



ASIA TEAK

TROPICAL
PLANTATIONS





AsiaTeak was **established** in April 2009 for the sole purpose of managing and producing **high grade teak** from plantations in Sri Lanka and Thailand. Teak is widely regarded as one of the most **durable, robust** and sought-after tropical hardwoods in the world. As well as managing its own sites, AsiaTeak provides **expert contract forestry** management services for private individuals and corporations who wish to establish their own teak plantations.

Teak plantations have historically been the privilege of institutional investors and sovereign wealth funds. Today, however, increased awareness of the low volatility and predictable growth characteristics of the asset have led to steadily increasing demand for the inclusion of teak trees in investor clients' overall portfolios. AsiaTeak has responded to this emerging demand by pioneering a sustainable and secure structure for individual clients to access this predictable and lucrative market.

Whether individuals are involved in the growth of teak from saplings or choose to invest in semi-mature plantations, engaging relatively early in a tree's growth cycle creates potential for significant future capital gain. Liquidation of the asset can be achieved in two ways: by the felling and sale of the mature teak directly onto the timber market or through the forward selling of stock on future delivery dates direct to manufacturers.

AsiaTeak periodically releases its product onto the open market for private ownership, all the while remaining the largest stockholder. This offers customers reassurance that, as a plantation owner itself, AsiaTeak also recognises the long-term future value of the asset.

The collective goal of AsiaTeak and its group of companies is to produce the world's most sought-after and valuable teak trees. This will be achieved through expert forestry management policies, an intimate understanding of the marketplace and strong corporate governance. These three pillars of efficient and ethical practice will provide a solid foundation with which to maintain the consistent growth of the business worldwide and deliver on its contractual obligations to customers and private clients over the medium to long term.

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About Teak

Teak (*Tectona grandis*) is one of the world's premier hardwood timbers, rightly famed for its mellow colour, fine grain and durability. It grows naturally in India, Myanmar, Laos and Thailand and has been naturalized in Java and Indonesia. It has been successfully established throughout tropical Asia, in parts of tropical Africa and in Latin America and the Caribbean. Teak has also been introduced in some islands in the Pacific region and at trial levels in northern Australia.

Although teak logs harvested from native forests, principally in India and Myanmar, are major contributors to the global timber trade, the supply of logs from these countries is becoming progressively restricted. In Thailand the harvesting of teak, along with other native forest species, has been prohibited since 1989, while in Laos supplies have been severely constrained pending a reassessment of harvest potentials.

Long-established and substantial markets for teak products, such as Thailand, Singapore and China, are experiencing major concern regarding the future supply of teak. Plantations are an important source for narrowing the growing gap between supply and demand for teak.

Demand for teak is universal and almost unlimited. With its golden colour and appealing texture, teak enjoys an unparalleled worldwide reputation as a premier hardwood. It is visually attractive, durable, easy to work with, termite resistant and suitable for most conceivable forms of end use. Teak wood lasts for hundreds of years in shipbuilding and construction.

Teak commands an exceptionally high price compared to other commodity hardwoods due to its desirability for specific applications and the shortage of supply. Although plantation teak is now emerging into the market, a universally recognised Food and Agriculture Organisation report from 2001 indicates that there will continue to be a shortage of supply over demand until at least 2030. This has led to an average market value inflation of 6.75% per annum over the last 10 years.

Teak's broad spectrum of uses means that demand is potentially endless, but supply is extremely limited and has enormous possibilities for growth. Products include:

- sawn timber for construction
- veneer and plywood
- luxury yacht finishes
- strip and block flooring
- furniture components
- solid doors and flush doors
- door and window frames
- laminated boards and panels
- carved items for decoration
- household utensils and kitchenware

Teak is the number one tropical hardwood. Although plantations date back as far as 150 years in India and Myanmar, plantation establishment has accelerated in the past 20 years as growth has demonstrated impressive potential. With the decreasing availability of teak from natural forests, plantations are becoming an increasingly important source and will likely take primary position in the future. As demand for plantation teak expands exponentially, the private sector has increasingly become involved in satisfying this market. As well as their undoubted profitability, teak plantations are socially and environmentally beneficial to their host areas.

