or 1,235 million, according to the United Nations World Tourism Organization (UNWTO) World Tourism Barometer. 46 million more overnight tourists travelled internationally in 2016 compared to 2015. 2016 has proven to be the seventh consecutive year of sustained growth following the 2009 global economic and financial crisis, and a total of 300 million more international tourists travelled the world in 2016 compared to the pre-crisis record in 2008.

By region, together with the Pacific, Asia led growth in tourist arrivals in 2016 with an 8.0% increase, a 24 million increase in arrivals to total at 303 million, fuelled by strong demand from both intra and interregional source markets. Southeast Asia saw an 8.3% rise in tourist arrivals totalling at 113.3 million arrivals in 2016.

IPK International predicts a 6 percent rise in Asian outbound trips in 2017, based on its Asian Travel Confidence Index which measures travel intentions for the next year.



MALAYSIA'S PERFORMANCE

Total visitors to Malaysia rose to 26.76 million, showing a 4% increase compared to 2015. Malaysia's tourist receipts amounted to RM82 billion, an increase of RM15 billion compared to 2015.

Tourism Malaysia reported that the top 10 tourist generating markets were Singapore (13,272,961), Indonesia (3,049,964), China (2,124,942), Thailand (1,780,800), Brunei (1,395,013), India (638,578), South Korea (444,439), Philippines (417,446), Japan (413,768) and Australia (377,727). The ASEAN region accounted for 76% of tourist arrivals in Malaysia, with a total of 20,271,144 arrivals.

While certain producing countries saw negative growth in 2016, such as India (-11.6%), Philippines (-24.8%), Japan (-14.4%) and Australia (-22.4%), other countries saw a growth in arrivals, such as Brunei (+22.7%), Thailand (+32.5%), China (+26.7%), Saudi Arabia (+24.2%) Taiwan (+6.2%) and Laos (+27%).



Sarawak saw 143,921 additional visitor arrivals in 2016 as compared to 2015, with a growth of 3.19%. Sarawak's total estimated tourism receipts declined by 3.44%.

The main visitor producers were Brunei and Indonesia, with 1,395,013 and 480,581 visitors respectively. They were followed by the Philippines (73,657), Singapore (40,209) and China (38,345).

Many countries saw positive growth, including Taiwan (+23.5%), Australia (+1.47%), Canada (+9.35%), the United Kingdom, (+12.65%), Germany (+7.29%), Japan (+9.63%) and South Korea (+9.28%).

Arrivals from Australia reached a new high of 18,500, while Germany (7,377) and Benelux (Belgium, Netherlands and Luxemburg, 10,230 arrivals) also performed well. However, our top long-haul producer remained the United Kingdom, with 31,274 arrivals.

There was a decline in arrivals from our focus markets of Singapore, Indonesia and Brunei, which was attributed to the strength of the Singapore and Brunei Dollars giving travellers better and wider choices of destinations to visit in and around the region. This was exacerbated by an increase, in both routes and frequency, of low cost carrier flights to alternative destinations competing with Sarawak.

Locally, there was a positive increase in domestic arrivals with an 11.27% increase in arrivals from Peninsular Malaysia (1,240,965) and a 28.35% increase in arrivals from Sabah (1,161,479).



HIGHLIGHTS

Charter Flights

The Hong Kong – Kuching – Hong Kong direct flight was inaugurated in May with its first flight arriving at Kuching International Airport on May 28 from Hong Kong International Airport.

The twice weekly flight every Wednesday and Saturday into Hong Kong also connecting second tier cities in China, Taiwan, Japan and Korea.

Making Hong Kong another 'hub' for Sarawak, the Board also partnered with Hong Kong Airlines in its promotional collaboration in selected cities in China, focusing on Southern China as the main market for arrivals into Sarawak.

The Taiwan charter memorandum of understanding was signed in July 2016 with See Mark Travel on plans for direct Taipei - Kuching - Taipei charter flights beginning in February 2017, for the Chinese New Year.

Malaysia Airlines Berhad

Borneo Jazz Festival and Rainforest World Music Festival for years 2016 and 2017 have partnered with Malaysia Airlines Berhad as their presenting sponsor. Malaysia Airlines provided promotional air ticket with prices up to 70% discount for festival cities, Kuching and Miri, during the time around the festivals' dates. In 2016, MASWings the sister subsidiary of Malaysia Airlines handed out free festival tickets to inflight passengers as lucky draws prizes.

'Touring Experience in Sarawak' survey

A travel survey on touring experiences in Sarawak was prepared and carried out by the Institute of Borneo Studies at Universiti Malaysia Sarawak (UNIMAS) in collaboration with the Sarawak Tourism Board. The survey's purpose was to gather information which would help to improve Sarawak as a travel destination. It was launched on September 13, 2016 and was ongoing for three months on the Sarawak Tourism website.

The methodology of this survey was to develop a holistic and structural model to find out why foreigners choose to visit Sarawak and what makes Sarawak a perfect tourism destination.

The survey was divided into five main parts: personal profile, places in Sarawak, food in Sarawak, events in Sarawak, and touring experience in Sarawak. Upon completion of the survey, each participant received a certificate of appreciation.

To date, the data collection is still in process.

Online Photo Library

The Board's online photo library was launched on September 23. It provided professional-quality images of tourist attractions in Sarawak to the public including images of landscapes, architecture, culture, flora and fauna and people. The photo library is free for all members of the industry and other marketing partners to use, with credit mention to the Sarawak Tourism Board.

Newsletter

The Board launched a bi-monthly e-newsletter in September 2016, aiming to reach out to local product and service providers, as well as potential partners, and keep them updated on developments in Sarawak's tourism industry. Seven issues of the newsletter were published and distributed in 2016, covering areas such as news, industry updates and upcoming events, and featuring 58 tourism and industry related articles.

Sarawak Week in Singapore

The Sarawak Week in Singapore campaign was held from 13-22 May at Plaza Singapura, Orchard Road, with booths displaying tour information on learning and experiential packages, as well as Sarawak handicrafts and food stalls. Live performance of Sarawak's traditional performing arts and music were given by At Adu and Bung Bratak Cultural Troupe.

The 10-day campaign with the tagline "Let's Adventure in Sarawak" was held to promote greater awareness on Sarawak as a tourism destination for Singaporean vacationers and the local expatriate community.

The Singapore Campaign was promoted online from April that included a website, www.letsadventure.com.my, and had received 2,556 visits in seven months, a Facebook page (LetsAdventure) had 158 posts and 824 likes in six months, and an Instagram account (@LetsAdventureSarawak) had 188 posts and 212 followers in five months.



Borneo Jazz Festival

The Borneo Jazz Festival has been an annual event in Miri for the past decade, from its small beginnings in 2006 as the Miri International Jazz Festival (MIJF), to its rebranding in 2011 as Borneo Jazz. Partnering with the Ministry of Tourism and Culture Malaysia, the Ministry of Tourism, Arts & Culture Sarawak and Malaysia Airlines Berhad, the Festival recorded a steady attendance of 4,000 festival-goers with a ratio of 30:70 non-Malaysians to Malaysians, as well as an average economic spinoff of RM7.5 million.

The Festival coincides with Miri's city-wide celebrations in May, known as the Miri May Fest, and actively supports Miri's aspiration to become a Resort City. With greening activities, youth programmes, workshops and professional business sessions, the Festival contributes significantly to annual visitor arrivals to the city.

Rainforest World Music Festival

The Rainforest World Music Festival started in 1998 with an attendance of 300 people and has since grown to an annual flagship event for Sarawak, attracting 20,000 festival-goers. This three-day festival featured over 20 international and local cultural artistes and performers over the three nights on its two outdoor stages, while indoor stages and the Sarawak Cultural Village's display houses were used for workshops and 'mini-sessions'. The festival grounds also hosted traditional games and marketplace showcasing local food, arts and crafts.

The Festival brings an estimated economic spinoff of RM35 million, with media value generated at RM50 million annually. With an audience ratio of 40:60 non-Malaysian to Malaysian of the 20,000 attending, this festival is a unique visitor magnet for Sarawak's tourism industry.

MOVING FORWARD

Digital marketing has become increasingly important over the years as mobile dependency has increased globally. With more potential visitors researching their own holidays without the aid of travel agents, the online presence of Sarawak's attractions, promotions and travel packages are of critical significance.

As mobile applications are on the rise, providing a centralised, concise and attractive platform for instant information and fast booking, local industry players need to build partnerships with tour operators, agents, consolidators and travel media with a strong online presence.

The increasing number of low cost carriers and the opening of new air routes will offer potential visitors a wider range of holiday destinations with cheaper fares and more direct access, particularly in the Asian region. Sarawak needs to increase its number of international flights, as well as to improve the packaging and presentation of the state's attractions.

There has been no overall decline in visitors for 2016 and the average increase in visitor numbers has been approximately 4.8% yearly for the past five years since 2012. This trend is predicted to continue into 2017. It can be seen, however, that travellers shift according to the socio-political climate, forsaking traditional destinations with a higher safety risk factor, and moving onto safer alternatives. Sarawak must take advantage of this global shift and market the destination's uninterrupted peace and harmony and overall safety as a powerful and tangible visitor magnet, especially for families.


In the face of increasing global connectivity, both online and offline, as well as advances in technology that directly affect the tourism industry, the Board must do its utmost to keep up with the trends and patterns, seeking out innovations with and for the industry. By adapting to and taking advantage of the ever-evolving trends and tools of the travel industry, we expect to translate these efforts into increased arrivals from our focus markets.

With that, the Board's efforts remain focused on selected markets for 2017, while adapting continuously to the role of the internet and the influence of social media on travellers' destination choices. We will continue to increase our presence in the marketplace, especially within the Asia Pacific region where low cost carriers are continuing to impact travel and tourism. At the same time, we will place our emphasis on responsible travel, promoting activities that support economic, social or environmental sustainability.

