

TROPIK PINE FREIGHT AND LOGISTICS PTE LIMITED

BACKGROUND:

Historically, the Pine Group had the model where operations that involved diesel machinery were contracted out. Contracting out operations has both positive and negative sides to it. The positive is that the entire risk is outsourced to a party that specializes in that field however, the negative mainly involves the fact that the Pine Group almost entirely relies on the contracted party for continuity of its operations. As such, the contractors can take inappropriate or unethical steps in order to force an outcome.

Since the inception of the Industry, the negatives of outsourcing overshadowed the positives. It reached to a point where contract rates skyrocketed. One of the other challenges was that there was very limited pool of contractors who specialized in forestry operations. With limited pool comes the risk of cartels.

2 years ago, the Pine group realized that this model is not sustainable and that the availability of contractors with reliable machinery continued to decrease. The demands from contractors for substantial rate increases were unsustainable. Furthermore, the LTA weight carrying regulations for trucks made the standard 10 wheeler and 12 wheeler truck operations highly uneconomical. The legal weight limit for these trucks is around 12 tons compared to around 22 tons that they used to carry previously.

Therefore, a strategic decision was taken to venture into Pine Groups in-house fleet division.

The plan included setting a new subsidiary company of Tropik Wood Industries Limited that would specialize in fleet to service all the group entities.

PROGRESS:

Since a number of contracts were coming to an end and a few contractors threatening to discontinue operations if their demands for rates were not met, urgent decisions were taken to acquire assets and to establish the fleet division so that our operations do not get disrupted. As the new company was in the process of being registered, assets were acquired under the existing companies within the Pine Group that were later planned to be transferred to the newly registered company.

Currently, the Pine Group has the following assets within its fleet division that are registered under the respective companies:

- 1) Tropik Wood Industries Limited
 - 9 x Forklifts - used for timber packet transfers
 - 1 x Longking Log Loader – planned to be used at the log yard
 - 1 x Lovol Bucket Loader – used for feeding biomass fuel into the boiler fuel intake system
 - 4 x Trailer Tractor Heads with chip trailers – used for transfer of woodchips to Lautoka stock pile
 - 1 x Isuzu Dmax – used by the Fleet Department Manager

The asset listing is as follows:

Catg & Name	Asset Number	Asset Description	Depreciation Method	Supplier	Purchase Date	Pur Cost /Reval'n	Total Deprec'N	WDV
Motor Vehicle	FORK_10T1	HELI FORKLIFT 10 TON-1	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	128,195.80	19,229.37	108,966.43
Motor Vehicle	FORK_10T2	HELI FORKLIFT 10 TON-2	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	128,195.80	19,229.37	108,966.43
Motor Vehicle	FORK_3T1	HELI FORKLIFT 3 TON_1	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	39,596.63	5,939.50	33,657.13
Motor Vehicle	FORK_3T2	HELI FORKLIFT 3 TON2	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	39,596.64	5,939.50	33,657.14
Motor Vehicle	FORK_4T1	HELI FORKLIFT 4 TON	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	61,781.11	9,267.17	52,513.94
Motor Vehicle	FORK_8T1	HELI FORKLIFT 8 TON-1	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	119,700.90	17,955.14	101,745.76
Motor Vehicle	FORK_8T2	HELI FORKLIFT 8 TONS-2	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	119,700.90	17,955.14	101,745.76
Motor Vehicle	FORK_8T3	HELI FORKLIFT 8 TON-3	S	SHANGHAI CANMAX ELECTRONIC	30/09/2022	119,700.90	17,955.14	101,745.76
Motor Vehicle	STONFORKLIFT	5 TON HECHA FORKLIFT REG.ME384	S	AUTOMART PTE LIMITED	17/09/2022	50,917.43	8,486.25	42,431.18
Motor Vehicle	HN657-LOADER	LONGING LOADER CDM862-HN657	S	TWPLI/GENERAL MACHINERY	25/04/2022	68,807.34	17,201.84	51,605.50
Motor Vehicle	MF449	LOVOL WHEEL LOADER/BUCKET	S	ALLIED MOTORS PACIFIC PTE LTD	26/10/2022	119,266.06	17,889.91	101,376.15
Motor Vehicle	CB390	TRAILER FOR CHIPLINER-CB390	S	PINE LAND OWNER/YORK/LTK AUTO	31/05/2018	30,760.87	30,760.87	-
Motor Vehicle	FOTON TRUCK JL979	FOTON TRACTOR HEAD 6X4-2015	S	ALLIED MOTORS PACIFIC LTD	22/03/2018	105,504.59	105,504.59	-
Motor Vehicle	KM413	SINOTRUK TRACTORHEAD6X4/2019	S	JACKS AUTO WORLD	19/11/2020	123,853.21	66,055.04	57,798.17
Motor Vehicle	DR291	CHIPLINER TRAILER REG:DR291	S	PINE LANDOWNER CO/TRUCK LINE	30/06/19	29,674.44	24,234.14	5,440.30
Motor Vehicle	KB945	HOWO 6X4 PRIME MOVER-CHIPLINER	S	GENERAL MACHINERY & MOTORS	06/03/2019	113,302.75	92,530.58	20,772.17
Motor Vehicle	CHIPLINER/CM DR290	CHIPLINER TRUCK WITH TRAILER	S	PINE LANDOWNER COMPANY LTD	27/09/2017	30,000.00	30,000.00	-
Motor Vehicle	KR027	SINO 6X4 TRACTOR/WOODCHIP CART	S	GENERAL MACHINERY & MOTORS	21/06/2021	123,853.21	51,605.50	72,247.71
Motor Vehicle	KR029	SEMI FUWA TRAILER/WOODCHIP CAR	S	GENERAL MACHINERY & MOTORS	21/06/2021	82,568.80	34,403.67	48,165.13