Established

LOCATION:

Thailand

PLANTATION:

Chon Daen

PLANTING YEAR:

2004

The collective goal of AsiaTeak and its group of companies is to produce the world's most sought-after and valuable teak trees.

Institutional Investment in Timber

Timber land investment has traditionally been the preserve of the private, non-industrial landowner, accounting for a staggering \$150 billion globally. However over the last 20 years, institutional investors have discovered this 'perfect' asset. They now own around \$35 billion worth of timberland globally, in a combination of over 100 private pension, foundation and endowment funds. Of that around \$25 billion is invested in the United States, which represents both the world's largest producer and user of timber.

In summary forestry offers:

- True investment diversification
- Responsible and ethical investment
- Low correlation to equity markets
- Continued accretion of value due to the biological growth of trees
- Stable prices with long growth periods and minimal demand and supply fluctuations
- Flexible exit options: a range of harvest dates means forestry investments have great exit strategy flexibility
- Global regional exposure and diversification, varying currency depending on project location
- Tax advantages
- Carbon credit revenue from non-Annex one countries such as Brazil
- A vibrant market: global consumption of tropical hardwoods has multiplied nearly 25 times in the last 40 years

Timber is a low risk, high return asset which has outperformed stocks, bonds and other commodities for the last 30 years. From 1973-2002, managed timber returned roughly 15% annually as an investment, while stocks returned around 11%. Timber, like most commodities, is uncorrelated to stocks and unlike all other commodities continues to grow on the stump in recessionary times.

Not only does timber beat all other major asset classes, but it also does so with lower volatility. The last great bear market in stocks began in the late 1960's and lasted until about 1980. An investor in stocks during that period lost money due to inflation alone.

Timber is one of the few capital investments to offer stability and a low risk profile in any market, making it an ideal asset in the current unsettled global climate. It is the only asset class in existence that has gone up during three out of the four major market collapses of the 20th century.

Around 40 million acres of tropical forest are being destroyed each year and not being replaced. Whilst international political pressure on forest protection increases, pressure on illegal deforestation further enhances timber values.

Profitable

Timber is a low risk,
high return asset which
has outperformed stocks,
bonds and other commodities
for the last 30 years.

Teak as an Asset Class

Teak is an elegantly simple proposition and offers unique benefits. It grows, it is felled and it is sold. As the trees grow over time they produce greater volumes of usable timber, making this impressive physical increase the product's primary investment characteristic.

Timber is one of the safest and steadiest growth opportunities available, protecting the owner in times of inflation and providing returns that have beaten almost every other sector over the past 30 years. Teak is a small niche segment of the timber industry and is managed by smaller, privately owned companies rather than by big institutional operators.

The performance of the asset is driven primarily by the natural growth rate of the trees and so stands independently from the macro economy.

As a result, teak is positioned as one of the few low risk, high yielding opportunities and delivers several key benefits to the owner;

- Continually growing asset provides a natural inflation hedge
- Mature trees provide an impressive degree of liquidity
- An environmentally conscious sector
- Historically outperformed most other financial indices

Since 2003 teak pricing has seen an average annual inflation of 6.75% according to the International Tropical Timber Organisation report. This makes teak significantly less volatile in the long run and far more resilient to market difficulties than most other commodities, as the investment is backed by underlying real asset value. Timber is recognized as an inflation hedge, as trees grow in size and therefore increase in value each year.

If inflation is 3% and the trees in question grow in size (value) by 7%, the customer has grown wealth in real terms ahead of inflation. This creates a double buffer and makes timber investment an ideal balancing tool to diversify portfolios.

Profiting from Teak

Individuals looking for a financial safe haven over the medium to long term should be attracted to the predictable and significant financial gains. Profiting from an opportunity of this nature can be achieved in two ways; the felling and sale of the mature teak onto the timber market or through the forward selling of stock on future delivery dates direct to the manufacturers themselves.

Forward Selling

It is possible to achieve financial gain from teak ownership prior to the trees reaching a felleable age. Due to the continued physical growth of the trees, it is possible to estimate its future projected size/value. A current market value can then be established between buyer and seller. It is then possible to transfer the ownership title of the trees, i.e. Sell the asset whilst the trees themselves continue to grow.