ACKNOWLEDGEMENTS

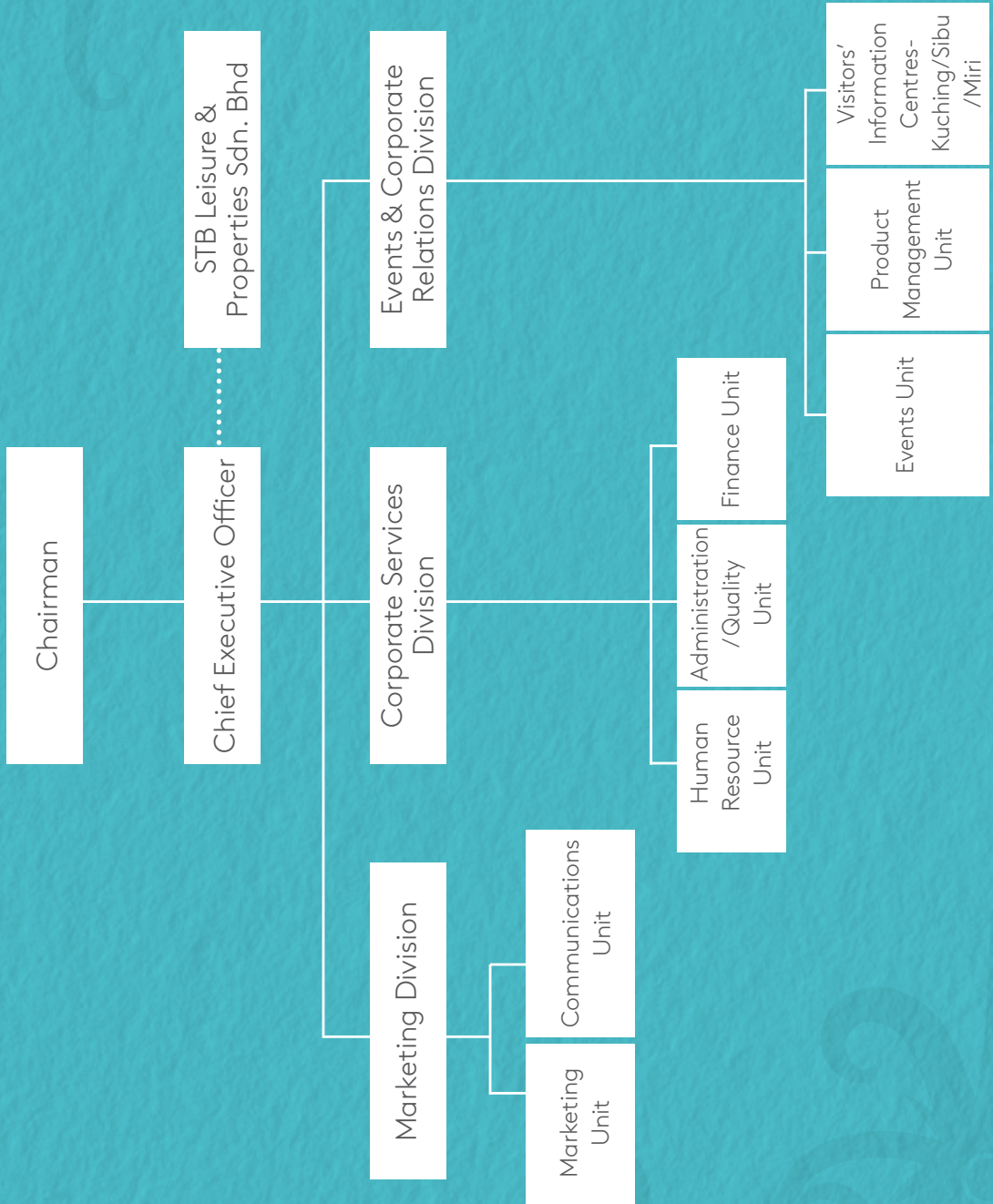
I would like to take this opportunity to extend my sincere thanks to all my colleagues in the Board of Directors for your continuous guidance, sharing of expertise, support and cooperation throughout the year. Your valuable contributions are essential to our success and are always appreciated. My thanks also go out to our outgoing Chief Executive Officer, Datu Ikh Pahon Joyik, who temporarily took the helm until the last quarter of the year, despite his time and expertise being required at Ministry level as well. These thanks are also extended to all the management and staff of the Board, for your tireless efforts in managing and implementing the Board's operational activities throughout the year.

Last but not least, a record of thanks goes to all of our partners - both in Sarawak, throughout Malaysia and also overseas - for assisting us in the promotion of the destinations. Without your valuable support, we would not have realised such a successful outcome for the year.



DATUK HAJI ABDUL WAHAB BIN AZIZ
CHAIRMAN
SARAWAK TOURISM BOARD

SARAWAK TOURISM BOARD ORGANISATION CHART



AWARDS RECEIVED BY SARAWAK TOURISM BOARD

DATE	AWARD	RECIPIENT	EVENT
Nov 1995	GLOBAL AWARD	Sarawak Tourism Board	World Travel Market London - United Kingdom
May 1996	BEST NATIONAL BOARD BOOTH	Sarawak Pavilion	Asia Travel Mart - Singapore
June 1996	BEST BOOTH PRESENTATION	Sarawak Pavilion	International Travel Exhibition - Hong Kong
Feb 1997	MOST CREATIVE EXHIBITION	Sarawak Pavilion	MATTA International Travel Fair Kuala Lumpur - Malaysia
June 1997	BEST INTERNATIONAL	Sarawak Pavilion	Northern Territory Exhibition Darwin - Australia
Nov 1997	BEST DESTINATION VIDEO	5 Star Adventure Promotional Video	Tourism Malaysia Annual Tourism and Travel Awards Kuala Lumpur - Malaysia
Nov 1997	BEST ILLUSTRATIONS FOR POSTERS	"Hidden Paradise of Borneo" Campaign posters	Singapore Creative Circle Awards - Singapore
Nov 1997	BRONZE AWARD FOR ILLUSTRATION/ TYPOGRAPHY	"Golden Days in Sarawak" promotional brochure	Australian Writers and Arts Directors Awards - Australia
Nov 1997	STATUE AWARD - BEST ILLUSTRATION CATEGORY	"Hidden Paradise of Borneo" Advertising visuals	London International Advertising Advertising Awards London - United Kingdom
Nov 1997	BEST ILLUSTRATION AWARD	"Hidden Paradise of Borneo advertising	Taiwan Times Asia - Pacific Advertising Awards Taipei - Taiwan
Mar 1998	PATA GOLDEN AWARDS FOR:	<ul style="list-style-type: none"> International Marketing Programme Public Relations Travel Advertisement (Print Media) Consumer Travel Brochures Travel Posters 	Pacific Asia Travel Association (PATA) Conference Manila - Philippines
Apr 1998	<ul style="list-style-type: none"> BEST NEW DESTINATION MARKETING AWARD NEW DESTINATION MARKETEEER OF THE YEAR 	Sarawak Tourism Board	Travel Asia Breakthrough Awards - Singapore
Apr 1998	BEST NTO STAND	Sarawak Pavilion	PATA Travel Mart -Singapore
Oct 1998	BEST COUNTRY PAVILLION	Sarawak Pavilion	IT&CMA Kuala Lumpur - Malaysia
Apr 1999	THE BOOTH YOU DID NOT WANT TO LEAVE	Sarawak Pavilion	Simply The Best Awards -PATA Travel Mart -Singapore
Oct 1999	INTERNATIONAL GOLD STAR AWARD FOR QUALITY	Sarawak Tourism Board	XXIV International Awards Convention Geneva - Switzerland
Sept 2000	TRAVEL ASIA BREAKTHROUGH AWARD 2000	Sarawak Tourism Board	Travel Asia Breakthrough 2000 Presentation -Singapore
May 2000	MS ISO: 9002 (1994) DEVELOPMENT & PROMOTION OF TOURISM INDUSTRY ON SARAWAK	Sarawak Tourism Board	Moody International Certification
July 2000	MALAYSIA TOURISM AWARDS (MTA) 2000	Sarawak Tourism Board	
July 2001	TRAVEL WEEKLY EAST INNOVATORS AWARD 2001	Sarawak Tourism Board	Singapore
22 Dec 2003	Best Sarawak Public Service Website Award 2003	Sarawak Tourism Board	Sarawak State Public Service Website Award 2003
11 Oct 2004	Malaysian Book Of Records	Integrated Management System (IMS)	
23-27 Apr 2006	PATA Gold Awards 2006	<ul style="list-style-type: none"> Rainforest World Music Festival in the Heritage and Culture category Best Travel Poster 	PATA Annual Conference, Pattaya - Thailand
20 Jan 2007	Hornbill Tourism Awards	<ul style="list-style-type: none"> Outstanding contributions to Tourism 	Hornbill Tourism Appreciations Awards - Kuching
22 Nov 2008	Anak Sarawak Appreciation Award	<ul style="list-style-type: none"> Rainforest World Music Festival 	Appreciation dinner organised by Sarawak Convention Bureau