2 excavators that were ordered from China have arrived on site however are yet to be registered and taken up in the FAR. These 2 excavators is planned to be used in the log yard operations.

2) Fiji Pine Limited

- 10 x 16 wheeler log trucks - used for log deliveries
- 5 x log trailer – used for long distance log cartage
- 5 x Bell Loader – used for logging operations
- 5 x Log Skidder – used for logging operations
- 1 x XCMG Grader – used for road construction and maintenance
- 2 x Toyota Land Cruiser – used for fleet servicing

The asset listing is as follows:

Catg & Name	Asset Number	Asset Description	Depreciation Method	Supplier	Purchase Date	Pur Cost /Reval'n	Total Deprec'N	WDV
Motor Vehicle	MD962	SINOTRUCK HOWO-MD962	S	JACKS AUTO WORLD LTD	09/01/2022	179,816.51	29,969.42	149,847.09
Motor Vehicle	RT-MD962	IC-F5062 VHF 25W RADIO-MD962	S	COMS PTE LIMITED	05/04/2023	1,263.15	42.11	1,221.04
Motor Vehicle	MD963	SINOTRUCK - HOWO MD963	S	JACKS AUTO WORLD LTD	09/01/2022	179,816.51	29,969.42	149,847.09
Motor Vehicle	MD964	SINOTRUCK -HOWO MD964	S	JACKS AUTO WORLD LIMITED	09/01/2022	179,816.51	29,969.42	149,847.09
Motor Vehicle	RT-MD964	IC-F5062 VHF 25W RADIO-MD964	S	COMS PTE LIMITED	05/04/2023	1,263.15	42.11	1,221.04
Motor Vehicle	M1980	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.93	11,786.06	165,004.87
Motor Vehicle	M1981	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.93	11,786.06	165,004.87
Motor Vehicle	M1982	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.93	11,786.06	165,004.87
Motor Vehicle	RT-M1982	IC-F5062 VHF 25W RADIO-M1982	S	COMS PTE LIMITED	05/04/2023	1,263.15	42.11	1,221.04
Motor Vehicle	M1983	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.93	11,786.06	165,004.87
Motor Vehicle	MJ203	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.93	11,786.06	165,004.87
Motor Vehicle	RT-MJ203	IC-F5062 VHF 25W RADIO-MJ203	S	COMS PTE LIMITED	05/04/2023	1,263.15	42.11	1,221.04
Motor Vehicle	MJ204	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.94	11,786.06	165,004.88
Motor Vehicle	MJ205	SINOTRUCK HOWO 10 WHEELER	S	JINAN HOWO TRUCK CO LTD	29/12/2022	176,790.94	11,786.06	165,004.88
Motor Vehicle	RT-MJ205	IC-F5062 VHF 25W RADIO-MJ205	S	COMS PTE LIMITED	05/04/2023	1,263.15	42.11	1,221.04
Motor Vehicle	BELLLOADER-A	BELL 220 LOGGER	S	WL GRACIE & ASSOCIATES LTD	27/06/2022	74,453.23	9,927.11	64,526.12
Motor Vehicle	BELL/LOADERB	BELL LOADER 225-EHD	S	EHD COMPONENTS PTY LTD	21/06/22	150,769.65	20,102.63	130,667.02
Motor Vehicle	BELL LOADERC	BELL LOADER 225-C	S	EHD COMPONENTS PTY LTD	21/06/22	150,769.65	20,102.63	130,667.02
