



## The Evolution of the Superior Plantation

There is one frustrating aspect of trees; they take a long time to grow. It is frustrating for a few reasons, however the main reason is the identification of the best trees, which is absolutely vital for the future growth of our plantations.

It commenced with locating and identifying the existing Teak trees in Fiji. The next step was to obtain insight in the old Government Forestry files that were to provide information on each individual stand of trees and indicate from where in the world the seeds were sourced. Only after this research was completed we could decide from which trees our teams should collect seeds from for our nursery.

However, even then the quality control of the seedlings is not completely assured as it is unknown which tree had shared its genetics with the tree we collected our seeds from. In other words, while we collected seeds from the best looking trees, these trees in turn may have been pollinated from an inferior tree just down the road.

As a result we have had to wait all this time in order to ascertain the best trees in our plantations. The best trees have the fastest growth, the best shape and the best heartwood character. We have had to wait five years, however now we know!

After all this time the company is now on the verge of growing the best Teak plantations in the Pacific.

Our teams have taken branches from our best trees and have prepared the cuttings from them in a special manner. We have then planted the sticks taken from these branches and stimulated them to grow into another tree. These trees are a carbon copy of the best trees in our plantations today. With this procedure in place we can increase our production and make sure all trees have the best shape and the most timber contents and eliminate the small and inferior tree.



Teak cuttings with healthy roots.

It is estimated that we can achieve a 30% increase in productivity by implementing this management systems in our nursery in Ra.



Teak Branches made to grow again. From these we take cuttings and from one branch we can generate many hundreds of new trees.



**CLONAL MATERIALS**  
- yield improvement of  
30% observed

**SEED SOURCE**

**BRAZIL**

## Why are we different?

Many questions have been asked as to why our company will do better than other timber investments. The simple answer is that we are simply 'Simple'. Let us explain;

Over the last fifteen years many timber investment companies have sprung up and failed. However, equally, many more have not failed. So the real question is the difference between the two. When we analyse the failed companies we consistently see that they have complex and often unorthodox investing systems. The most popular was the sale of 'Wood Lots'. These Lots were basically a group of trees that the investor paid for and owned. The investor would then only gain financial returns when their trees were harvested and sold. The investor did not have a share in any other part of the company and did not own part of the offices, vehicles, equipment and most importantly the land that the trees were growing on. In short no security.

Much of the investor's money went into paying for the management salaries and directors fees and in many cases these salaries were too high, leaving little for forest development and management. Also these companies had abnormally high levels of debt that they had developed by using the assets of the company (trees, land and machinery) to use as security with the lending institutions. When the Global Financial Crisis occurred the levels of debt were unsustainable and these companies failed and, sadly, because the investors did not own any part of the company they received no settlement from the receivers.

Now this is exactly why Future Forests (Fiji) Limited is different. Every share held by an investor is a legal claim on an equal part of the company. Each and every share is exactly the same. The simple view is that the entire company is owned by the Shareholders and not some distant management company. All the equipment, offices, machinery and most importantly the land with the trees are owned proportionally by all our Shareholders.

Furthermore, the Managers and Directors of the company actively seek the inputs from Shareholders. We have instituted the position of Shareholders Representative whose role is to attend Board meetings and other high-level meetings that decide important strategic plans and to report back to all other Shareholders. Equally, the Shareholder Representative is able to take shareholder concerns directly to the Board of Directors and have the concerns addressed immediately, thereby ensuring that the Managers and Directors work in the best interests of the Shareholders. The current Shareholder Representative is Mr Peter McPherson.

Future Forests (Fiji) Limited is strictly non-political, non-denominational and culturally unbiased. Any Shareholder can be nominated for a board position when they become vacant. Naturally the best qualified person, either by experience or qualification should be considered.

Our company, your company, is interested only one thing: ascertain the best forestry practises to produce the best forestry products and thereby achieving the best investor returns.



### Interesting Facts

*The biggest Teak tree, located to date, in Fiji measures 3.3 meters around its trunk.*

*(biggest Teak tree in the world in India has a circumference of 6.42 m)*

## Making the Grade

Teak must be one the most analysed timbers today. Grading timber is full of complexity and confusion. However, a master grader can immediately identify the quality and price indication of timber, whilst you and I would be lost.

The grading systems for wood begin in the forests, or in the case of Teak in the jungles with the Classification of Teak Logs, popularly known as the Gallant Rules, after Mr. M.M. Gallant. This classification covers five grades; viz., five star (or AY), four star, three star, two star and one star. Like the standard named Jungle Rejection, the Gallant Rules deduct five cubic feet per defect for scaling purposes. Star classes are graded according to the defect value. The limits determining the star class of a log are given in this Table.

