

1. REPORT 7

INTERIM REPORT NO 7

CURRENT EVENTS

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INTRODUCTION

Since completing my inquiries and presenting five interim reports a number of current events have been brought to my attention. These events indicate that, despite the wide publicity which has been given to malpractices and policy and administrative defects disclosed by this Commission, the same problems continue to occur.

There has been no time to conduct full inquiries into these matters but it is necessary to bring them to official notice as an indication of the need for further investigation and of the need for a permanent or "stand by" watchdog to supervise the timber industry. In each of the matters listed below I was able to satisfy myself that the allegations had substance and, where it was necessary in the interests of justice to do so, I gave persons who are shown in an unfavourable light the opportunity to explain their position. Their explanations, if given, are included in this report.

I intend to give a brief outline of each of these matters. Where appropriate I will recommend that further investigations be carried out. I hope that the responsible authorities can act immediately and decisively to prevent any wrong doing and the repetition of the types of practices that have been reported by this Commission so many times.

2. JAHIA LFA (MANUS PROVINCE)

The continuing conflict between the Minister for Forests and the Manus Provincial Government over the proposed declaration of two LFA's on the West Coast of Manus is reported in Appendix 4 to Interim Report No 5.

On the 13 June 1989 I conducted a further hearing at which I examined Forestry Minister Karl Stack on this matter.

My earlier inquiries had revealed that the Manus Provincial Government (MPG) had adopted a Provincial Forestry Plan designed to "lock in" the entire Manus forest resource so that it would be available for processing through a veneer mill to be constructed by SEAL Pty Ltd in a joint venture with the MPG/Kei Besau Kampani. The venture is an integrated part of the project agreement signed with SEAL over the West Coast Manus TRP area. The details of the agreement and the aim of providing for a continuous supply of timber to the mill in perpetuity are set out in Interim Report No 5 App 4.

Some landowners in the Jaha and Kali Bay areas of the TRP area refused to sign the TRP agreement and it was excluded from the timber area. The permit for West Coast Manus timber area was awarded to the landowner company Kei Besau Kampani in which the MPG own substantial equity.

SEAL Pty Ltd was selected from a list of applicants for the job of contractor because it offered the best proposals for local processing - by construction of a veneer mill by the end of project year 3. The calculations for ensuring that a continuous supply of logs could be available for processing were based on sustainable yield management techniques based on resource data provided by DOF. The calculations were based on the premise that, in the long run, the Jaha and Kali Bay landowners would wish to join the scheme and provide logs for the veneer mill. Premier Pokavin gave evidence that these landowners were holding back to see what happened to the TRP forest areas during logging. If

the damage was minimal they would join later. In the meantime he pointed out that there were many links by kinship and marriage between all the peoples in the combined resource area and so owners from Jaha and Kali Bay also claimed entitlements as owners of land within the TRP area and TRP owners claimed similar rights in Jaha and Kali Bay area.

Although the Jaha and Kali Bay areas were not included in the TRP at this stage it was thought that they would eventually be made available. This would occur because the owners would be eager to obtain some return from their resource and because there would be no other way for them to dispose of it as long as the National Minister did not issue a Permit or declare a Local Forest Area and allow the owners to sell their timber under the provisions of the Forestry (Private Dealing) Act.

Two unsuccessful contenders for the logging and marketing contract however worked through local landowners and through two landowner companies to lobby for the declaration of two separate LFA's. The two unsuccessful applicants were Monarch Investments Pty Ltd (working through Jaha Development Corporation) and United Timbers Pty Ltd (working through Kali Bay Development Corporation). At least one (and possibly both) of the landowner companies was incorporated by the lawyer for the foreign contractor on its instructions.

The evidence is that the customary social groups in the TRP area and the Jaha and Kali Bay area overlap the physical boundaries as there is a great deal of inter-relationship by kinship and marriage. For this reason some persons with genuine ownership claims to the Kali Bay and Jaha land and forest support the concept of

exploitation under the TRP proposal. Others favour the private dealing approach. In this sense there is a dispute amongst people claiming to be owners within the Jaha Local Forest Area.

Despite strong opposition from the Provincial Government (including opposition through the Court) Minister Stack declared the LFA. A major ground of objection given by the Provincial Government was that to harvest the Jaha Area at the proposed rate (for log export) would result in overcutting of the Manus resource as its maximum sustainable yield cutting rate would be grossly exceeded. The MPG relied on figures calculated by Mr Cotes of DOF in support of its claim that the maximum sustainable cutting rate was about 75,000m³ per annum. At the public hearing however Mr Cotes submitted new figures in support of a cutting rate approximately double the previous figures.