Felling Mature Trees

Typically a teak tree grown under extensive management has an inherent value in approximately 10-12 years in age. At this point the trees become a liquid asset as they can be felled and sold on the wholesale market at short notice.

Profitable

Assuming inflation is 3% and the teak trees grow in physical size (value) by 7%, the customer has grown wealth in real terms ahead of inflation.

International Operations

Management Team

Paul Rockwood, Managing Director



Paul has been involved in the Asian plantation business all his life. His grandfather established a substantial coconut estate in Sri Lanka in 1920 and Paul still owns part of that original business. He has also acted as an advisor and investment consultant for Sri Lankan and Thai forestry companies seeking UK investment. He comes from a strong commercial background and until recently sat on the UK procurement board of Compass Group PLC, a FTSE 100 company.

Mr. JMPH Jayalath, Director of Plantations



Mr. Jayalath is responsible for the management and operational administration of all AsiaTeak Group plantations. From land selection, plantation establishment, contracting and maintenance through to the thinning, pruning and final harvesting process. He is also responsible for all legal and managerial responsibilities of plantation staff.

Dr. Paiboolya Gavinlertvanta, Exec. Forestry Consultant



Dr. Pai started Thai Orchids Lab (TOL) in 1988 and is now one of the largest producers of tissue culture planting stock in Asia. TOL also grows and manages their own teak plantations and currently has over 400,000 trees under management. Their first plantation was planted in 1995 and since then TOL's silviculture methods have been refined through years of research and development.

Mrs. Minoli Jayasundara, Group Accountant



With a MAB in accounting and finance from USA and an Associate member of the Chartered Institute of Management Accountants UK, Minoli has working experience in the accounting field for over 10 years. Before joining the company she worked for Ernst and Young in Sri Lanka, USA and Ireland. As the group accountant she is in charge of managing the financial activity of all Group companies and is actively involved in developing and improving the company standards in order to meet the increasing global demand for Asia Teak products.

Mr. Eranda Rathnamalala, Technical Officer



Eranda is responsible for technical matters of all plantation operations including feasibility study of selected lands, planting, fertilizing, pest & disease control, implementing researches and trials for new developments, preparing plantation progress reports and all the technical documentation activities.

Corporate Structure

AsiaTeak maintains the highest level of corporate governance across its subsidiary and associate companies worldwide and operates a transparent management structure in the United Kingdom, Hong Kong, Thailand and Sri Lanka.

Anglo Asia Forestry Co. Ltd.



AsiaTeak Group (Hong Kong) Ltd.



Thailand

Plantation Owners

Asia Teak Thailand Co., Ltd.

Forestry Managers

Thai Orchids Lab Ltd



Sri Lanka

Plantation Owners

AsiaTeak Lanka (Pvt) Ltd.

Forestry Managers

Vision Forestry (Pvt) Ltd.

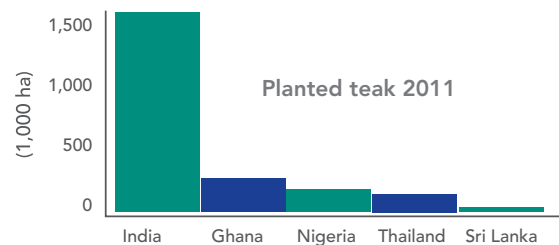
AsiaTeak prides itself on its corporate and financial governance. The international corporate structure has been developed in order to safeguard both company and customers assets, whilst creating a corporate ethos that promotes both best practice and full accountability.