Star Class	Min. Length (Ft)	Min. Girth (Ft)	Min. Volume (Cu.Ft)	Defect
AY (5*)	15	6	-	0.5/50 Cu.Ft
4*	15	5	30	1.0/50 Cu.Ft
3*	12	5	30	2.0/50 Cu.Ft
2*	10	4	20	3.0/50 Cu.Ft
1*	10	4	20	5.0/50 Cu.Ft



### Grading Rules for Teak Veneer Logs.

The late 1950s saw the rise of the teak veneer market. The quality of the logs harvested then was very good and therefore logs graded under the Gallant Rules became also acceptable as veneer logs, mainly because of the superior quality of the logs. Logs inferior in quality to those harvested earlier, increased in quantity as time passed. Market conditions also pinpointed defects previously not recognized. For instance, Aesthetic Value is now being considered in addition to other quality defects. A new set of rules, prepared by the Myanmar Timber Enterprise (MTE) named the "Grading Rules for Teak Veneer Logs" were devised, and are currently applied. Defects considered in the Gallant Rules and the Veneer Log Rules are shown below as comparisons:

#### Gallant Rules

Bear Bites; Bee Hole; Bend; Bird Holes; Buttress (no defects); Doyo; Drag Hole; Ellipse; Flute; Holes (End); Knots; Shakes; Shatter; Snout (no defects); Sun Cracks, Inbark; Twist.

#### Veneer Log Rules

Bee Hole; Bump; Curvature; Elephant Skin; End Flute marks; Flutes; Green Band; Heart (Diagonal, Double, Spongy, Hole, End); Inbark; Knots (Sound, Pin); Pig Eyes; Pitch Pockets; Shape (Elliptical, Triangular); Shake (Ring, Cup); Splits; Sun Cracks; Twist; Wavy Grain; and the latter inclusions – (Interlocked grain; Black Spots; Sapwood pockets; Syphilis).

After these two grading systems, the timber made from the logs is graded further into eleven other qualities. These are Veneer Grade 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup>, followed by Sawing Grades 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>.

Then, grading is still not quite finished as the young teak Poles, taken from the forests harvested in year six, also have a grading system in India based on girth and length.

And then, as grand finale, the Teak furniture grading system, which thankfully only has three grades.



## A Unique Teak Product

### Spectacular Wave Door Is Deceptively Complex

<http://gizmodo.com/>

If you're going to have a door as elaborate and beautiful as this, you'd better have a damned impressive house for it to open into. Otherwise, it is all disappointment once you cross the threshold.

This door, created by Matharoo Associates for a diamond merchant in India is flat-out crazy.

It is 17 feet tall, five and a half feet wide, and is made up of 40 sections of Burmese Teak.

The door uses a counterweight, 80 ball bearings and 160 pulleys to create the incredible effect of reconfiguring into a sinusoidal curve when you push on any one section.

Amazing.



*Throughout England, you will find park benches, many of them 100 years old, made of Teak salvaged from sailing ships.*

*When these ships were decommissioned, the Teak timbers were often found to still be in perfect condition, so the Teak was saved and made into useful items for public outdoor use.*

## Reserved Visitors

Like all corporations that commence operations in Fiji, Future Forests Fiji has had to report to the Reserve Bank of Fiji. The bank continually checks on the progress of companies in all things related to legal structure, investors, reporting and financial management. Therefore since 2004, Future Forests Fiji has kept the Reserve Bank up to date with its activities and likewise the Reserve Bank has ensured that our company meets its fiscal and moral obligations.

In the last several months our company has been working extremely closely with the Reserve Bank on the matter of the impending stock market listing on the South Pacific Stock Exchange. During this process the Reserve Bank reviewed the companies structure, the directors and the financial projections of the company to ensure that no unreasonable statements had been made and that the management of the company are competent.

Therefore after all of this Future Forests Fiji was proud when the Board of Governors of the Reserve bank and the executive management, especially the Capital Markets Development Unit, asked if they could inspect the operations of the company. Naturally we were excited by the visit and all of our key staff were asked to be individual spokespeople when the visitors walked our plantations.

Due to the wide spread locations of our forest compartments our visitors could only see the commercial nursery complex and the adjoining forestry compartments.



*The Reserve Bank visitors inspecting a Teak forested compartment with grazing sheep.*

Arriving at 9am on Friday morning of the 26<sup>th</sup> of August our guests were met by our General Manager Stephen Clark and our Chairman Kaliopate Tavola. After a brief introduction at the nursery office the group then walked through the nursery where the company is developing improved planting stock of Teak seedlings for 400 hectares per year, and then they continued on to the five and six year old Teak trees.

An added interest was the companies agroforestry project where sheep are grazing underneath the forest canopy. This project has shown that it is more than viable to gain short term cash from grazing together with long term financial returns from the trees.

All in all our staff were proud of what they could show. In five short years the team from Matasso, Nakorovo and Matawailevu koros have helped to cement Teak plantations firmly into the national economy of Fiji.

Thank you from all of us here at Future Forests Fiji to our visitors from the Reserve Bank of Fiji.

*Stephen Clark showing the Reserve Bank Governor Mr Barry Whiteside and staff our forested areas.*