

1<sup>st</sup> QUARTER 2018

# *Warta* HARWOOD



**NEW ATMOSPHERE  
NEW DREAM  
HARWOOD MIRI OFFICE**

**HARWOOD CREATES VALUE**  
[www.harwoodtimber.com.my](http://www.harwoodtimber.com.my)



## VISION

To be a significant contributor to the sustainable development of timber resources and value added industry

## MISSION

To deliver satisfactory service to our customers through organizational efficiency, value creation and talent development

## VALUES

Integrity  
Professionalism  
Loyalty  
Teamwork  
Respect  
Caring



# HARWOOD CREATES VALUE

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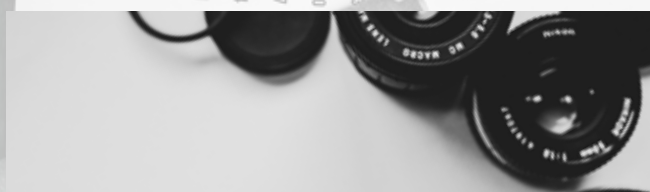
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# Harwood Miri

## NEW OFFICE@MARINA BAY

Since its incorporation in 1985, Harwood Timber Sdn Bhd has been committed to the development and sustainability of the timber industry in Sarawak. As a subsidiary of Sarawak Timber Industry Development Corporation (STIDC), Harwood has been entrusted by the Sarawak Government to hold significant roles in managing the movement of logs in the state.



During the early years, Harwood's principal role was to buy and sell logs to the local market. In 1994, Harwood emerged as one of the key players in the local timber arena after being appointed by the State Government to be the sole agency in administering the supply and distribution of timber to local licensed sawmills.

As the timeline progressed, Harwood's role was expanded to undertake more responsibilities which include the issuance of Export Clearance Certificate (ExCC) for all export logs and to monitor the transportation of logs by land.



The functions for the appointment are as prescribed under Section 67A (5) of the Forest Ordinance of Sarawak. Later in 2002, the Director of Forests pursuant to Section 67A(7)(a) of Forest Ordinance (Chapter 126), appointed Harwood as the authorized agency to issue export clearance certificate for all export logs.

By 1995, the State Government issued a circular reviewing Harwood's role to "Log Endorsement" as agreed by Sarawak Timber Association (STA). The term log endorsement comprises of inspection and endorsement of logs under Reservation Quota (RQ) for distribution and transportation. As the

Over the past two decades, Harwood has expanded its reach through the establishment of regional offices throughout the State in its endeavour to deliver satisfactory services to its customers through efficiency, value creation and talent development - in line with its corporate Mission.

To date, Harwood has fully operational offices not only in Kuching, but in Sibul, Sarikei, Miri and Bintulu with their own respective regional managers. Offices were also set up in Tanjung Manis, Sri Aman, Kapit, Lawas and Limbang and command an overall staff strength of over 400 highly dedicated and trained personnel to shoulder the important roles that have been bestowed upon us.





Harwood achieved another milestone on 7th February 2018 when our Executive Chairman, YBhg Tan Sri Datuk Amar Haji Bujang Mohd Nor declared open our new Miri regional office at Marina Square Parkcity, Miri. The former office at Taman Bumiko which was first established in 1989 and operated with only a handful staff had since outgrown its initial role of conducting log inspections for Royalty Incentive Claims by the timber industry from STIDC.

Currently, the man-power for Harwood Miri has multiplied in tandem with the additional roles and functions through Harwood's evolvement, progress and elevation as a key party to the Chain-of-Custody for the movement of logs in Sarawak.

The new office premises which is housed within the same office block with our parent company's Miri office is ideally located at Level 2 and 3, making it an ideal location to function as a one-stop centre for the convenience of the timber industry, which is part and parcel of our effort to provide efficient and value-added services to our clients.

The opening ceremony on this memorable day saw the gracious presence of representatives from the related timber agencies, STIDC, SFC, Forests Department as well as friends and business associates from the timber industry.

The Management Team of Harwood as well as the Regional Managers of the other regions were also present in full force on this auspicious occasion to mark the progress and advancement that Harwood has achieved to this day.