The Teak Market

Production

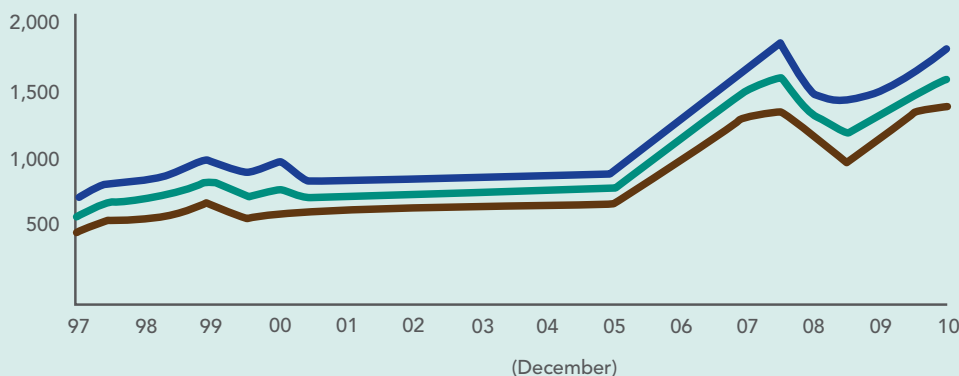
Teak is grown all over the world from India to Thailand and Sri Lanka and from West Africa to Brazil and Panama. A recent report suggests there is globally around 3.6m hectare (ha) of planted teak. The older growers of teak have typically been in Asia and in particular Myanmar (Burma). Since 1995 Africa and Latin America have accelerated their teak growing by around 25-40% whilst countries such as India, Thailand and Sri Lanka have only increased capacity by around 0.5 – 1.5%.

Despite being the major teak grower, India remains the largest teak importer. China, EU and USA all remain major teak importers. Data collated in October 2011 proposed that India was by the far the largest planter of teak with an estimated 1.6m ha, followed by Ghana and Nigeria with a combined 350,000 ha and Thailand with 128,000 ha. Sri Lanka was 14th with 26,000 ha.



Pricing

The supply/demand deficit has created significant demand for quality teak over the last 10 years. The International Tropical Timber Organisation (ITTO) report is considered a good benchmark for teak price trends. Since 2000 the annual inflation for teak pricing has seen a steady increase, between 6.25% and 6.75% per year.



Data supplied by ITTO report on teak logs in Myanmar. Prices are in USD per Mt3 and are calculated per Hoppus ton

In 2011 auction bid prices in Thailand and Sri Lanka were approximately \$700-\$900 per Mt3 (cubic meter), although this increases for single teak log volumes in excess of 1Mt3. The market for high grade teak logs and sawn teak remains very liquid and is underpinned by a widening supply/demand deficit. The market value of teak logs is dependent on their quality and size.



Selling

Teak can be sold in various different forms. The amount of processing that is carried out between felling and selling is directly correlated to the value of the teak. Teak logs can be sold at local auction sites, whereas processed teak boards can be exported and sold directly to manufacturers.

Additional benefits of processing teak include; employment opportunities for local staff, quality control over the end product and reduced transport costs (plantation to consumer).

Auction

Both Thailand and Sri Lanka have well-established auction markets for teak logs. This is the simplest and quickest form of disposal and should provide almost instant liquidity once the trees are of a harvestable age. Typically, government agencies will set a minimum auction bid price (MBP) with which to underpin the market values.

As with any auction, the price achieved can be far greater than the MBP itself. The quality of the teak including form, colouring and individual amount of wood per log are factors to be considered.

Primary processing

Thailand and Sri Lanka, in line with most Asian countries, restrict the export of whole logs. These restrictions ensure the country of origin benefits from the added value and employment potential from primary processing. In order to access the export market and to meet Asia's growing demand for processed teak planks, AsiaTeak will carry out the primary processing.

The basic level of primary processing involves sawing the timber into planks and drying it (also known as seasoning) in kilns, which is necessary to reduce the moisture content of wood before use.



Locations



Thailand

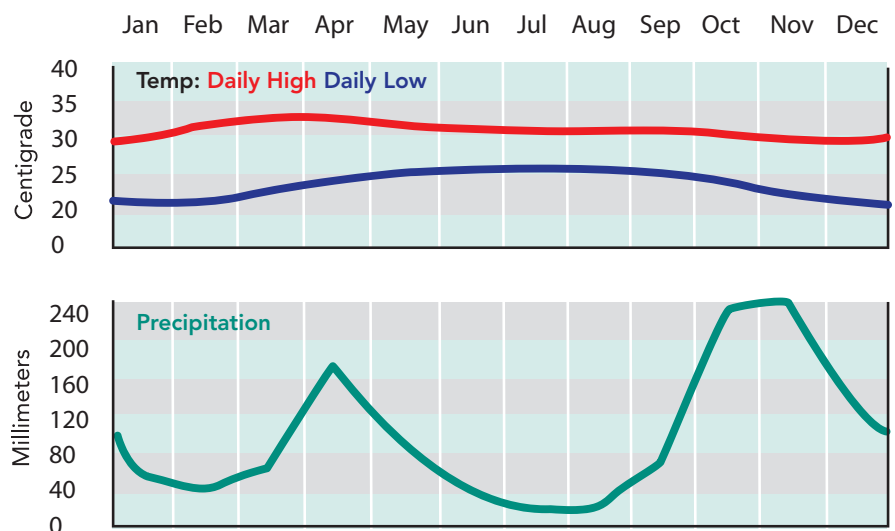
The Kingdom of Thailand, formerly known as Siam, is located at the centre of the Indochina peninsula and southeast Asia, bordered to the north by Burma and Laos, to the east by Laos and Cambodia, to the south by the Gulf of Thailand and Malaysia and to the west by the Andaman Sea and the southern tip of Burma.