Motor Vehicle	BELLLOADER-D	LOGGER 225 EXTENDED BOOM P33	S	EHD COMPONENTS 2005 PTY LTD	30/03/2023	155,041.91	7,752.10	147,289.81
Motor Vehicle	BELLLOADER-E	BELL LOGGER 225 EXTENDED BOOM	S	EHD COMPONENTS 2005 PTY LTD	30/03/2023	155,041.91	7,752.10	147,289.81
Motor Vehicle	XCMG GRADER	XCMG GRADER GR135	S	SHANGHAI CANMAX ELECTRONIC	09/02/2022	155,878.50	20,783.80	135,094.70
Motor Vehicle	CHOKER/CHAIN	CHOKER CHAIN WITH HOOKS	S	WL GRACIE & ASSOCIATES LTD	29/12/2022	4,093.94	409.40	3,684.54
Motor Vehicle	SKIDDER-1	JOHN DEERE 540 LOG SKIDDER-1	S	WL GRACIE & ASSOCIATES LTD	09/08/2022	131,970.95	17,596.13	114,374.82
Motor Vehicle	SKIDER-1DUTY	JOHN DEERE540 SKIDDER-1 DUTY	S	WL GRACIE & ASSOCIATES LTD	8/09/2022	4,699.09	313.27	4,385.82
Motor Vehicle	CHOKERCHAIN2	CHOKER CHAIN WITH HOOKS	S	WL GRACIE & ASSOCIATES LTD	29/12/2022	4,093.94	409.40	3,684.54
Motor Vehicle	SKIDDER-2	JOHN DEERE 548 LOG SKIDDER	S	WL GRACIE & ASSOCIATES LTD	28/08/2022	106,674.25	14,223.24	92,451.01
Motor Vehicle	SKIDDER2DUTY	JOHN DEERE 548 SKIDDER-2DUTY	S	WL GRACIE & ASSOCIATES LTD	13/03/2023	4,699.08	313.27	4,385.81
Motor Vehicle	CHOKERCHAIN3	CHOKER CHAIN WITH HOOKS	S	WL GRACIE & ASSOCIATES LTD	29/12/2022	4,093.94	409.40	3,684.54
Motor Vehicle	SKIDDER-3	JOHN DEERE 548 LOG SKIDDER	S	WL GRACIE & ASSOCIATES LTD	28/08/2022	115,573.08	15,409.75	100,163.33
Motor Vehicle	SKIDDER3DUTY	JOHN DEERE 548 SKIDDER-3DUTY	S	WL GRACIE & ASSOCIATES LTD	13/03/2023	4,699.08	313.27	4,385.81
Motor Vehicle	SKIDDER-4	CAT CABLE SKIDDER 1994	S	FSK EQUIPMENT & SUPPLY INC	09/04/2022	162,391.28	16,239.13	146,152.15
Motor Vehicle	SKIDDER-5	2006GRAPPLE SKIDDER WITH WINCH	S	FSK EQUIPMENT & SUPPLY INC	09/04/2022	321,031.72	32,103.17	288,928.55
Motor Vehicle	TRAILER1	LOG TRAILER HS:8716399000	S	QINGDAO SHIYUM TRAILER CO.LTD	26/05/2023	25,944.07	432.40	25,511.67
Motor Vehicle	TRAILER2	LOG TRAILER HS:8716399000	S	QINGDAO SHIYUM TRAILER CO.LTD	26/05/2023	25,944.07	432.40	25,511.67
Motor Vehicle	TRAILER3	LOG TRAILER HS:8716399000	S	QINGDAO SHIYUM TRAILER CO.LTD	26/05/2023	25,944.07	432.40	25,511.67
Motor Vehicle	TRAILER4	LOG TRAILER HS:8716399000	S	QINGDAO SHIYUM TRAILER CO.LTD	26/05/2023	25,944.07	432.40	25,511.67
Motor Vehicle	TRAILER5	LOG TRAILER HS:8716399000	S	QINGDAO SHIYUM TRAILER CO.LTD	26/05/2023	25,944.07	432.40	25,511.67
Motor Vehicle	DIESEL/PUMP	DIESEL TANK WITH PUMP 400L	S	CONDOR FLUID MOVEMENT	22/08/2022	4,790.87	239.54	4,551.33
Motor Vehicle	DIESEL/PUMP2	DIESEL TANK WITH PUMP 400L	S	CONDOR FLUID MOVEMENT	22/08/2022	4,790.88	239.55	4,551.33
Motor Vehicle	MH832	TOYOTA LAND CRUISER 4.5L	S	ASCO MOTORS	31/01/23	73,302.75	7,330.28	65,972.47