The new office was blessed by Al-Fadhil Ustaz Hamzah, who recited the du'a followed by a touching and meaningful speech by the Regional Manager of Miri, Encik Busairi Rasit who thanked everyone past and present for their contribution, support and cooperation to Harwood's ongoing success.

En. Busairi Rasit also hoped the current cordial relationship that Harwood is having with the other agencies and the industry will continue and augurs well for the betterment of the timber industry in the State.



# Market Outlook

The timber market performed better in 2017 compared to the previous year. Sarawak's total timber export revenue increased by 3.5% to RM6.1 billion for 2017 against RM5.9 billion in year 2016. The report from Sarawak Timber Industry Development Corporation (STIDC) indicated that the improvement in export earnings was due to the increase in the export value of plywood being the major contributor which accounted for 53% of the total export value from RM2.9 billion in 2016 to RM3.3 billion in 2017. This was followed by logs (20% at RM1.2 billion), sawn-timber (13% at RM803 million) and other timber products (14% at RM845 million).

Sarawak timber, due to its high quality which meets market specifications is still in high demand among traditional markets like Japan, Korea and China, as well as India. It is hoped that the positive growth of Sarawak timber export earnings in 2017 will continue this year; in line with the national export target which is expected to increase by 5% this year from RM23.22 billion last year.

The trend of export log prices for the first quarter of 2018 indicated mixed volatility, based on timber species. This was obvious in Miri region where Kapur and Keruing species showed a rise in prices between USD10/m<sup>3</sup> to USD25/m<sup>3</sup> over the last quarter. However, the prices for Meranti, Selangan Batu and Mixed Light Hardwood (MLH) species had fallen between USD40/m<sup>3</sup> to USD90/m<sup>3</sup>. Prices for all log species, except for Selangan Batu in Sarikei region were also lower between USD10/m<sup>3</sup> to USD40/m<sup>3</sup> in this quarter. As for Bintulu region, the prices of all species remain unchanged compared to the last quarter, except for MLH and Selangan Batu which showed an improvement between USD10/m<sup>3</sup> to USD20/m<sup>3</sup>.

The prices of local logs (based on species and grades) remained competitive and have increased since last year due to higher demand especially from local plywood mills. For instance, the prices of Meranti, Keruing and Kapur have improved at an average of between RM30/Hton to RM100/Hton compared to the last quarter.

Source:

Sarawak Timber Industry Development Corporation (STIDC)  
Endorsement & Shipping Department, Harwood Timber Sdn Bhd  
The Star (20 February 2018)



## Average Local Price of Logs

(RM per H/Ton C&amp;F Mill)

Period: January – March 2018

No	Species	Plywood RM/Hton	Sawmill RM/Hton
1	Meranti*		
	Reg	1350	1200
	SM	1300	1150
	SSM	1250	1100
	BSM	1200	1050
	LG	920	1150
2	Kapur		
	Reg	1400	1350
	SM	1350	1300
	SSM	1300	1250
	BSM	1200	1100
	LG	1250	1150
3	Keruing		
	Reg	1400	1350
	SM	1350	1300
	SSM	1300	1250
	BSM	1200	1100
	LG	1250	1150
4	MLH (Hill)		
	Reg	1050	960
	SM	1000	910
	SSM	950	860
	BSM	900	810
	LG	850	835
5	MLH (Swamp)*		
	Reg	900	750
	SSM	700	700
	BSM	700	620
	LG	600	470
6	Selangan Batu**		
	Reg	N/A	1400
	SM	N/A	1350
	SSM	N/A	1300
	BSM	N/A	1180
	LG	N/A	1180
7	MGRS		
	Reg	N/A	890
	SM	N/A	840
	SSM	N/A	790
	BSM	N/A	750
	LG	N/A	700

## Average Export Price of Logs

(USD Per M<sup>3</sup> FOB)

Period: January – March 2018

No	Species	USD/M <sup>3</sup>
1	Meranti - Plywood Grade	
	Reg	290
	SM	265
	SSM	240
	LG	190
2	Kapur - Plywood Grade	
	Reg	380
	SM	365
	SSM	345
	LG	290
3	Keruing - Plywood Grade	
	Reg	350
	SM	335
	SSM	315
	LG	250
4	MLH (Hill) – Plywood Grade*	
	Reg	190
	SM	175
	SSM	160
	LG	110
5	Selangan Batu*	
	Reg	530
	SM	510
	1/3 HOL	500
	2/3 HOL	250