9 Jan 2009	ASEANTA Awards for Excellence 2009	<ul style="list-style-type: none"> • Best ASEAN Marketing and Promotional Campaign (RWMF) 	ASEAN Tourism Forum, Hanoi -Vietnam
July 2010	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
Jan 2011	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
March 2012	DAS GOLDENE STADTTOR 1st Prize	<ul style="list-style-type: none"> • Sarawak : Where Adventure Lives – 1st Prize Print Category 	ITB Berlin 2012
Jan 2012	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
May 2012	HSMAI Adrian Awards - Silver award	<ul style="list-style-type: none"> • Sarawak : Where Adventure Lives – Silver Award in Re-imaging Campaign 	January 28, 2013 at the Adrian Awards Dinner Reception & Gala -New York
Mar 2013	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
28 May 2013	BrandLaureate 2012-2013 Country Branding Award	<ul style="list-style-type: none"> • Rainforest World Music Festival 	28th May 2013 at The Majestic Hotel - Kuala Lumpur
15 Sept 2013	PATA Gold Award 2013 - Print Advertisement Sarawak Tourism Re-Imaging Campaign	<ul style="list-style-type: none"> • Sarawak : Where Adventure Lives 	15 September JinJiang Hotel, Louvre Garden -China
Nov 2013	Best for Responsible Wildlife Experience at World Responsible Tourism Awards 2013 (Recognition by the prominent mainstream media partners such as Metro and industry broadcasters such as TTG, Green Hotelier and Selling Long Haul)	<ul style="list-style-type: none"> • The Great Orang Utan Project in Matang Wildlife Centre 	World Travel Mart (WTM) - London
Mar 2014	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
Mar 2014	DAS GOLDENE STADTTOR 3rd Prize	<ul style="list-style-type: none"> • Borneo Jazz Promo video at the 13th International Tourism Film and multimedia category 	ITB Berlin 2014
Mar 2015	Top 25 Best International Festivals (recognition by Songlines, renowned world music magazine based in United Kingdom)	<ul style="list-style-type: none"> • Rainforest World Music Festival 	
Oct 2015	ASEAN PR Excellence Award 2015 – Gold Award	<ul style="list-style-type: none"> • Event Management Category 	Kuala Lumpur
Nov 2016	HSMAI Adrian Awards - Silver Award	<ul style="list-style-type: none"> • Rainforest World Music Festival • Category: Special Event 	February 21, 2017 at the Adrian Awards Gala -New York
Jan 2017	Travel Journal Winner 2017 – Travel Awards	<ul style="list-style-type: none"> • Best For Nature 2017 	ASEAN Tourism Forum 2017, Singapore
April 2017	Asia Pacific Excellence Awards 2016 by Asia-Pacific Association of Communications Directors (APACD)	<ul style="list-style-type: none"> • Event & Experiential Marketing 	Hong Kong

*Updated on April 21, 2017

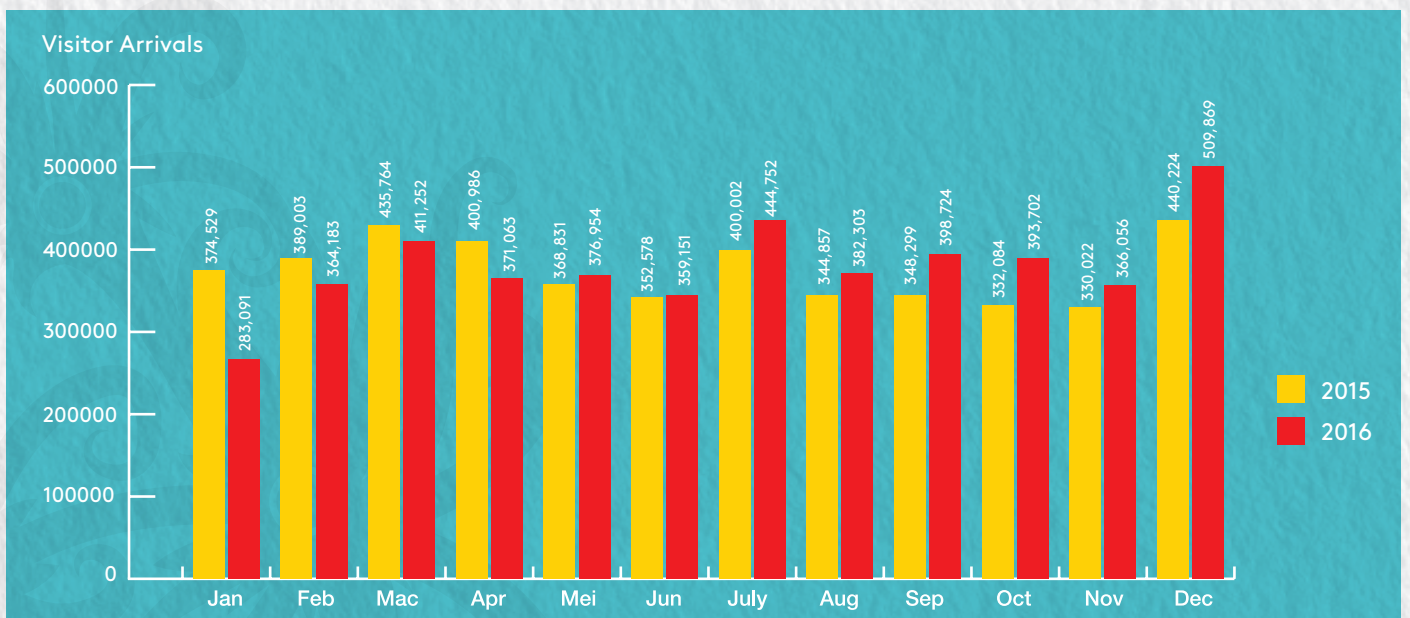


VISITORS TO SARAWAK



Variable		Percentage%
Gender	Male	57%
	Female	43%
Age	0 to 20	8.1%
	21 to 30	27.1%
	31 to 40	27.4%
	41 to 50	19.3%
	51 to 60	12.8%
	60 and above	4.7%
Visitors' Travelling Partner	Family member/relatives	50.8%
	Friends	21.1%
	Alone	19.6%
	Colleagues	5.7%
	Team member	2.0%
	Business partner	0.8%

Source: Visitor Exit Survey (VES), 2016.





MARKETING DIVISION

Benedict Jimbau, Director of Marketing

INTRODUCTION

For 2016, the Marketing Division focused on producing high impact deliverables and spending prudently in the market place. This strategy enabled us to be effective in our outreach while managing our resources efficiently.



FOCUS MARKETS

For our Domestic, Singapore and Greater China focus markets, our strategic direction emphasised on collaboration with our partners in these marketplaces. Local agents, tour operators, hoteliers, associations and product owners had assisted in delivering the “fulfilment” element of the value chain.

In the domestic market, the Board collaborated with MATTA Sarawak Chapter to promote local packages under our “Sarawak Dekat Je” campaign, which was launched in 2015. This campaign had delivered results, especially during the year-end holidays. We also targeted travel agents in Penang and Selangor with our business sessions, during which local Sarawak Chapter MATTA members engaged their Peninsular counterparts to explore business opportunities and new ideas for packaging Sarawak product experiences.

The Board’s Singapore campaign went “back to the drawing board” to create higher impacts and greater awareness in the marketplace. This was supported by improved Sarawak product experience packages, attracting greater interest which was translated into purchases, thus mitigating the decline in number of arrivals last year.

We plan to continue with our emphasis on collaboration with Sarawak Tourism Federation (STF) and our industry partners as a whole. Such relationship marketing is an integral part of our strategy to push our products to customers in the marketplace.

For Greater China, our direction was guided by our collaboration with Hong Kong Airlines, making Hong Kong as our regional hub for North Asia through its connections to principal cities in China, Japan and Korea. While our business plan was coordinated jointly with the airline, our efforts were enhanced by the involvement of our local trade partners from Sarawak, who were committed to sustaining the flight for both the in-bound and out-bound sectors.

Our long-haul markets were nevertheless not overlooked. In Europe, we maintained our strong presence in the key markets of Germany, Netherlands and the United Kingdom, while in Australia we continued to enhance collaboration with our partners in the marketplace.

For our cross border markets of Brunei and Indonesia (West Kalimantan) we emphasised on creating interest through media promotion, providing “what’s new” updates for the destinations of Miri and Kuching, where the bulk of our visitors cross the border for shopping and entertainment as well as educational and medical tourism.

MARKETING UNIT ACTIVITIES

BUSINESS SESSIONS

These sessions were undertaken in Sarawak, Peninsular Malaysia and selected regional markets. Their objective was to provide a forum for buyers and local suppliers to engage in trade discussions for the contracting of tourism products and services. For the year, we conducted five business sessions, beginning with the Guangzhou business session held in January, Penang in February and Singapore in April. Our local business sessions were strategically scheduled to also involve international partners: the first was conducted in Kuching in-conjunction with the Singapore Airlines/Tourism Malaysia Benelux agents FAM trip in December; while the second was held in Damai in-conjunction with the Qatar Airways/Tourism Malaysia "Out of the Window" FAM trip also in December.

ROADSHOWS & SALES MISSIONS

These activities were organised as part of our marketing programme in overseas markets. Three sales missions were held for the year. The Singapore sales mission was led by Minister for Tourism, Datuk Amar Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg from January 5 to 7 with the purpose of meeting our Singapore agents and partners. The Minister shared his commitment to seeking support from Singapore partners, ensuring the successful launch of the 2016 Singapore campaign.

The Hong Kong Airlines, Hong Kong-Kuching direct flight agreement signing ceremony sales mission was held from January 19 to 23 in Hong Kong and was led by the Minister for Tourism. A similar mission was held from November 2 to 6 in-conjunction with the International Travel Fair in Taipei Taiwan, with the Tourism Minister once again led the Sarawak delegation.



TRADE FAIR

The Board's participation at international trade fairs is to network closely with potential and existing travel trade partners, and to qualify tourism business opportunities by explaining in depth what Sarawak has to offer. The fairs also served as a platform for B2B business networking and syndication, enabling local partners to market and promote Sarawak's product experiences as part of the Board's Market Development Programme. We participated in three major international trade fairs for the year; the International Tourismus Bourse (ITB) Berlin in March, the ITB Asia in Singapore in October and the World Travel Mart (WTM) in London in November.



MARKETING SUPPORT PROGRAMME

The Board's Marketing Support Programme is highly focused on providing support to tourism business partners for the purpose of destination marketing.

Marketing support generally takes the form of incentives and support for three distinct sectors:

- New airlines and charter flight operators flying to Sarawak
- Overseas travel trade partners seeking to promote Sarawak product experiences
- Local partners requiring assistance with their promotional programme

The marketing support programme provided include joint advertising, printing of promotional items and hospitality support.

48 partners benefited from this programme for the year, including the bulk support given to Hong Kong Airlines in support of the Hong Kong-Kuching-Hong Kong direct flight. Other beneficiaries included Tourism Malaysia and our China-based agents, including Zhejiang Lixi International Travel, Hong Thai Travel Services and the Hong Kong Outbound Tour Operators Association. For our Indonesian agents, the beneficiaries included Base Camp Adventure Travel, Habibie Tours and ASITA (Association of the Indonesian Tours & Travel Agencies) KALBAR (Kalimantan Barat). For our long haul markets, we supported Diethelm (Switzerland), Audley Travel (United Kingdom) and Cox and Kings Travel (United Kingdom), all companies with a strong market presence and global reach.