5 additional log trucks have been ordered from China and are about to be shipped from China this month.

The manpower within the fleet division at present is as follows:

Entity	EMP #	EMPLOYEE NAME	D.O.J	JOB TITLE	RATE	Condition	Alternative Rate
TWIL	4111	MR SETAREKI ROKOVIRI JUNIOR	05/01/2018	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4187	NILENDRA PRASAD	03/03/2020	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4199	MOHAMMED SHAMIM	23/11/2020	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4212	PARMEND CHAND	14/05/2021	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4221	ANAND KRISHNA REDDY	16/07/2021	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4282	AFSHEEN HUSSAIN	14/11/2022	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4296	SIMMON SHALVIN MUDALIAR	30/01/2023	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4326	Mohammed Shoheb Janiff	31/07/2023	CHIPLINER DRIVER	\$ 6.49	Hourly	
TWIL	4261	PRASHIL KUMAR	19/09/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4263	LUKE TOROCA	04/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4264	MIKA MOCELUTU	04/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4265	RATU BALA KRISHNA	04/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4266	SUNIL KUMAR	04/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4267	RATU APOROSA DAVELEVU	04/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4269	ROBERT PRASAD	11/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4270	AISAKE VUCUNIVAVALAGI	11/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4271	BIMLESH KUMAR	13/10/2022	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4294	POATE DRIU	30/01/2023	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4295	NIKO TURAGAKULA	30/01/2023	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4322	APOLOSI NAULIVOU	12/06/2023	FORKLIFT OPERATOR	\$ 5.78	Hourly	
TWIL	4292	PAULA NAULIVOU	23/01/2023	LOADER DRIVER	\$ 5.55	Hourly	
TWIL	4293	ERONI BOLATAGANE KORO	30/01/2023	LOADER DRIVER	\$ 5.78	Hourly	
TWIL	4310	ILAISA MATEA	28/04/2023	LOADER DRIVER	\$ 5.55	Hourly	
TWIL	4302	PESA NATOU TIKOYAYA RAKOTO	31/03/2023	HANDYMAN-FLEET	\$ 5.32	Hourly	
TWIL	4303	JOVILISI VASU	31/03/2023	HANDYMAN-FLEET	\$ 5.32	Hourly	
TWIL	4305	TADU BALELABASA	31/03/2023	HANDYMAN-FLEET	\$ 5.32	Hourly	
TWIL	4308	TANIELA RATOTO	17/04/2023	HANDYMAN-FLEET	\$ 5.32	Hourly	
TWIL	4323	JOSAIA SABUI	16/06/2023	HANDYMAN-FLEET	\$ 5.32	Hourly	
TWIL	4283	TAINA TULEVU TIKOSAVUSAVU	21/11/2022	AMINISTRATION OFFICER-FLEET	\$ 6.24	Hourly	
TWIL	4309	SHAHIL RAMAN	28/04/2023	TRADES ASSISTANT-FLT	\$ 6.56	Hourly	
TWIL	5095	NILESH KUMAR	16/01/2023	MECHANIC-FLEET	\$ 8.50	Hourly	
TWIL	5097	MOHAMMED ZOHAYR	02/03/2023	FLEET COORDINATOR	\$ 12.98	Hourly	
TWIL	5103	ADITYA KC	29/03/2023	HEAVY DIESEL/MOB MECHANIC	\$ 16.83	Hourly	
TWIL	6002	ZAHID BEGG	17/07/2023	MANAGER FLEET	\$ 24.88	Salary	Alternative Rate