The majority of the country is tropical and humid, with temperatures averaging 31°C all year round. The area north of Bangkok has a climate determined by three seasons while the southern peninsular region has only two. Both experience heavy rainfall during the monsoon season.

Teak is indigenous to Thailand. The distribution region covers an area of 170,000 km² (17.0 million hectares), Although naturally occurring teak forest

within the region is only about 25,000 km² (2.5 million ha). These areas are confined to the mixed deciduous forests of northern Thailand. Since 1939 teak forests were managed under a selection system with a prescribed girth limit of 213cm and a felling cycle of 30 years. However, all teak logging in natural forests has since been banned and concessions were terminated in 1983; only improvement felling and thinning of plantations is now permitted.

The first teak plantation in Thailand was established in 1906. A large-scale planting programme was initiated in 1945 and extensive commercial plantations were established, mainly in northern Thailand. There were about 100,000 hectares of plantations in Thailand by the end of 1990. These belong to three major organizations: the Royal Forest Department (RFD), the Forest Industry Organization (FIO) and the Thai Plywood Company (TPC).





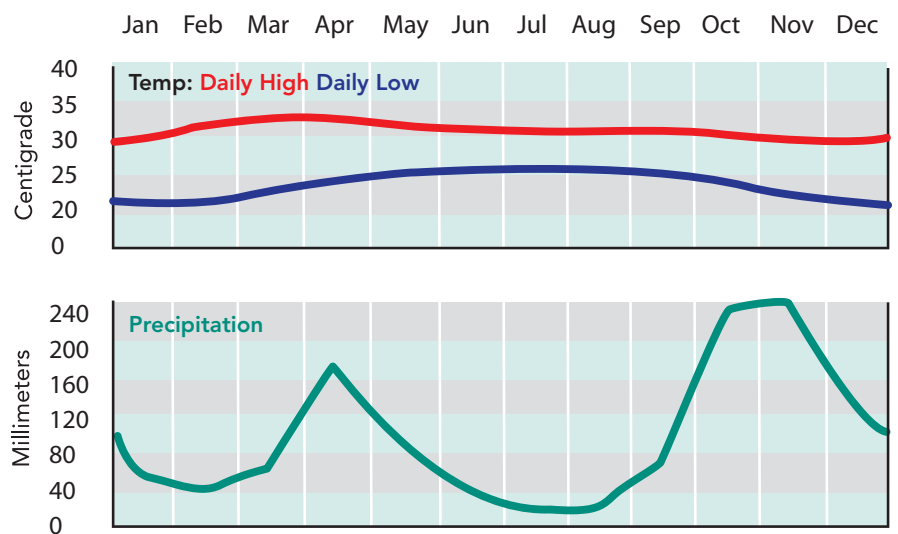
Sri Lanka

Sri Lanka, is an island nation off the southern coast of the Indian subcontinent. Known until 1972 as Ceylon, it is surrounded by the Indian Ocean, the Gulf of Mannar and the Palk Strait and lies in the vicinity of India and the Maldives. With its access to major sea routes, the country is an important strategic naval link between west and southeast Asia.

The Sri Lankan government's Board of Investment (BOI), established in 1992, is the country's central facilitation point for investors and operates as an autonomous statutory body. It has a board of directors drawn from the private and public sectors and a number of departments that aim to facilitate the investment process. AsiaTeak received BOI approval in December 2010 and this important status reflects the company's position as a reputable foreign operator.