FAMILIARISATION TRIPS

This initiative provides an opportunity for potential and existing partners from our focus markets to update themselves on the destination and its product experiences. 16 familiarisation trips to Sarawak were conducted jointly with our partners for the year with a total of 199 agents benefitting from the programme. Among the notable agents were members of the Hong Kong Association of Travel Agents (HATA), Hong Kong Online Travel Agents, and partner agents from Beijing, Guangzhou, Shenzhen, Taipei, Nanjing, Shanghai, Tianjin, Germany and the Benelux countries.

CONSUMER FAIRS & PROMOTION

The Board participated at selected consumer fairs in markets outside Sarawak which are integral to our direct consumer marketing and promotion strategies. Our role at consumer fairs is to facilitate destination marketing of Sarawak's product offerings through branding and tactical marketing communication programmes. The Board collaborates with its travel trade and tourism partners to enable the fulfilment of sales transaction during these consumer fairs.

The Board attended seven consumer fairs for the year, including the Malaysia-based MATTA fairs held in March and September in Kuala Lumpur, the Astindo Fair in Jakarta and the Malaysia Travel Fair in Singapore both held in the month of April. The Board also attended the Travel Industry Exhibition in Sydney in July, the Brunei Travel Fair in September and the International Travel Fair in Taiwan in November.

In May, Sarawak made its presence known in Singapore with the hosting of "Sarawak Week in Singapore". This intensive destination promotion featured outdoor cultural shows, as well as food and handicraft demonstrations, and was aimed at creating heightened awareness of Sarawak among Singaporeans, especially for family travel and short breaks. The Sarawak Week in Singapore promotion was supported by extensive online promotion and a three month outdoor (mobile) advertising campaign.



COMMUNICATIONS UNIT ACTIVITIES

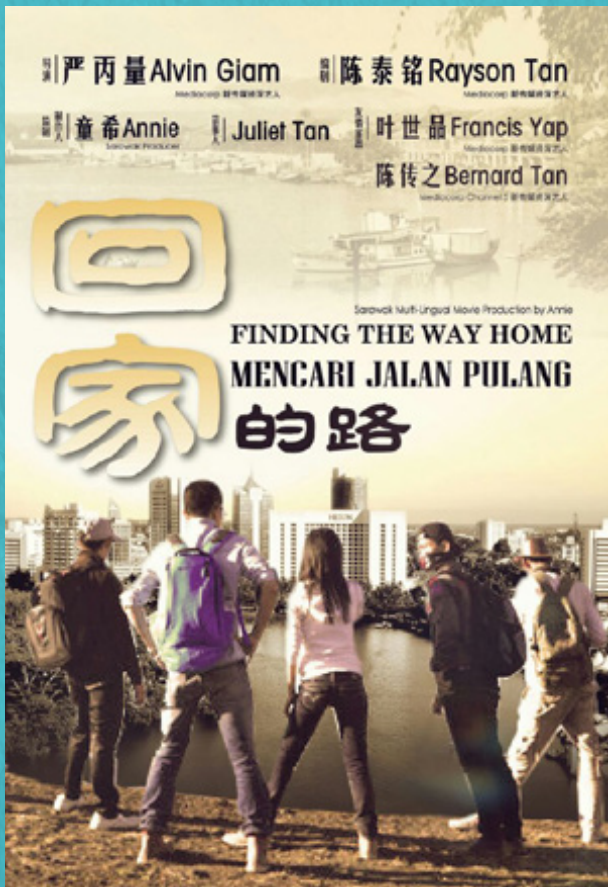
The Communications Unit's objective is to support our initiatives in the market place, leveraging on our strength in traditional media channels to create, build and maintain the destination's brand and image.

MEDIA FAMILIARISATION TRIPS

The Board's media familiarisation trip programme targets a broad range of media players, including production houses, TV and broadcasting media, travel writers, specialist bloggers, journalists and photographers. We hosted 309 media personnel coming to Sarawak to write about or broadcast the destination and our events. This very cosmopolitan group included journalists, travel writers, presenters and producers from West Malaysia, Singapore, United Kingdom, Australia, the Netherlands, China, India, the Philippines and neighbouring Brunei and Indonesia. The biggest group of 169 media personnel came for the Rainforest World Music Festival in August while another 45 covered Borneo Jazz in May.

FILMING SUPPORT

To increase Sarawak's popularity as a filming destination, the Communications Unit facilitates the process of documentation for visiting film crews. In addition, it provides a variety of filming support services including incentive to production houses to feature the destination's product experiences. The Board assisted 22 production houses with their permit applications and provided them with filming support. Notable programmes shot in Sarawak during the year included Animal Planet's River Monsters, Taiwan's top TV variety show Mr Player (綜藝玩很大) and top food show Super Taste (食尚玩家), Discovery Channel's Borneo Rangers and the Netflix-WWF blockbuster Our Planet, to be presented by David Attenborough.





DIGITAL MARKETING

The Board is committed in optimising digital technology and capitalising on integrated business information systems, social media platforms and travel related mobile applications to reach out to the global marketplace around the clock and every day of the year.

MIGRATING TO MOBILE PLATFORMS

For 2016, we focused our digital effort on the long haul markets of Europe and Australia, optimising the existing festival websites, social media platforms, and visual channels including YouTube and Instagram. We also expanded our migration to mobile-friendly apps, adding two digital applications platforms, the Sarawak Travel Guide and the Rainforest Festival Guide. Both now available in iOS and Android versions.

SOCIAL MEDIA

Social media remained relatively static, with our Facebook page being followed by 134,000 fans, an increase of 0.7% compared to the previous year. Our Instagram account had 10,000 followers, up 5% from 2015, and our Twitter account had 7,083 followers, up 2% from 2015. While social media continues to be a critical platform for destination marketing, given the sheer number of people following us, this slowing growth rate justifies our ongoing migration to dedicated mobile apps.

WEBSITES

Our websites are our longest-running digital platform, with sarawaktourism.com celebrating its 20th birthday. When launched in 1996, it was the very first sub-national tourism website in all of Asia, yet even after two decades it continues to deliver. For 2016 sarawaktourism.com recorded 454,155 views, up 62%. Our dedicated festival sites

also performed well www.rwmf.net (the Rainforest World Music Festival website) was viewed 94,462 times, an increase of 9.4%, while jazzborneo.com received 16,963 viewers, a minor decrease of 3.7% compared to 2015.

OTHER INITIATIVES

We extended our involvement with global travel portal TripAdvisor and also expanded our innovative online Destination Training Programme in Germany, where 22 specialist agents have already graduated as destination experts for Sarawak.

The Sarawak Tourism Electronic Newsletter, issued twice monthly, commenced online distribution in September with 1,613 subscribers receiving the mailshots for the year.

Last but not least, our new Online Photo Library was launched in April 2016. This was a major upgrade from our older online photo library with a friendlier user interface and support system. Over 800 professional quality, high resolution destination photos are now available online for organisations or individuals wishing to promote Sarawak. The photos are available for virtually unrestricted use under a Creative Commons License, which encourages widespread use of the images. An encouraging number of new users (166) registered with this new service platform during the year.

SUPPORT SERVICES

During the year we also performed regular maintenance and upgrading of our promotional websites - sarawaktourism.com, rwmf.net and jazzborneo.com - as well as expanding and upgrading our dedicated corporate website, stb.sarawak.gov.my.





CONNECTIVITY

The Board was privileged to initiate and work with Hong Kong Airlines for their twice weekly direct Hong Kong-Kuching-Hong Kong flight beginning late May. The Agreement for the direct flight was signed by the Board's Chief Executive Officer, Datu Ik Pahon Joyik, who is also Permanent Secretary to the Ministry of Tourism, Arts & Culture Sarawak. Hong Kong Airlines' Assistant Commercial Director, Michael Burke, penned his signature for Hong Kong Airlines. The exchange of the signed documents was witnessed by Sarawak's Tourism Minister, Datuk Amar Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, and his Assistant, Datuk Haji Talib bin Zulpilip. The signing saw the launching of the inaugural flight arriving in Kuching on the morning of May 28 to a rousing traditional welcoming ceremony.

For the year, Hong Kong Airlines carried a total of 4,447 foreign passport holders into Kuching.





EVENTS & CORPORATE RELATIONS DIVISION

Angelina Patricia Bateman,
Director of Events & Corporate Relations

2016 ACTIVITIES AND ACHIEVEMENTS

EVENTS

BORNEO JAZZ

The 11th edition of Borneo Jazz, one of Southeast Asia's leading jazz festivals, was held at the grounds of the ParkCity Everly Hotel, Miri, from 13 to 14 May. There were eight professional bands performing on stage. Total attendance was 4,000 for the two nights, with an estimated economic spinoff of RM7.5 million to the local Miri community and media mileage of RM10 million.

For the first time this year we initiated a youth outreach programme, with a workshop on keyboards conducted by Prof Razif from Universiti Sains Malaysia (USM) on the morning of Friday 13th May. Performances by the Chung Hwa school marching band and USM Mini Big Band were presented as a prelude to the main bands' performance each evening as part of the youth programme.



The response to the youth outreach programme has been encouraging, and our objective of fostering the younger generation's interest in the Jazz genre appears to be progressing well. We would therefore like to expand this programme in the years to come so as to further enhance the Borneo Jazz festival.

As part of the Board's efforts to 'green' the event, a tree planting ceremony was undertaken together with Sarawak Forestry Corporation and Sarawak Shell Bhd at the Piasau Nature Reserve, Miri. This was also part of our Corporate Social Responsibility efforts to inspire and empower the young generation to safeguard the environment and raise awareness on the importance of conservation through the simple act of tree planting. The event was attended by local and international media, performers and other invited guests. The greening effort was also extended to the use of environmentally friendly products at the venue's food and village mart.