Source:

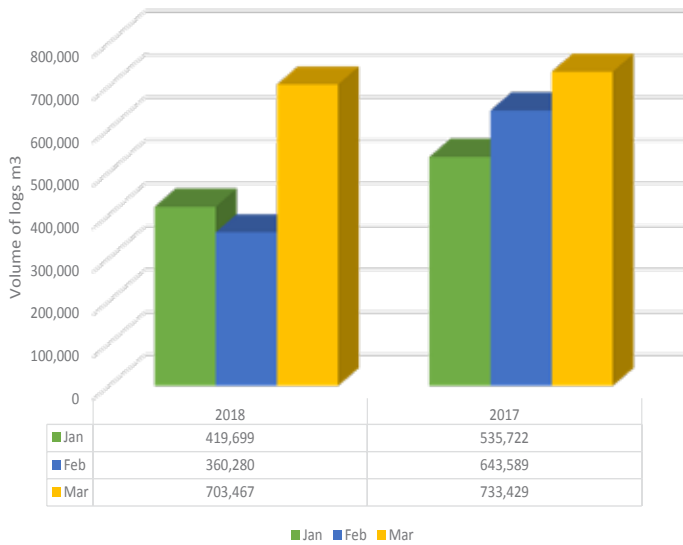
Average Local Price of Logs- Sibu Regional Office, \*Bintulu Regional Office, \*\*Miri Regional Office

Average Export Price of Logs- Miri & \*Sarikei Regional Offices

**Note:** The above are only indicative prices and may vary in accordance with other criteria and market conditions.

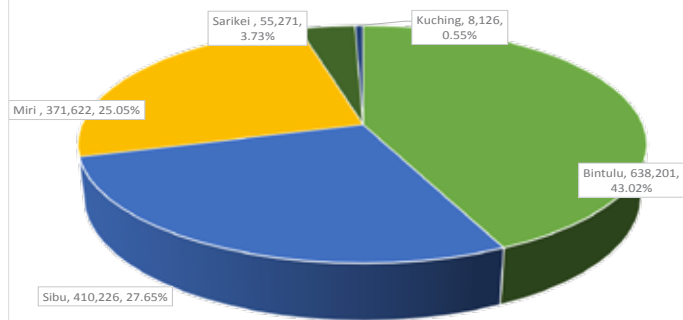
# A Review On Harwood Endorsement Activities

## VOLUME OF LOGS ENDORSED AT SOURCE / COLLECTION DISTRIBUTION CENTRE (CDC) (JANUARY - MARCH 2017/2018)



In the first quarter of 2018, the total volume of logs endorsed at source / CDC was 1,483,446 m<sup>3</sup> which is lower by 22% (429,294 m<sup>3</sup>) in comparison to the same quarter in 2017.

## TOTAL ENDORSED VOLUME BY REGION (JANUARY - MARCH 2018)



Among the 5 regions, Bintulu endorsed the highest volume of logs for the first quarter of 2018 with 638,201 m<sup>3</sup>, followed by SibU with 410,226 m<sup>3</sup>, Miri with 371,622 m<sup>3</sup> and Sarikei with 55,271 m<sup>3</sup> respectively. The lowest volume endorsed for fourth quarter of 2018 was in Kuching at 8,126 m<sup>3</sup>.

Region	Jan	Feb	Mar	Total
Bintulu	140,561	164,009	333,631	638,021
SibU	126,206	92,802	191,218	410,226
Miri	126,127	90,814	154,681	371,622
Sarikei	25,347	11,007	18,917	55,271
Kuching	1,458	1,648	5,020	8,126
<b>Total</b>	<b>419,699</b>	<b>360,280</b>	<b>703,467</b>	<b>1,483,446</b>