The climate is tropical and warm, moderated by ocean winds and considerable moisture. Mean temperature ranges from about 17°C in the central highlands to around 33°C in other low-altitude areas. Conditions in Sri Lanka are widely regarded as some of the best in the world for growing teak. The natural cyclonic or monsoon rainfall and the effects of wet followed by dry seasons produce excellent grain and weather hardiness in the hardwood.

Teak was introduced to Sri Lanka by the Dutch in the 17th century, with a first planting by the forestry department dating back to 1872. Since then teak has been planted as a main species under the dry zone reforestation programme. At present the country has about 28,000 hectares of teak plantation, of various age classes.



Forestry Expertise

Blueprint

The forestry management blueprint adopted by AsiaTeak in both Sri Lanka and Thailand has been developed from over 20 years of teak growing and subsequent data analysis from several of Thailand's most recognised teak plantations in the growing region of Petchabun.

AsiaTeak has formed a strategic alliance with the world-renowned tissue culture and teak plantation owners Thai Orchid Labs (TOL). In addition to having over 20 years' experience, TOL have collected impressive global in-field results of the growth of their trees and wood samples, proving the impeccable quality of their product. AsiaTeak's establishment processes and day-to-day management practices are proven to cultivate faster growing, strong, healthy and uniform teak trees that deliver a high yield per acre and produce high grade timber.



Establishment Process

Selection of the best sites

Soil, drainage and a good water supply are obvious considerations, as are road access and the presence of local amenities. Teak flourishes on terrain that has been cleared of competing vegetation, as it has a relatively large need for aeration of the root system and requires significant sunlight and nutrients. Extensive site surveys are carried out on pre-identified plantation land, including analysis of soil pH.

Drip irrigation

Where appropriate AsiaTeak uses drip irrigation. Although this is an expensive strategy, research has demonstrated that it supports regular growing patterns, extends the growing season by up to 25% and creates strong trees, reducing the risk of problems later on. AsiaTeak installs drip irrigation and waters plantations as necessary between the wet seasons up to year five in tree age, and potentially longer, at the discretion of the forestry manager.

Selection of the best planting stock

AsiaTeak's saplings are grown in laboratory conditions from high grade tissue culture rather than from seed. Years of research and development by our partners and suppliers Thai Orchid Labs, a world-leading biotechnology company, ensure the quality and growth rate of each tree, critical factors when it comes to establishing the high value of the end product.

Spacing policy

AsiaTeak's newly established plantations, from 2008 onwards, are planted using a spacing policy of 4m x 4m, planting 250 trees per acre (618 per hectare), which extensive research has shown to be the optimum for perfect growth, promoting rapid development of the saplings.

Maintenance

Superior pest and disease control

Constant monitoring of saplings and soil condition is crucial to ensure optimum growth and prevent pests and disease. AsiaTeak's strict maintenance schedule ensures that every single tree is inspected weekly by on-site experts. Specialists, equipment and the necessary products are on hand to quickly identify, diagnose and correct any abnormalities.

Weeding

The plantations are continuously weeded and the process of removing any ground level vegetation and debris has numerous benefits. Weeding is an important part of the day-to-day fire prevention practices and also prevents competing vegetation from becoming established, reduces pests and maintains the visibility of the ground level irrigation system.

Maintenance of plantation perimeter

All of AsiaTeak's plantations are fully fenced for security, to prevent damage from animals and to prevent access that may lead to accidental fires. It is vital that the perimeter fences are maintained to ensure the overall security and safety of the trees.

Fertilising

A regular program of fertilisation makes up an important part of the forestry schedule, with fertiliser applied to the base of the tree before the start of the wet season.

Harrowing

Chain harrowing between the trees is part of the forestry maintenance schedule and a highly beneficial practice, as it aerates the ground and increases the flow of air to the root network of the trees.

Thinning and Pruning

Thinning is the process of removing weaker, smaller trees from the plantation to allow stronger trees to mature into a full forest canopy. Utilising a spacing policy of 4m x 4m, AsiaTeak removes approximately 30% of the plantation in the thinning process (approx 75 trees per acre) between years 7 and 10 of the trees' growth cycle.