RAINFOREST WORLD MUSIC FESTIVAL (RWMF)



The 19th edition of the Rainforest World Music Festival was held at the Sarawak Cultural Village, Santubong, from 5 to 7 August. A total of 17 international and eight Malaysian bands participated in this year's event.

Total attendance for the three-day event was estimated at 18,300. A ratio of 60% Malaysians to 40% non-Malaysians attended the festival with the highest percentage from United Kingdom, United States of America, Australia, and Singapore as well as Europe. Based on these statistics, the spinoff to the local economy was estimated at RM35 million.

An estimated 200 media representatives from Italy, Netherlands, France, Australia, China, Thailand, Singapore, Indonesia, India and Malaysia covered the event. They comprised bloggers, as well as traditional print and electronic media, with an estimated media mileage of RM50 million.

We continued with our focus on the family, maintaining the family package for entry to the festival as well as conducting workshops especially for children. We collaborated with Pustaka Bookaroo and other organisations like Friends of Sarawak Museum, Tun Jugah Foundation, and Sarawak Cultural Village to promote more workshops on culture and music and to create

more activities around the village. We also set up the Tree of Life doodle wall curated by Alena Murang, one of Sarawak's own artists.

For the first time this year, we were able to work together with Malaysia Association of Hotels (MAH) and Malaysia Shopping Malls Association to create activities for the two months running up to the festival. This ensured that festivities were not centred around the festival ground only but spread out in the City.

We expanded our greening activities by introducing recycling and waste management (in the form of composting) at the venue. This proved to be a step in the right direction as we now have environmentally responsible organiser showing an interest in the greening of the festival.

From our survey findings, the overall experience of the event is generally good as the music and culture offers a unique and memorable experience for festival goers. The performances, workshops and sound quality were rated good, although some respondents suggested the toilet facilities at the venue could be further improved.



PRODUCT MANAGEMENT

The Board will continue to expose new and potential tourism products through the Sarawak Product Experience initiatives organised by our Visitors Information Centres in Kuching, Sibü and Miri. For 2016, there were a total of nine Sarawak Product Experience initiatives carried out, namely:

Backyard Tour - Kampung Kiding, Ulu Padawan

Pesta Nukenen 2016 - Bario Food & Cultural Festival

Sibu Discovery - Borneo Cultural Festival Street Art and Homestay

Long Pasia, Sabah - Long Semadoh, Sarawak Heritage Trail

Tourism Expedition - Bukit Mambong, Ulu Kapit - Waterfall Trekking and Sungai Turoh Longhouse

Fort to Fort Trail - Kuching and Sri Aman

Ba' Kelalan Bird Watching, Medical (Herbs) Plant Trail & Hot Spring Experience

Pesta Ambal & Bugis Culture, Samarahan

Highland Folk Music & Dance Festival, Long Bedian

Through these initiatives, our staff and travel industry frontliners get to experience first-hand the various products available. This enables us to better promote these products to visitors seeking information.



CORPORATE RELATIONS

The Board continues to support local event organisers in their pre-publicity initiatives through our social media network or with paid articles in a local lifestyle magazine, Borneo Talk. Apart from pre-publicity provided in support of these events, we also support events through other activities such as hosting welcoming receptions and providing city tours as well as supplying souvenirs.

Borneo Talk Magazine is a free quarterly lifestyle publication printed in 16,000 copies per issue and distributed widely in Sarawak, Brunei and Sabah.



We supported a total of 25 events in 2016:

Baleh Kapit Raft Safari	Kuching Marathon
World Harvest Festival	Sibu International Dance Festival
International Borneo Frog Race	Kuching Inter-Cultural Moon Cake Festival
Pesta Kaul Mukah	Serian Cultural Fiesta & Traditional Dance Competition
Runners Wild Bario	Sibu Base Jump
Festival Tarian Traditional Sarawak	Borneo International Kite Festival
Irau Aco Lun Bawang Festival	Sarawak Bird Race
Pesta Benak	Sarawak International Dragon Boat Regatta
Pesta Babulang	Sarawak Regatta
5th Malaysian Golden Chef Competition	Sibu Bike Week
Borneo Cultural Festival	Miri International Dance Festival
Pesta Nukenen	Highland Folk Music and Dance Festival
Padawan Raft Safari	

We also supported the following trade fairs, namely Sejiwa Senada, Cuti-Cuti 1Malaysia 'Dekat Je' Travel Fair, MATTA Fair Kuching, Kuala Lumpur and Miri and the International Day of Forests. In these fairs, we support our own events and our partners' initiatives by promoting their destinations, products and services, as well as providing information on their organisations.

To encourage local talent, especially among the young, we have supported the Sibu Heritage Centre busking event. It is held on every first and third Saturday monthly and response has been encouraging with slots for the year all taken up. We hope this new venue for their weekend activities will encourage our young people to develop their interest in local culture, while also making Sibu a more vibrant town.

We also provided support in terms of our traditional welcoming for inaugural flights such as Rayani Air and Hong Kong Airlines. As we are the organisers of Borneo Jazz and Rainforest World Music Festival, we also collaborated with other festivals in cross promotions at the Miri Country Music Festival, World Youth Jazz Festival KL, KK Jazz Sabah, WOMEX Spain and Taiwan World Music Festival.

Other events that we have supported in terms of brochure printing were the Chinese New Year Tourism Open House, Sibuti Homestay Makan Tahun 2016 and Gawai Tourism 2016.

CRUISE TOURISM

Cruise Tourism has been identified under the National Key Economic Areas, EPP 6: Developing Cruise Tourism. This EPP aims to capitalise on Malaysia's strategic location to improve its competitiveness as a cruise destination, taking advantage of the 14% average annual growth in the Asian and international cruise passenger market. This will be achieved through the development of a Straits Riviera comprising Penang, Port Klang, Kota Kinabalu, Langkawi, Malacca, Kuching and other secondary ports.

Sarawak has been receiving a steady growth of cruise ship arrivals since 2007. For 2016, through the ports of Kuching and Bintulu, we have received a total of nine cruise ship arrivals by Silversea Cruises, Oceania Cruises, Cruise & Maritime Voyages, Plantours & Partners GmbH, Regent Seven Seas Cruises, Seabourn Cruises.

However, there are important issues for Sarawak to consider should it aspire to be a successful cruise tourism destination, namely upgrading cruise passenger facilities in Kuching and Bintulu Ports, upgrading tourism products in Bintulu and future development of a deep-sea port in Kuching.





CORPORATE SERVICES DIVISION

Mary Wan Mering, Director of Corporate Services

HUMAN RESOURCE UNIT CAPACITY BUILDING

Capacity Building is part of the Organisational Development in the Board's Balanced Score Card (BSC). One of the Board's strategies is to achieve its BSC targets to enhance and improve staff skills, abilities, and competencies, leading to a better job performance and career advancement.

In line with the Civil Service development, all staffs have attended a minimum hours of training in their relevant field.



Training courses carried out during 2016 included competency-based training, job-skill enhancement, health and safety, quality (5S) training and other talks/workshops to enhance their job knowledge. Over 90% of staff attended development training during the year. Some of the selected training/workshops/seminars/conferences attended by staff throughout 2016 were:

- Workshop on "Presenting Yourself Powerfully"
- Briefing on Procurement Process by State Financial Secretary
- Media Relations: Managing Media & Press Conference
- Tax Briefing by KPMC Tax Services Sdn. Bhd
- Sarawak Business & Investment Summit Conference
- Adobe Dreamweaver Course
- Introduction to Blue Ocean Strategy
- World Tourism Forum
- PR Writing in the Digital Age; Write with Impact, Influence and Inspiration
- Brown Bag Talk: Measuring Tourist Experience for Homestay Tourism in Sarawak
- Maximizing your creativity in problem solving and decision making at workplace
- Sarawak Heart of Borneo Seminar 2016: Conserving biodiversity through sustaining communities' livelihood.
- Executive Talk – HR Value Creation: Perspective, Outcome, Transformation

The annual Strategic Planning Retreat was organised for all staff of the Board on 2nd – 3rd February. The programme included discussion on the BSC, Integrated Management System and a Motivational Talk.



INTERNSHIP PROGRAMME

The objective of the Board's Internship Programme is to provide students with practical work experience and expose them to the various disciplines that contribute to successful destination promotion. These include management control as well as operation and execution of the various projects undertaken by the Board.

The Internship Programme integrates the student's academic study with work experience in the various areas of the Board, namely Marketing, Communications/IT, and Events organised by the Board.

In 2016, the Board had accepted six students from Kwansai Gakuin University, Japan to undergo their internship with the Board.

STAFF APPRECIATION DINNER

2016 has been a challenging yet an exciting year for Sarawak Tourism Board. With all the international and regional challenges, Sarawak Tourism Board staffs have strived to perform beyond all odds and trying their very best to achieve the target arrivals, which was set at 4.5 million.

Sarawak Tourism Board organised a Staff Appreciation Dinner to reward all those who have performed well in 2016. It was also to acknowledge the loyalty among staffs who have stayed in the Board for 20 years service.