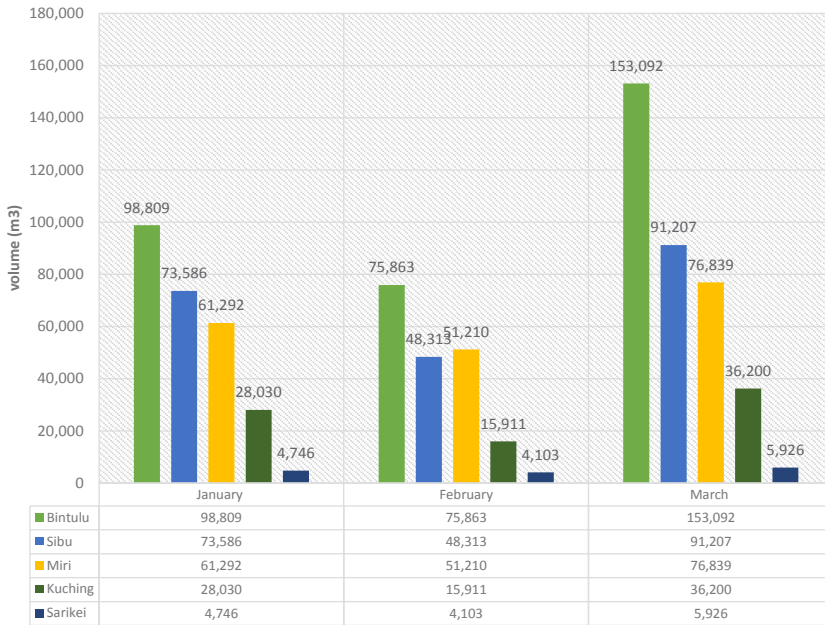
## CATEGORIZATION OF ENDORSED LOGS (JANUARY - MARCH 2018)



In first quarter of 2018, 42% (624,068 m<sup>3</sup>) of logs endorsed were Reservation Quota Logs. Non-quota logs denoted 17% (243,071 m<sup>3</sup>) while Export Quota Logs denoted 12% (182,176 m<sup>3</sup>) of the total volume for logs endorsed and another 29% (434,131 m<sup>3</sup>) were contributed by Planted Forest Logs.



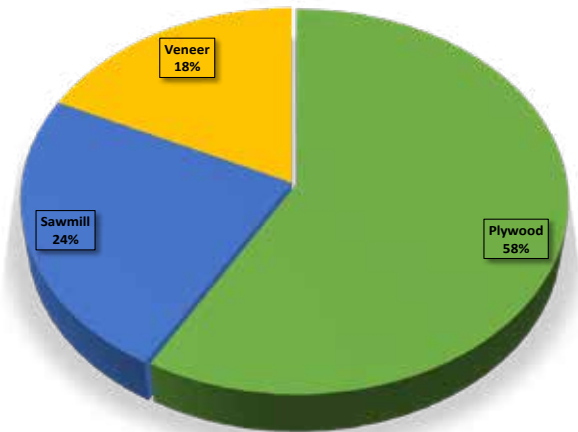
### SUMMARY OF LOGS INSPECTED AT MILL (JANUARY – MARCH 2018)



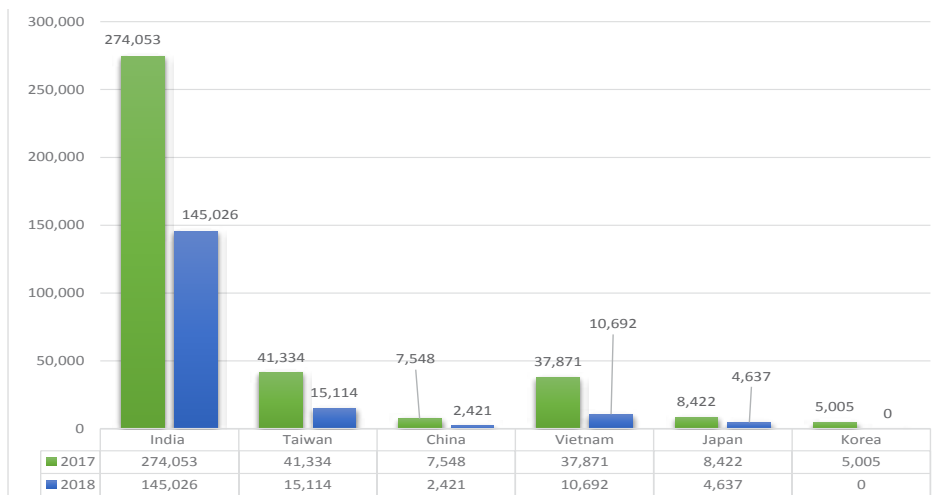
A total volume of 825,127 m<sup>3</sup> of logs were inspected at mill in the first quarter of 2018. From the total volume, Bintulu represented 40% (327,764 m<sup>3</sup>) which was the highest volume of logs inspected in this quarter. This was followed by Sibü with 26% (213,106 m<sup>3</sup>), Miri with 23% (189,341 m<sup>3</sup>), Kuching with 10% (80,401 m<sup>3</sup>) and lastly Sarikei with 2% (14,775 m<sup>3</sup>).