There is ample evidence that the Jaha Development Corporation supported by Monarch Investments mounted an intensive campaign to put pressure on the Minister for Forests and the Minister for Environment and Conservation to approve the LFA and the Environmental Plan.

I have the following concerns about the current events in Manus Province:

1. It shows a complete breakdown in the co-operative relationships between the national and provincial governments. The National Minister is prepared to proceed despite the strong, determined and reasoned opposition of the Manus provincial government on a matter which it considers will vitally affect the welfare of the people of the province.

2. It confirms very real doubt about the accuracy of the resource data available to the national government. Even when the data base is subjected to serious challenge however the Minister is prepared to make the requested allocation (the Minister gave evidence that he has now had second thoughts and had directed that a new survey be carried out by independent surveyors).
3. It demonstrated that two foreign contractors are prepared to widen the existing split in the local community by shipping in their equipment and commencing to cut trees illegally. It is quite certain that benefits are being given and/or promised to leaders of the local landowners.
4. Under section 6 of the Forestry (Private Dealing) Act, the National Minister had to choose whether it was proper to declare the LFA for the benefit of the Jaha landowners or whether in the provincial (and therefore in the national) interest he should refrain from declaring the area at this stage. Refusal of the application would have locked up the Jaha resource for an indefinite period to see whether it would then be offered to the veneer mill venture.

In evidence the Minister clearly indicated that he would decide in favour of the Jaha landowners even if it would result in the continuous supply of timber to the veneer mill being interrupted. The Minister put greater weight on the rights of individual landowners to exploit their timber immediately than to the provincial (national) requirement of developing a continuous long term timber industry on the island. When pressed on this dilemma the Minister then also began expressing doubts about the long term feasibility of the mill and about aspects of the joint venture agreement.

There was no time to examine the detailed rights and wrongs of these reservations which the Minister expressed. The major policy issue remains - how can the constitutional requirement to protect and conserve the resource (which must sometimes require refusing applications to exploit timber) be reconciled with the (constitutional?) rights of private owners of forestry resources to make an immediate profit from sale.

Minister Stack's contribution to the solution of this dilemma is worth remembering. He said that he could always make the approval of a dealing or agreement in the Jaha area conditional upon the resource being first offered for sale to the veneer mill. A solution along those lines would require him to limit the total harvest in the Jaha area to its true sustainable yield rate of cut and to insist that a fair proportion of it be offered to the veneer mill. (The proportion of process to export logs in the Jaha area would need to be in the same ratio as applies in the TRP area).

5. In the midst of this hot dispute Minister Stack faced another dilemma: before a dealing can be assented to, a prescribed authority must certify that the signatories genuinely represent all the landowners within the local forest area. A proper investigation would almost certainly disclose that some groups claiming ownership objected to the proposal and had refused to sign it.

Firstly the Minister had to appoint a prescribed authority. Following previous practice the obvious appointee would be the Provincial Secretary. This person (allegedly on instructions of the Premier to whom he is responsible) refused to accept appointment. Mr Stack endeavoured to appoint the Grade 5 Magistrate but he declined appointment on the ground that coming from Manus Island himself he could not be objective in this matter.

Frustrated in his attempts to make a proper appointment, Mr Stack then accepted a suggestion of the Jaha landowners. By National Gazette No G30 he appointed Tarcicius Kasou, the Deputy Premier, to be the Prescribed Authority. This man is acknowledged to be a leading member and strong supporter of the Jaha Development group. The Minister has, in this way, politicised the appointment and nominated one of the main contestants to be the "referee".

In my opinion it is extremely unwise for the National government to proceed to allow a timber operation to commence in the middle of a hot dispute and against the strong objections of the provincial government. The potential for law and order problems to occur are very real indeed. The whole situation is a reflection of the lack of clear national policy and of integrated National and Provincial Forestry Plans. It also again illustrates the social problems which can be stirred up amongst rival landowner groups by a foreign contractor promoting and exploiting the dispute for its own short term interest. It reminded me of the wise words of an elderly New Ireland landowner at a meeting in Namatanai discussing a similar "timber war" between rural landowner groups each backed by one of the rival foreign contractors. He warned that, when the foreigners had departed with the logs, the rival and now hostile landowner groups, would be left still trying to live together - because they had nowhere else to go.

3. SEBULON WATT AND TABAR ISLAND

The inspection of Tabar Island by this Commission, undertaken on 13 December 1987 by helicopter, is reported in Appendix 2 of Interim Report No 4 Volume 2. The commencement of illegal operations was observed on the island.