FPL	7110	KOLINIO NATARO (MD962)	06/09/2022	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7111	LUKE VAUVAU (MD963)	08/09/2022	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7112	ROKOTUIVUNA NALECA (MD 964)	28/09/2022	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7114	ELIA NABETE (MJ 205)	22/03/2023	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7118	TASLEEM KHAN (MI981)	27/03/2023	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7119	PRITNESH VIKASH CHAND (MJ 203)	28/03/2023	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7137	Netani Matawalu (MJ 204)	13/04/2023	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7143	NARISIA TUINAMO NO.2 (MI 983)	26/04/2023	LOGGING TRUCK DIVER	\$ 36.75	per trip	\$ 5.57
FPL	7189	SAUKALOU TARAUCU II (MI 980)	02/06/2023	LOGGING TRUCK DRIVER	\$ 36.75	per trip	\$ 5.57
FPL	7131	VONIVATE VESIKURUILAGI (SKIDDER 2)	13/04/2023	SKIDDER OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7135	MANASA VALA (SKIDDER 3)	13/04/2023	SKIDDER OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7136	VILIAME DELASAU (SKIDDER 5)	13/04/2023	SKIDDER OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7141	KELEVI KOBANALAGI (SKIDDER 1)	12/04/2023	SKIDDER OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7194	TIMOCI RASABASABA (SKIDDER 4)	17/07/2023	SKIDDER OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7146	LUKE WARA (BELL LOADER- C)	17/04/2023	BELL OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7140	NETANI SEKADRA	19/04/2023	BELL OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7144	INOKE KAUTIA (BELL LOADER-E)	27/04/2023	BELL OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7147	SEREMAIA NASAU (BELL LOADER- D)	18/04/2023	BELL OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7192	SAVENACA NARUBE	05/06/2023	BELL OPERATOR	\$ 50.00	per day	\$ 5.57
FPL	7191	RAKESH MUNI	12/06/2023	GRADER OPERATOR	\$ 13.00		
FPL	7139	KALIONI RATU (MI 982)	15/04/2023	LOGGING TRUCK DRIVER	\$ 36.75		
FPL	7145	AISEA TAGALUA	25/04/2023	BELL OPERATOR	\$ 50.00		

ADDITIONAL ASSETS REQUIRED IN ORDER TO ENSURE CONTINUITY OF FPG'S OPERATIONS

Viti Levu Forest:			
Annual Harvest volume as per the woodsupply blueprint			
Saw Log	15,000.00		
Pulp Log	100,000.00		
Total	<u>115,000.00</u>		
Average dry period in a year		7 months	
Number of working days in a month		24 days	
Total working days in a year		168 days	
Trucks:			
Average log deliveries per day		684.52 tons	
Average payload per truck		16 tons per trip	
Average trip per day		2 trips	
Average deliveries per day per truck		32 tons	
Number of trucks required		21.00 trucks	
Current number of trucks		10 trucks	
Trucks on order		5 trucks	
Additional trucks required		6 trucks	
Service standby		2 trucks	
Total additional trucks required		8 trucks	
Bell and Skidder:			
Average log deliveries per day		70 tons per pair of bell and skidder	
Number of pairs required		10.00 pairs	
Current Bell and Skidder		5 pairs	
Additional Bell and Skidders required		5.00 pairs	
Service standby		2 pairs	
Total additional Bell and Skidders required		7.00 pairs	
Road Construction:			
New Dozers required		3 units	