Pruning, a time-consuming and costly process that greatly improves the standard of the final product, involves the selective removal of certain branches. These operations are closely inter-related and have a strong influence on the quality of the wood and on production performance. Since both the demand and the price for high quality teak increases according to the volume of timber produced in a single stem, pruning becomes an attractive silvicultural operation and a fruitful management practice.



Performance

Management Schedule

The purpose of the management schedule is to outline the forestry components necessary for growing the teak trees to the desired volumes and specifications. The management schedule takes into consideration and details the major tasks, standards, schedule of inspections, checklists and ultimately ensures the implementation of the maintenance schedule and reporting.

Weekly Checklist

To ensure that all necessary tasks are undertaken regularly, the plantation Site Manager is responsible for ensuring that every item on the checklist is reported against and the checklist forwarded to Senior Forestry Management after each weekly meeting. Follow-up procedures for any actions identified as a result of issues raised are tracked to ensure that there is a full record of any activity.

Monthly Reporting of Maintenance Schedule

All information relating to the items listed in the maintenance schedule are entered into the Electronic Plantation Report (EPR). The accumulation and accuracy of the data over time is the central point of reference for all activity relating to the security, health, growth and infrastructure of the plantation. Monthly reports are generated from the raw data.

Mapping

All planted stock is mapped once it has been in the ground for 12 months. AsiaTeak undertakes its own mapping programme overseen by the Senior Forestry Manager. Each tree is identified on the map grid, all information pertaining to a specific tree is referenced and reported accordingly.

Annual Auditing

The Annual Audit is undertaken in March, towards the end of the dry season. The purpose of the audit is to focus on the major factors that influence the performance of the end product and to ensure that AsiaTeak is performing all of their obligations as plantation managers in accordance with the maintenance schedule.

As the growth of the trees in the early years is particularly important to maximising the size and expected value of the final teak trees, the audit considers growth increment and the cause of any mortality.

Forestry Stewardship Council (FSC)

FSC approval is a global standard for ethical, sustainable and environmentally sound forestry. AsiaTeak intends to maintain FSC accreditation across all of its plantations. This is a complex process and takes into account forestry management procedures and overall treatment of employees. It requires very detailed data collation and can only be obtained on individual plantations that are at least two years old.



Growth Rates

High standards of forestry maintenance and care combined with technologically advanced tissue culture ensure that AsiaTeak's plantations experience above-average growth rates and create a far shorter investment/growth cycle.



The image and the table illustrate the exponential growth characteristics of a single teak tree. From years 10 to 20 the volume of timber increases 4-fold, demonstrating the inestimable benefit of allowing the trees to grow for additional years.

Risk Analysis

Teak is incredibly robust and, from three years old, is largely impervious to most diseases as well as to other risks such as fire and flooding. AsiaTeak's forestry management procedures mitigate the most common and pressing natural risks to tree plantations.

Fire

All of AsiaTeak's plantations undergo 24 hour monitoring, allowing for swift identification and elimination of fire risk. The spacing policy also acts as a natural firebreak and, if deemed necessary, trees can be quickly removed to create additional firebreaks. Teak's naturally high oil content prevents it from burning well, meaning fires can be effectively managed with early detection and preventative measures.

Flooding

Although AsiaTeak does not operate in flood districts, the company maintains precautionary flood avoidance systems. While flooding remains a risk, the company's plantations are concentrated inland and therefore at very low risk of such natural disasters.

Disease and Pests

As with any agricultural crop, disease is a risk. AsiaTeak's strict forestry management process requires that each tree is inspected weekly, meaning that disease and pests are identified early and managed accordingly to prevent spreading and mortality. Research, biotechnological development and good plantation management are the only effective methods by which to reduce tree mortality.

Theft

AsiaTeak's plantations are manned 24 hours a day throughout the year to ensure maximum security. Teak trees are, by their very nature, impractical and awkward to steal.

Political Stability

Despite Sri Lanka's historical difficulties, today it is widely recognised as one of the safest countries in the world. Sri Lanka has emerged after a lengthy conflict to become one of the fastest growing economies in the world. Thailand, the 24th largest economy in the world, is recognised as one of the strongest economies in Asia and the fastest growing in Southeast Asia.

Commercial

While it is impossible to predict the market's future with certainty, history shows that teak does not correlate to other market forces. Over the past 10 years teak market prices have risen steadily by an average of 6.75% per annum. Analysts agree that it is reasonable to expect that demand will continue to increase against a diminishing supply, making it likely that this rate will increase further.