### CATEGORIZATION OF INSPECTED LOGS AT MILL (JANUARY – MARCH 2018)

Plywood is the major category of logs inspected at mills at 58% (481,445 m<sup>3</sup>) from the total volume. It was followed by Sawmill category which constituted 24% (196,722 m<sup>3</sup>) and the smallest portion of 18% (146,960 m<sup>3</sup>) was under Veneer category.



### EXPORT LOGS VOLUME TO MAJOR DESTINATIONS (JANUARY – MARCH 2018)



The total volume of logs exported to the importing countries in the first quarter of 2018 was 177,890 m<sup>3</sup> which shows a decline of 52% compared to the same quarter in 2017.

Among the 6 main importing countries, India still holds the major portion of 82% (145,026 m<sup>3</sup>) of the total volume of logs exported, followed by Taiwan with 8% (15,114 m<sup>3</sup>), Vietnam with 6% (10,692 m<sup>3</sup>), Japan with 3% (4,637 m<sup>3</sup>) and lastly China at approximately 1% at 2,421 m<sup>3</sup>.

# Significant events

On 10th January 2018, Harwood held a small gathering to honor Tuan Haji Sapuan Ahmad on his retirement as the Director of Forests and to welcome Tuan Hamden Bin Mohammad as the Acting Director of Forests. The function was attended by our Executive Chairman, YBhg Tan Sri Datuk Amar Haji Bujang Bin Mohd Nor and the Management Team



On 12th January 2018, Harwood held the annual Christmas and New Year gathering for its 80 employees at HQ. Our Executive Chairman, YBhg Tan Sri Datuk Amar Haji Bujang Mohd Nor and our General Manager, Tuan Haji Abdul Hadi bin Datuk Haji Abdul Kadir as well as the Management Team were on hand to share the joyous occasion with the staff.



(TOP) On 16th January 2018, the Corporate Affairs and Compliance Unit handed over stationeries, shoes and school uniforms to selected Primary and Secondary School's students within Kuching area as part of our CSR program. As a start for this program, two schools were chosen; SK Matu Baru, Bintawa, Kuching (Primary) and SMK Matang Hilir, Kuching (Secondary). The management and staff of Harwood also made contributions to this program either in cash or in kind

(LEFT) On 25th January 2018, the Management Team of Harwood led by our General Manager, Tn Hj Abdul Hadi Bin Datuk Hj Abdul Kadir made a courtesy call on the new Acting Director of Forests for Sarawak, Tn. Hamden Mohammad.



This year, the Harwood Annual Chinese New Year Gathering was held on 1st March 2018 with a wide array of scrumptious dishes and beautiful office decorations much to the delight of our Chinese staff. Harwood has made it a priority to promote inclusiveness and harmony among the different races in the Company. Festive events that enhance cohesiveness among people of different races, religious faiths and beliefs will remain the mainstay in the annals of our Company's celebrations.



Our Executive Chairman, YBhg Tan Sri Datuk Amar Haji Bujang Mohd Nor and our Management Team made a visit to the site of Royal Bay Commercial Centre, Bintawa on 7th March 2018. The purpose of the visit was to keep abreast with the progress of the Royal Bay's project which is expected to be completed within this year.

On 7th March 2018, Harwood was delighted to welcome Encik Mohd Rasyid from MPC (Malaysia Productivity Corporation) and to seek his expert advice and guidance in our implementation of the 5S campaign. En. Mohd Rasyid's visit has helped to improve our understanding and confidence in the implementation of the campaign.



# Directory Of Services

## OUR SUBSIDIARIES



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**ENRICH ESSENCE** SDN BHD

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Tel: 082-330 671



**HARWOOD TIMBER PRODUCTS**  
SDN BHD

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