At page 29 of that report I stated that in mid February 1989 history had repeated itself and that operations had again commenced, including the cutting of a substantial quantity of logs, despite the fact that no assent had been given to any logging and marketing agreement. I expressed my concerns about the activities of Pacific Rim Holdings through the Tovutogu Business Group.

When giving evidence in relation to the inquiries into Santa Investments on 19 April 1989 Mr Sebulon Watt stated that logging equipment was again on Tabar Island and that the Tovutugu Business Group had commenced logging.

He stated that the Provincial Forest Officer had ordered logging to cease in March but he confirmed that he had personally advised that logging should commence once the Secretary gave them an indication that the agreement would be approved. Mr Watt confirmed that Pacific Rim Holdings and its principal David Wong (at one time a director of Santa Investments) are involved in the enterprise. Other members of Santa's staff are also shareholders in Pacific Rim.

It is very clear that the appropriate authorities must exercise active vigilance in this area and in relation to the persons involved in these illegal operations. In view of Santa's previous record of "buying" approvals and support from politicians and public servants any "approvals" given to Santa or related companies need to be thoroughly investigated.

This incident clearly demonstrates that the findings of this Commission are not being given the attention that they deserve and that no, or insufficient, action has been taken to ensure that the wrongdoing which has been exposed in the past is prevented from repeating itself.

(3) SIR HUGO BERCHUSER AND SUPERIOR TROPICAL TIMBERS

In the very last stages of the Inquiry the Commission obtained documentary evidence relating to the proposed TRP Area on the Rai Coast of Madang Province.

The letter is dated 13 February 1989 and is written by John Lyons of Gavenvale Investments Pty Ltd, a Queensland company. The letter is written to Mr Anthony W. Atkinson of IMS (Thailand) Limited (schedule 1.1).

It is clear that Gavenvale Investments has some form of joint venture agreement with a company owned by Mr (now Sir) Hugo Berghuysen MP, Superior Tropical Timber Pty Ltd (STT). Mr Lyons describes Sir Hugo as his "colleague in PNG".

The letter indicates that STT will enter a logging and marketing agreement in respect of the TRP Area on the Rai Coast and that STT then intends to assign the contract to a foreign operator. The purpose of the letter is to locate an interested operator.

The letter seeks a deposit of USD 400,000 of which USD300,000 will be payable on signing and the balance after 6 months. A management fee of USD 7.00 per cubic metre is to be paid to Gavenvale to cover "project finding" and to include a "fee for assignment of timber/marketing contract (royalty contract)".

It is quite clear that while STT would obtain the rights to operate in the TRP Area on the pretence that it would have the necessary financial and operational capacity to do so it would, in fact, immediately assign its rights under contract to another operator on payment of the specified deposit and the annual "management fee".

Of greatest concern is the clear reference to proposed transfer pricing activities. The letter attempts to entice foreign operators by the promise of a substantial "off-shore" profit potential. It baldly states that "the standard practice by loggers of 'off-shore' invoicing to permit taxation minimization in PNG will not be inhibited in any way".

It was clearly proposed that a standard FOB price of USD 65.00 per cubic metre would be declared in PNG while the average actual FOB price obtained would be USD 80.00 per m3. Given an estimated annual export of 100,000 cubic metres per annum the "off-shore profit" was stated to be USD1,500,000 each year. This would clearly make it a very attractive proposition.

Sir Hugo attended in my Chamber's on two occasions. He professed to have no knowledge of the letter and claimed to be angry about its contents. He agreed, however, that a business relationship existed between himself and John Lyons. Most importantly he did not challenge the authenticity of the letter (and later confirmed it).

Sir Hugo provided a copy of a Memorandum of Agreement prepared by John Lyons in September 1988. (Schedule 1.2).

This Memorandum provides that Mr Lyons will find an operator for the TRP Area who will provide all "finance, plant and equipment, manpower and all infrastructure to undertake the development of the Rai Coast Timber development project". It further provides that Sir Hugo

will use his "good offices" with the Minister for Forests to obtain approval to assign the contract to the selected contractor. In return Sir Hugo was to personally receive USD 4.00 per cubic metre (an estimated USD 400,000 per annum).

Sir Hugo agreed that he knew of the terms of this proposal but denied that he had, in any way, agreed to them. He pointed out that he had not signed the document.

However, he could offer no satisfactory explanation when he was shown a letter signed by him and sent to John Lyons on about 22 September 1988 stating that:

"in principle, I accept the content of your Memorandum of Understanding as being an acceptable basis on which to work subject to all parties entering into a formal agreement to be drafted by my solicitors and containing terms and conditions acceptable to all parties". (Schedule 1.3).