Vanua Levu Forest:				
Annual Harvest volume as per the woodsupply blueprint				
Saw Log	100,000.00			
Pulp Log	200,000.00			
Total	<u>300,000.00</u>			
Average dry period in a year		7 months		
Number of working days in a month		24 days		
Total working days in a year		168 days		
Trucks:				
Average log deliveries per day		1,785.71 tons		
Average payload per truck		16 tons per trip		
Average trip per day		2 trips		
Average deliveries per day per truck		32 tons		
Number of trucks required		56.00 trucks		
Current number of contracted trucks		30 trucks		
Trucks on order		0 trucks		
Additional trucks required		26 trucks		
Service standby		2 trucks		
Total additional trucks required		28 trucks		
Bell and Skidder:				
Average log deliveries per day		80 tons per pair of bell and skidder		
Number of pairs required		22.00 pairs		
Current Bell and Skidder - contracted		14 pairs		
Additional Bell and Skidders required		8.00 pairs		
Service standby		2 pairs		
Total additional Bell and Skidders required		10.00 pairs		
Road Construction:				
New Dozers required		3 units		

Based on the above analysis, the additional machinery required is as follows:

Viti Levu Woodsupply:

Skidder	-	7
Bell Loader	-	7
Log Trucks	-	8
Dozer	-	3

Vanua Levu Woodsupply:

Skidder	-	10
Bell Loader	-	10
Log Trucks	-	28
Dozer	-	3

Considering that the above is a large investment, we plan to purchase the entire lot of the additional machinery required for Viti Levu operations however, for Vanua Levu, we plan to invest gradually as we

establish the fleet maintenance and service team in Wairiki. Our initial plan for Vanua Levu fleet is as follows:

Vanua Levu Wood supply:

Skidder	-	4
Bell Loader	-	4
Log Trucks	-	10
Dozer	-	2

BUDGET

Based on the above, the investment budget is as follows:

Machine / Equipment	Forest	Budget per Unit	Number of Units	Total Budget
Skidder	Viti Levu	\$250,000	7	\$1,750,000
Bell Loader	Viti Levu	\$160,000	7	\$1,120,000
Log Trucks	Viti Levu	\$210,000	8	\$1,680,000
Dozer	Viti Levu	\$350,000	3	\$1,050,000
Skidder	Vanua Levu	\$250,000	4	\$1,000,000
Bell Loader	Vanua Levu	\$160,000	4	\$640,000
Log Trucks	Vanua Levu	\$210,000	10	\$2,100,000
Dozer	Vanua Levu	\$350,000	2	\$700,000
Total Budget (VEP)				\$10,040,000

We plan to purchase second hand units for Bell and Skidder. The rest of the required machinery is planned to be purchased brand new. We will try to get the best prices well below the budgeted amounts.

NEW SUBSIDIARY COMPANY

The Board is informed that the new subsidiary company has been registered and the registered name is Tropik Pine Freight and Logistics Pte Limited.

The new subsidiary company will be charging TWIL and FPL on a monthly basis based on set contract rates.

As we progress, our plan also includes providing charged services to external clients as part of the diversification plans. This will mainly include freight and customs clearance services.

PLANNED ACTION:

- 1) Transfer of existing assets from TWIL and FPL to the new Fleet Company, Tropik Pine Freight and Logistics Pte Limited. The transfer is to be done at the written down value of the assets and by way of intercompany transaction.
- 2) Transfer of all employees associated with Fleet operations that are presently registered under FPL and TWPL to the new Fleet Company.
- 3) Further Expansion of fleet with a budget of \$10.04 million to meet our business challenges and associated risks.