FINANCIAL PERFORMANCE

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2016

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SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

CORPORATE INFORMATION

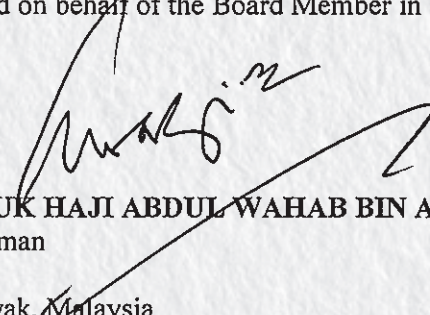
BOARD MEMBERS AND KEY OFFICERS

CHAIRMAN	: YB Datuk Haji Abdul Wahab Bin Aziz
BOARD MEMBERS	: Permanent Secretary, Ministry of Tourism, Arts & Culture, Sarawak
	: State Financial Secretary or his/her nominee
	: Director-General, Malaysia Tourism Promotion Board or his/her nominee
	: Deputy General Manager, Sarawak Forestry Corporation Sdn Bhd or his/her nominee
	: President, Sarawak Tourism Federation or his/her nominee
	: Chairman, Malaysian Association of Tour and Travel Agents or his/her nominee
	: Chairman, Malaysia Association of Hotels (Sarawak Chapter) or his/her nominee
	: Public Relation Officer, Miri Chinese Chamber of Commerce and Industry or his/her nominee
	: YBhg Datuk Jason Tai Hee Managing Director, Pansar Sdn Bhd
	: Mdm Ngui Ing Ing President, Hotel Lance Court and Hospitality
ACTING CHIEF EXECUTIVE OFFICER	: Mary Wan Mering
REGISTERED OFFICE	: 5 th – 7 th Floor, Bangunan Yayasan Sarawak Jalan Masjid, 93400 Kuching
PRINCIPAL PLACE OF BUSINESS	: 5 th – 7 th Floor, Bangunan Yayasan Sarawak Jalan Masjid, 93400 Kuching
AUDITORS	: Auditor General of Malaysia

SARAWAK TOURISM BOARD**(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)****STATEMENT BY CHAIRMAN AND A BOARD MEMBER**

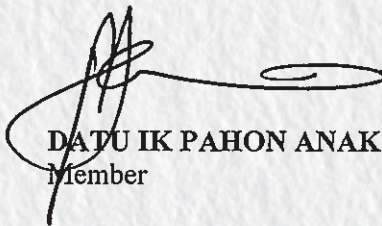
We, **DATUK HAJI ABDUL WAHAB BIN AZIZ** and **DATU IK PAHON ANAK JOYIK**, being the **CHAIRMAN AND A BOARD MEMBER** respectively of **SARAWAK TOURISM BOARD**, do hereby state that, in the opinion of the Board Members, the accompanying financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standards so as to give a true and fair view of the financial position of the Board as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board Member in accordance with a meeting of the board dated **20 JUL 2017**



DATUK HAJI ABDUL WAHAB BIN AZIZ
Chairman

Sarawak, Malaysia



DATU IK PAHON ANAK JOYIK
Member

STATUTORY DECLARATION

I, **MARY WAN MERING**, being the officer primarily responsible for the financial management of **SARAWAK TOURISM BOARD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at *Kuching*)
in the state of *Sarawak*)
on **17 AUG 2017** ...)

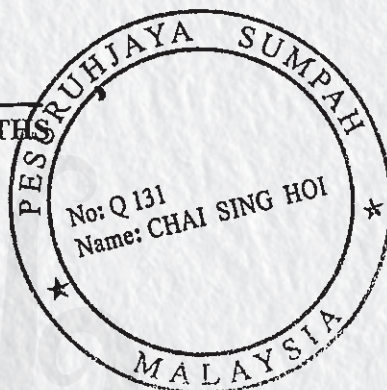


MARY WAN MERING

Before me,

COMMISSIONER FOR OATHS

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





**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
LEMBAGA PELANCONGAN SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2016**

Laporan Mengenai Penyata Kewangan

Pendapat

Penyata Kewangan Lembaga Pelancongan Sarawak telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2016, Penyata Pendapatan dan Perolehan Tertahan serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 11 hingga 35.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Lembaga Pelancongan Sarawak dan Kumpulan pada 31 Disember 2016 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan), 1995 serta Ordinan Lembaga Pelancongan Sarawak, 1994.

Asas Kepada Pendapat

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

Kebebasan dan Tanggungjawab Etika Lain

Saya adalah bebas daripada Lembaga Pelancongan Sarawak dan Kumpulan serta telah memenuhi tanggungjawab etika lain berdasarkan *The International Standards of Supreme Audit Institutions*.

Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya

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

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan penyata kewangan Lembaga Pelancongan Sarawak dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan), 1995 serta Ordinan Lembaga Pelancongan Sarawak, 1994. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan penyata kewangan Lembaga Pelancongan Sarawak dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan penyata kewangan Lembaga Pelancongan Sarawak dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Lembaga Pelancongan 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 Lembaga Pelancongan Sarawak dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Laporan Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *The International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat

sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

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

- a. Mengetahui pasti dan menilai risiko salah nyata ketara dalam penyata kewangan Lembaga Pelancongan 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 Lembaga Pelancongan Sarawak dan Kumpulan.
- c. Menilai kesesuaian dasar perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.
- d. Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperolehi, sama ada wujudnya ketidakpastian yang ketara berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Lembaga Pelancongan Sarawak atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Laporan Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Lembaga Pelancongan Sarawak dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperolehi sehingga tarikh Laporan Juruaudit.
- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Lembaga Pelancongan Sarawak dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju,

pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

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

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan Ordinan Badan Berkanun (Prosedur Kewangan Dan Perakaunan), 1995 serta Ordinan Lembaga Pelancongan Sarawak, 1994, saya juga melaporkan perkara berikut:

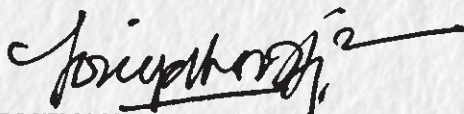
- a. Pada pendapat saya, rekod perakaunan dan rekod lain yang dikehendaki Ordinan untuk disimpan oleh Lembaga Pelancongan Sarawak dan subsidiarinya yang mana kami telah bertindak sebagai juruaudit telah disimpan dengan sempurna menurut peruntukan Ordinan.
- b. Saya telah mempertimbangkan akaun dan Laporan Juruaudit bagi semua subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota 8 kepada penyata kewangan yang telah dimasukkan dalam akaun disatukan.
- c. Saya berpuas hati bahawa akaun subsidiari yang disatukan dengan Penyata Kewangan Lembaga Pelancongan Sarawak dalam bentuk dan kandungan yang sesuai dan teratur bagi tujuan penyediaan penyata kewangan Kumpulan dan saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.
- d. Laporan Juruaudit ke atas akaun subsidiari tidak mengandungi sebarang teguran atau pemerhatian yang boleh menjejaskan penyata kewangan.

Hal-hal Lain

- a. Seperti yang dinyatakan pada Nota 3 kepada penyata kewangan, Lembaga Pelancongan Sarawak telah menerima pakai piawaian perakaunan *Malaysian Private Entities Reporting Standards* (MPERS) mulai 1 Januari 2016 dengan tarikh peralihan pada 1 Januari 2015. Piawaian ini diterima pakai secara retrospektif oleh Lembaga Pengarah terhadap angka perbandingan dalam penyata kewangan ini, termasuk Penyata Kedudukan Kewangan Lembaga Pelancongan Sarawak dan Kumpulan pada 31 Disember 2015 dan 1 Januari 2015, dan Penyata Pendapatan dan Perolehan

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

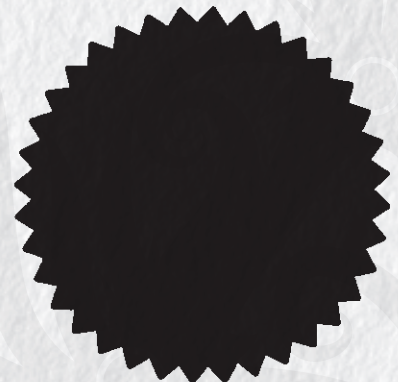
- b. Laporan ini dibuat untuk Lembaga Pengarah dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan laporan ini.



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

KUCHING

TARIKH : 23 AUG 2017



SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Board	
		2016 RM	2015 (Restated) RM	2016 RM	2015 (Restated) RM
Non-current Assets					
Property, Plant and Equipment	7	427,321	202,689	425,685	198,192
Investment in Subsidiary Company	8	-	-	200,000	200,000
Other investment	9	12,600,000	-	12,600,000	-
		<u>13,027,321</u>	<u>202,689</u>	<u>13,225,685</u>	<u>398,192</u>
Current Assets					
Account Receivables and Prepayments	10	1,558,615	707,351	1,557,815	705,752
Cash and Cash Equivalents	11	8,690,504	8,089,885	8,688,139	8,059,514
		<u>10,249,119</u>	<u>8,797,236</u>	<u>10,245,954</u>	<u>8,765,266</u>
Total Assets		<u><u>23,276,440</u></u>	<u><u>8,999,925</u></u>	<u><u>23,471,639</u></u>	<u><u>9,163,458</u></u>
Equity					
General Reserve	15	20,610,636	6,409,799	20,707,490	6,491,448
Current Liabilities					
Account Payables	12	1,128,923	1,069,361	1,110,914	1,034,891
Other Payables	13	1,509,404	1,513,440	1,509,404	1,513,440
Provision for Taxation		27,477	7,325	27,477	7,325
Amount Due to Subsidiary	14	-	-	116,354	116,354
		<u>2,665,804</u>	<u>2,590,126</u>	<u>2,764,149</u>	<u>2,672,010</u>
Total Equity and Liabilities		<u><u>23,276,440</u></u>	<u><u>8,999,925</u></u>	<u><u>23,471,639</u></u>	<u><u>9,163,458</u></u>

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

STATEMENT OF INCOME AND RETAINED PROFITS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Board	
		2016 RM	2015 (Restated) RM	2016 RM	2015 (Restated) RM
Income	16	27,839,074	12,319,776	27,838,009	12,316,876
Operating expenses	17	<u>(13,528,157)</u>	<u>(9,843,202)</u>	<u>(13,511,887)</u>	<u>(9,805,449)</u>
Operating profit		<u>14,310,917</u>	<u>2,476,574</u>	<u>14,326,122</u>	<u>2,511,427</u>
Profit before taxation	18	14,310,917	2,476,574	14,326,122	2,511,427
Taxation expenses or income	19	<u>(110,080)</u>	<u>(60,494)</u>	<u>(110,080)</u>	<u>(62,145)</u>
Profit after taxation (a)		<u>14,200,837</u>	<u>2,416,080</u>	<u>14,216,042</u>	<u>2,449,282</u>
Retained profits brought forward:					
As previously reported		6,409,799	3,993,719	6,491,448	4,042,166
Effect of changes in accounting policies		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As restated (b)		<u>6,409,799</u>	<u>3,993,719</u>	<u>6,491,448</u>	<u>4,042,166</u>
Available for distribution (a) + (b)		20,610,636	6,409,799	20,707,490	6,491,448
Dividend paid		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained profits carried forward		<u>20,610,636</u>	<u>6,409,799</u>	<u>20,707,490</u>	<u>6,491,448</u>