Currency

Teak can be sold in its country of origin. However as a global commodity it can be bought and sold by manufacturers worldwide which is a USD denominated transaction.

In July 1997 Thailand adopted the managed-float exchange rate regime, meaning that the value of its baht currency is determined by market forces. The Sri Lankan rupee, pegged to the US dollar since its initial launch, was floated on the world market in 2001. Its value dipped but soon regained a stability that it has maintained since.

Risk Mitigation

The natural risks are mitigated by the detailed maintenance and management schedule which are implemented by expert forestry managers who are on site daily. The 30% stock that is due to be thinned also acts as a natural risk mitigation tool, as any mortality is absorbed by the thinned trees. To date, mortality has not exceeded 1% across the entire organisation.

The beauty of timber is that it continues to grow when left in the ground. Any risks to commercial value whether through market forces or currency fluctuations, can be comfortably mitigated by simply leaving the trees to grow.

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The natural risks are mitigated by a detailed management and maintenance schedule implemented 24 hours a day.

Corporate Social Responsibility

The presence of AsiaTeak's Plantations contribute in multiple ways to the improvement of the socio-economic conditions in the local communities where they operate. The regions that are suitable for teak growing are by their very nature remote and buy and large rural heartlands. In most cases the plantations are hundreds of kilometers from the nearest city. A crucial part of the corporate ethos insures that employees, local communities and investors eventually share in the plantation's collective success.

Local Communities

By establishing plantations in remote locations, AsiaTeak makes a long-term commitment to work with and support the local communities. In areas where there simply is no other work available, AsiaTeak employs full time, part time and casual staff from the local communities. 200 acres of plantation provides over 10,000 man days employment during the establishment phases and an on-going 28 full time employees when up and running at full scale. By sourcing all labour locally, AsiaTeak contributes massively to the net wealth of these small towns and villages.

Employment Opportunities

All of AsiaTeak's full-time staff are fully employed on the payroll and are remunerated with above average pay and carefully monitored and ethically sound working conditions. Staff are provided with their own transport as well as receiving additional benefits such as English language lessons where appropriate. Part-time and seasonal staff are all extremely well paid and the same staff welfare working conditions are upheld. AsiaTeak places great importance on the training, education and internal promotion of the valued local workforce and strongly believes that such practice results in a continuity of staff, producing in turn a higher quality product.

Raw Materials

Where possible AsiaTeak source raw materials, products and services from the local area, ensuring that the presence of the plantations are beneficial to and welcomed by those whose homes are nearby. All of AsiaTeak's plantations require a form of construction for field officers, plant houses, irrigation systems and generators. By sourcing the materials locally to establish and maintain the plantations, AsiaTeak has a very real and positive impact on the local community.

Infrastructure

Road networks are poor in the remote rural aspects of the growing countries. Where plantations are established AsiaTeak has seen a commitment by the local politicians to improve the road networks and encourage further growth activity. Similarly, increasing the net-worth of the local community attracts other small businesses (builders/carpenters/farmers/clinicians) to the area as the local spending power and demand for services increases.

Charitable Support

In all of the plantation locations, AsiaTeak aims to support the local schools where the children of the workforce are educated. Providing money to schools is very often not the answer as the schools themselves are ill equipped to procure the resources they require. As a solution to the problem, AsiaTeak is committed to outsourcing local construction workers or carpenters to make much needed improvements to the facilities at the schools. Where necessary AsiaTeak will procure the necessary teaching materials from nearby towns or cities.



Precis.

AsiaTeak is a well capitalised company, introducing their teak plantations to the market once they became established

AsiaTeak Customer Commitment

1.

To maintain absolute transparency of financial status and forestry management activities and to document this through annual auditing.

2.

To ensure a legal framework that protects the interests of clients and safe guards their assets.

3.

To operate a strict forestry management schedule in order to produce the highest quality product available.

4.

To ensure clients are kept fully informed on an annual basis.

5.

To manage plantations with maximum corporate social responsibility.

6.

To maintain an open door policy on all operations both nationally and internationally.



Directory

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& Sri Lanka Plantations Office**

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