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR END 31 DECEMBER 2016

	Note	Group 2016 RM	2015 (Restated) RM	Board 2016 RM	2015 (Restated) RM
Cash Flows from Operating Activities					
Profit before taxation		14,310,917	2,476,574	14,326,122	2,511,427
Adjustments for:					
Bad debts written off		-	23,026	-	-
Depreciation of property, plant and equipment		71,068	55,487	68,207	52,469
Gain on disposal of property, plant and equipment		-	(17,495)	-	(17,495)
Interest received		(381,005)	(249,711)	(381,005)	(249,711)
Operating profit before working capital changes		14,000,980	2,287,881	14,013,324	2,296,690
Increase in debtors		(851,264)	(3,741)	(852,063)	(3,072)
Increase in creditors		55,526	1,237,081	71,987	1,236,811
Cash Generated From Operation		13,205,242	3,521,221	13,233,248	3,530,429
Taxes paid		(89,928)	(51,315)	(89,928)	(62,145)
Net cash inflows from operating activities		13,115,314	3,469,906	13,143,320	3,468,284
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(295,700)	(92,002)	(295,700)	(92,002)
Purchase of other investment		(12,600,000)	-	(12,600,000)	-
Interest received		381,005	249,711	381,005	249,711
Proceeds from disposal of property, plant and equipment		-	17,495	-	17,495
Net cash (outflows)/inflows from investing activities		(12,514,695)	175,204	(12,514,695)	175,204
Net increase in cash and cash equivalents		600,619	3,645,110	628,625	3,643,488
Cash and cash equivalents at beginning of year		8,089,885	4,444,775	8,059,514	4,416,026
Cash and cash equivalents at end of year		8,690,504	8,089,885	8,688,139	8,059,514
Cash and cash equivalents at end of year comprised of:					
Cash and bank balances	f1	8,690,504	8,089,885	8,688,139	8,059,514

**SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)**

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

1. CORPORATE INFORMATION

The Board, Sarawak Tourism Board, was established in 1994, is incorporated under the Sarawak Tourism Board (Incorporation) Ordinance, 1994 and domiciled in Malaysia. The principal activities of the Board are to stimulate, promote and market Sarawak as a tourist destination. There have been no significant changes to the principal activities of the Board during the financial year under review.

The Board's registered office and principal place of business is located at 5th to 7th Floor, Bangunan Yayasan Sarawak, Jalan Masjid, 93400 Kuching.

The financial statements of the Board are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board members on 20 July 2017.

2. PRINCIPAL ACTIVITIES

The functions of the Board are as follows:-

- a) to stimulate and promote tourism to and within Sarawak;
- b) to stimulate, promote and market Sarawak as a tourist destination;
- c) to organise, secure and enhance publicity in Malaysia and overseas for tourist attractions in Sarawak;
- d) to engage or assist in the development of tourism in the State and to carry on such activities in association with the Government, any public or local authority, any corporation, any company, anybody or any person or as managing agents or otherwise on this behalf, or enter into any arrangement with such bodies or persons for sharing profits, union of interests;
- e) to make recommendations to the Minister of the measures and programmes to be adopted to facilitate and stimulate the development and promotion of the industry in Sarawak and where approved by the Minister, to implement or assist in the implementation of such measures and programmes; and
- f) to liaise and co-ordinate with and make representation to the Malaysian Tourism Promotion Board or the Federal Ministry of Culture, Arts and Tourism on all matters relating to the enhancement of tourism and the development of the tourism industry in Sarawak.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

3. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB).

3.1 Transition to the new MPERS Framework

For the current year ended 31 December 2016, the Board has adopted the new Malaysian Private Entities Reporting Standard (MPERS). The date of transition to the new MPERS Framework is 1 January 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the financial statements for the current year ended 31 December 2016, the comparative financial statements for the year ended 31 December 2015, and to the opening statement of financial position at the date of transition to MPERS. MPERS provides for some mandatory exceptions and non-mandatory exemptions to the retrospective application of some Standards. The transition to MPERS does not impact the Board's Financial Statements.

3.2 Changes in Accounting Policies

Adoption of MPERS also requires that the Board change its accounting policies for the recognition and measurement of some items as stated in Note 5 of the financial statements.

3.3 Early Adoption of the Amendments to MPERS

In October 2015, the MASB issued amendments to MPERS that are effective for financial statements beginning on or after 1 January 2017, with early application permitted. The Board has opted to early apply the Amendments for the current year ended 31 December 2016. The early adoption of the Amendments to MPERS has no effect on the financial statements of the Board for the current year ended 31 December 2016 and the comparative year ended 31 December 2015.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

4. BASIS OF PREPARATION

The financial statements of the Board have been prepared using cost and fair value bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgments and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgments and estimation uncertainties are disclosed in Note 6.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 a) Business Combinations and Consolidation

The Group applies the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the Group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred are in connection with a business combination are capitalised in the cost of business combination.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Business Combinations and Consolidation (Continued)

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one year from acquisition date.

b) Subsidiaries and Basis of Consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when the voting rights are not dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The financial statements of the parent Company and all its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 31 December 2016. The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee).

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Subsidiaries and Basis of Consolidation (Continued)

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary.

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

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

5.2 Property and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property plant and equipment when the Board obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.2 Property and Equipment (Continued)

Property and equipment are written down to recoverable amount if the recoverable amount is less than their carrying value. Recoverable amount is higher of an asset's net selling price and its value in use.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use. Upon the disposal of an item of property and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

Items	Method	Useful life (%)
Office equipments	Straight-line	15
Furniture, fixtures & fittings	Straight-line	10
Computers	Straight-line	20
Cameras	Straight-line	20
Office renovation	Straight-line	10
Motor vehicle	Straight-line	20

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

5.3 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Group and Board assets exceeds its recoverable amount.

At the end of each reporting date, the Group and Board assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group and Board estimates the recoverable amount of the asset or cash-generating unit.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Impairment of Non-Financial Assets (Continued)

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Group and Board determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five (5) years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group and Board reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

5.4 Financial Instruments

(a) Initial Recognition and Measurement

The Group and Board recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.4 Financial Instruments (Continued)

(b) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and Board transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and Board acts only as a collection agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and Board considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Group and Board classifies financial assets in two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised cost.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 5.3(g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.4 Financial Instruments (Continued)

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Group and Board examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

SARAWAK TOURISM BOARD
(Incorporated under the Sarawak Tourism Board (Incorporation) Ordinance 1994)

NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.4 Financial Instruments (Continued)

(g) Impairment and Uncollectibility of Financial Assets (Continued)

For short-term trade and other receivables, where the effect of discounting is immaterial; impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group and Board experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group and Board expects to receive for the asset if it were sold at the reporting date. The Group and Board may estimate the recoverable amount using an adjusted net asset value approach.

5.5 Tax Assets and Tax Liabilities

A current tax for current and prior periods, the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Group expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arise from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is in a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

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5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.5 Tax Assets and Tax Liabilities (Continued)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group and Board treats these as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group and Board expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

5.6 Provision

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economics benefits will be required to settle the obligation and reliable estimate can be made of the amount of obligation. Provisions are reviewed at each financial statement date and adjusted to reflect the current best estimate.

For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

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5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.7 Revenue Recognition and Measurement

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and Board and the amount of the revenue is measured at the fair value of the consideration received or receivable and net of discounts.

5.8 Government Grant

A government grant is assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Grants received before the revenue recognition criteria are satisfied are recognised as deferred income and recorded as liabilities in the statement of financial position.

5.9 Employee Benefits

(a) Short term benefit

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the employees of the Sarawak Tourism Board.

(b) Defined contribution plans

Sarawak Tourism Board's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, Sarawak Tourism Board has no further payment obligations. As required by the law, the Group and the Board make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

5.10 Foreign Currencies

(a) Foreign Currency Transactions

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date.

Exchanges gains and losses arising from the translation of long term foreign currency term loan is deferred and amortised on a straight-line basis over the term of the loan. Other exchange gains and losses have been dealt with in the profit or loss.

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.10 Foreign Currencies (Continued)

(b) Financial Statements of Foreign Operation

Assets and liabilities of the foreign operations, including goodwill arising on consolidation, are translated to Ringgit Malaysia at exchange rate ruling at the reporting date. The revenue and expenses of foreign operation are translated to Ringgit Malaysia at average exchange rate applicable throughout the year. Foreign exchanges difference arising on translation are recognised directly in the profit or loss.

The closing rates used in translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2016
	RM
1 United States Dollar	4.49

(c) Exchange Differences on Net Investment in Foreign Operations

Exchange differences arising on monetary items that forms part of the Board's net investment in foreign operations are recognised in the profit or loss in the separate financial statements of the Board. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under the heading of translation reserves. They are not recognised in profit or loss on disposal on the net investment.

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

6. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

6.1 Judgements and Assumptions Applied

In the selection of accounting policies of the Group and Board, no significant judgement is used in the preparation of financial statement

6.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and Board are in measuring: (a) value-in-use of non-financial assets in impairment testing; (b) loss allowances of financial assets; (c) depreciation of property, plant and equipment and (d) measurement of income taxes.

(a) Determining the Value-in-Use

In determining the value-in-use of a stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s). The actual outcome or event may not coincide with inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group and Board's financial position and results.

(b) Loss Allowances of Financial Assets

The Group and Board's recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Board past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the Board financial position and results.

(c) Depreciation of Property, Plant and Equipment

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

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

6. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

(d) Measurement of Income Taxes

The Group and Board operate in various jurisdictions and are subject to the income taxes in each jurisdiction. Significant judgement is required in determining the Group and Board provision for the current and deferred taxes because the ultimate tax liability for the Group and Board as a whole is uncertain. When the final outcome of taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and Board will adjust for the differences as over-or under-provision of current or deferred taxes in the current period in which those differences arise.

7. PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2016 RM	Group Additions RM	As at 31.12.2016 RM
Cost			
Office Equipment	488,953	60,331	549,284
Furniture, Fixtures & Fitting	322,319	2,400	324,719
Computers	487,873	42,514	530,387
Camera	60,336	-	60,336
Office Renovation	151,251	-	151,251
Motor Vehicles	85,501	190,455	275,956
	<u>1,596,233</u>	<u>295,700</u>	<u>1,891,933</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group		As at 31.12.2016 RM
	As at 1.1.2016 RM	Additions RM	
Accumulated depreciation and impairment losses			
Office Equipments	405,354	21,026	426,380
Furniture, Fixtures & Fittings	312,757	2,427	315,184
Computers	434,443	35,998	470,441
Cameras	41,608	392	42,000
Office Renovation	113,882	8,051	121,933
Motor Vehicles	85,500	3,174	88,674
	<u>1,393,544</u>	<u>71,068</u>	<u>1,464,612</u>

	Group	
	2016 RM	2015 RM
Net carrying amount		
Office Equipments	122,904	83,599
Furniture, Fixtures & Fittings	9,535	9,562
Computers	59,946	53,430
Cameras	18,336	18,728
Office Renovation	29,318	37,369
Motor Vehicles	<u>187,282</u>	<u>1</u>
	<u>427,321</u>	<u>202,689</u>

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 1.1.2016 RM	Board Additions RM	As at 31.12.2016 RM
Cost			
Office Equipment	450,432	60,331	510,763
Furniture, Fixtures & Fittings	321,127	2,400	323,527
Computers	484,574	42,514	527,088
Camera	42,813	-	42,813
Office Renovation	168,775	-	168,775
Motor Vehicles	85,501	190,455	275,956
	<u>1,553,222</u>	<u>295,700</u>	<u>1,848,922</u>

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Board		As at 31.12.2016 RM
	As at 1.1.2016 RM	Additions RM	
Accumulated depreciation and impairment losses			
Office Equipments	390,482	20,715	411,197
Furniture, Fixtures & Fittings	306,922	2,411	309,333
Computers	416,635	33,465	450,100
Cameras	41,608	392	42,000
Office Renovation	113,882	8,050	121,932
Motor Vehicles	85,500	3,174	88,674
	<u>1,355,029</u>	<u>68,207</u>	<u>1,423,236</u>

	Board	
	2016 RM	2015 RM
Net carrying amount		
Office Equipments	99,566	59,950
Furniture, Fixtures & Fittings	14,194	14,205
Computers	76,988	67,939
Cameras	812	1,204
Office Renovation	46,843	54,893
Motor Vehicles	<u>187,282</u>	<u>1</u>
	<u>425,685</u>	<u>198,192</u>

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8. INVESTMENT IN SUBSIDIARY COMPANY

	Board	
	2016	2015
	RM	RM
Unquoted share at cost	<u>200,000</u>	<u>200,000</u>

The particulars of the company which is incorporated in Malaysia are as follows:

	Board	
	% of equity held	
	2016	2015
	RM	RM
STB Leisure & Properties Sdn Bhd	<u>100</u>	<u>100</u>

Principal activities:

To carry out tourism-related business in providing general support to the activities of Sarawak Tourism Board and to manage properties owned by the Sarawak Tourism Board.

The financial statements of the above subsidiary company are not audited by the Auditor General of Malaysia.

9. OTHER INVESTMENT

	Group/Board	
	2016	2015
	RM	RM
Unquoted shares at cost	<u>12,600,000</u>	<u>-</u>

The particulars of the company, a Delaware Limited Liability company which is incorporated in United States are as follows:

	% of equity held	
	2016	2015
	RM	RM
Margate House Films LLC	<u>20</u>	<u>-</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

9. OTHER INVESTMENT (Continued)

Principal activities:

To produce, own and exploit a Picture based on script known as “White Rajah”, written by Rob Allyn.

Although the Group owns 20% of equity in Margate House Film LLC, a company incorporated in United State, the Group does not have control nor significant influence to govern the financial and operating policies. Consequently, the investment is recognised as other investments of the Group.

10. ACCOUNT RECEIVABLES & PREPAYMENTS

	Group		Board	
	2016	2015	2016	2015
		Restated		Restated
	RM	RM	RM	RM
Prepayments	49,338	46,958	49,338	46,958
Deposits	623,335	101,015	622,535	99,416
Debtors	617,932	508,232	617,932	508,232
	<u>1,290,605</u>	<u>656,205</u>	<u>1,289,805</u>	<u>654,606</u>
Less:				
Provision For				
Doubtful Debts	(52,000)	(52,500)	(52,000)	(52,500)
	<u>1,238,605</u>	<u>603,705</u>	<u>1,237,805</u>	<u>602,106</u>
Goods and				
Service Tax	320,010	103,646	320,010	103,646
	<u>1,558,615</u>	<u>707,351</u>	<u>1,557,815</u>	<u>705,752</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

11. CASH AND CASH EQUIVALENTS

	Group		Board	
	2016	2015 Restated	2016	2015 Restated
	RM	RM	RM	RM
Cash and Bank balances	2,535,154	339,620	2,532,789	309,249
Fixed deposit with Financial Institutions	<u>6,155,350</u>	<u>7,750,265</u>	<u>6,155,350</u>	<u>7,750,265</u>
	<u>8,690,504</u>	<u>8,089,885</u>	<u>8,688,139</u>	<u>8,059,514</u>

12. ACCOUNT PAYABLES

	Group		Board	
	2016	2015 Restated	2016	2015 Restated
	RM	RM	RM	RM
Creditors	1,096,525	1,007,894	1,078,516	973,424
Accruals	<u>32,398</u>	<u>61,467</u>	<u>32,398</u>	<u>61,467</u>
	<u>1,128,923</u>	<u>1,069,361</u>	<u>1,110,914</u>	<u>1,034,891</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

13. OTHER PAYABLES

Other payables are stated at short term projects cost quoted by Ministry of Tourism Sarawak which is fair value of the consideration to be claimed in the future for goods and services received.

	Group		Board	
	2016	2015	2016	2015
	RM	Restated RM	RM	Restated RM
ASIA Television	709,950	709,950	709,950	709,950
China Roadshow	631,044	631,044	631,044	631,044
MyFest 2015	111,520	111,520	111,520	111,520
MOU Signing Programme	11,426	11,426	11,426	11,426
Other Programme	45,464	49,500	45,464	49,500
	<u>1,509,404</u>	<u>1,513,440</u>	<u>1,509,404</u>	<u>1,513,440</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

14. AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiary is unsecured, interest free and have no fixed terms of repayment.

15. GENERAL RESERVES

Sarawak Tourism Board receive an annual grant from the Sarawak government and the Federal government for operation expenses such as administration, marketing and promotion. The surplus will be retain in general reserve.

16. INCOME

	Group		Board	
	2016	2015	2016	2015
		Restated		Restated
	RM	RM	RM	RM
Government Grant	25,600,000	10,450,000	25,600,000	10,450,000
Events Income	1,857,004	1,599,670	1,857,004	1,599,670
Other Income	382,070	270,106	381,005	267,206
	<u>27,839,074</u>	<u>12,319,776</u>	<u>27,838,009</u>	<u>12,316,876</u>

17. OPERATING EXPENSES

The following items have been charged to arrive at the profit before taxation:

	Group		Board	
	2016	2015	2016	2015
		Restated		Restated
	RM	RM	RM	RM
Cost of Event	2,910,133	2,740,831	2,910,133	2,740,831
Administrative expenses	5,026,951	4,456,576	5,026,951	4,418,823
Other Operating Expenses	5,591,073	2,645,795	5,574,803	2,645,795
	<u>13,528,157</u>	<u>9,843,202</u>	<u>13,511,887</u>	<u>9,805,449</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

18. PROFIT BEFORE TAX

The following items have been charged to arrive at the profit before taxation:

	Group		Board	
	2016	2015	2016	2015
		Restated		Restated
	RM	RM	RM	RM
Auditor's Remuneration:				
- Statutory Audit	5,554	5,746	3,754	3,946
- Other Audit	9,792	17,941	9,792	17,941
Depreciation	71,066	55,329	68,207	52,310
Rental	432,154	420,460	432,154	420,460
Staff Cost	<u>2,648,201</u>	<u>2,455,721</u>	<u>2,648,201</u>	<u>2,451,827</u>

Included in staff cost was contribution to the Statutory Provident Fund made by the Group and the Board amounting to RM279,923 (2015: RM272,233) and RM279,923 (2015: RM258,971) respectively.

19. TAXATION

According to Section 127 (3) (b) of the Income Tax Act 1967 [Act 53], Income Tax (Exemption) (No. 22) Order 2006 granted the Board exemption from the payment of income tax in respect of its statutory income in relation to the sources of income derived from the allocations given by the Federal and State Government in the form of a grant or a subsidy.

The tax charge for the year is on fixed deposit interest received which do not fall under this Exemption Order.

19.1 Tax expenses

	Group		Board	
	2016	2015	2016	2015
		Restated		Restated
	RM	RM	RM	RM
Tax expense for the year	95,153	62,145	95,153	62,145
Reversal of deferred taxation	-	(1,651)	-	-
Underprovided previous year's tax	<u>14,927</u>	<u>-</u>	<u>14,927</u>	<u>-</u>
	<u>110,080</u>	<u>60,494</u>	<u>110,080</u>	<u>62,145</u>

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NOTE TO THE FINANCIAL STATEMENTS – AS AT 31 DECEMBER 2016

19. TAXATION (Continued)

19.2 Deferred Taxation

	Group 2016	2015 Restated
	RM	RM
At the beginning of the year	-	1,651
Utilised during the year	-	(1,651)
	<u>-</u>	<u>-</u>

20. NUMBER OF EMPLOYEES

	2016	Group 2015	2016	Board 2015
	RM	RM	RM	RM
The number of staff in the year	<u>46</u>	<u>40</u>	<u>46</u>	<u>40</u>



sarawak
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