Inspections were made of relevant files held by Sir Hugo's solicitors, Westpac Limited and Delloite Haskins and Sells. Two employees of Delloites had been appointed as receivers of STT on 21 June 1988. (Schedule 1.4)

It is abundantly clear that STT and some of Sir Hugo's other companies are in serious financial difficulties. From a file note obtained from Westpac and dated 20 April 1989 it is clear that Mr Berghuser anticipated receiving K300,000 per annum once his contractual rights in the Rai Coast had been sub-contracted to or through John Lyons and that this sum would be used by the bank to offset Sir Hugo's substantial indebtedness (Schedule 1.5).

The receivers have obviously played a very active role in "following up" the application by the Department of Forests and have spoken personally with the Minister (Schedules 1.6, 1.7, 1.8, 1.9).

One matter of very real concern that has come to light from the documents kept by the receivers concerns the fact that STT was the front runner for the concession area despite the fact that it was a company in receivership.

It is clear that Minister Stack was well aware of this fact. In a file note made of an "off the record" conversation between the receivers and the Minister at 6 pm on 14 October 1988 the Minister is noted as having said that his Department had advised him of the status of STT. It is noted that of the three applicants only STT was a national company, the other two being Malaysians. From the file note the Minister apparently took the view that he could shield himself from "political questioning" by inviting the two Malaysian companies to re-submit their proposal and giving them a short time to respond.

When the Minister appeared before the Inquiry he agreed that he was aware of the financial status of STT but refuted the accuracy of the above file note. He argued that the proposal of STT was the only one that met the requirements contained in the guidelines and that accordingly it had been selected to negotiate for the contract rights. He said that he was strongly influenced by the fact that STT was in the hands of respected and capable receivers and denied any knowledge of correspondence indicating that the receivership might be lifted once STT was successful with its application (Schedule 1.10).

I regard Sir Hugo's claims that he intends and has always intended, to carry out or "control" the operations himself, with the assistance of an unnamed American friend in Singapore as nonsense. Such an intention is in no way supported by any documentation kept by the bank, the receivers or Sir Hugo himself. In sworn evidence before me Sir Hugo said that he was negotiating for a contractor to do the logging and for Sumitomo to do the marketing. There would really be nothing left for Sir Hugo to do and I believe that the basis for the bank and the receivers to consider this proposition was that the whole operation would be handled by other competent and experienced operators - such as Sumitomo.

The unavoidable conclusion is that the arrangement was conceived and pursued to appease STT creditors and to try to inject some funds into the company. It would have been an improper exercise of the Minister's discretion to grant the application as it clearly did not comply with any of the requirements that I would expect to be applicable.

The clear references to proposed transfer pricing raise an element of criminal liability. I recommend that this matter be referred to the Commissioner for Police for further investigations to be undertaken.

5. MICHAEL SOMARE - LOWER SEPIK LFA

During my investigations into the continuing dispute in Manus Province I was given a copy of minutes recording a meeting on 10 October 1988 between Minister Stack, Premier Pokawin and interested parties. (Schedule 2.1).

In relation to the question of the declaration of future LFA's Minister Stack is recorded to have said words to the following effect:

"Minister: Cabinet decided to abolish legislation but have given me discretion to declare certain projects before Parliament passes Bill to abolish it. Now authorised to declare four projects".

Further additional information that came to hand indicated that one of these four projects was the LFA intended for the Lower Sepik Area in the vicinity of the Marienberg Hills.

The company that pushed for the declaration of the LFA and that was ultimately successful in obtaining it was Sepik River Development Corporation Pty Limited. A search of the file held by the Registrar of Companies indicates the following facts:

Date of Incorporation: 18 December 1987

Directors: Michael T Somare
Gavi J.S Kongumeri
Frank S.Y Tai

Shareholders: Michael T. Somare 4999
Gavi J. S Kongumeri 2499
Frank S.Y Tai 2499

Mr Somare attended in Chambers at my request. He claimed (on oath) that the area in question was under-developed and that he was committed to bringing development to the area and to involving the people in this. He specifically stated that it was intended that six local government councils along the Sepik River were to participate in the project.

There is no tangible evidence of this either in the form of an intended share allocation or a trust arrangement. The company's lawyer has confirmed that he has never received instructions relating to involving six local government councils in any way.

There is a note however on the lawyer's file indicating that under an original proposal it was intended to give a sixty per cent interest to six local government councils (i.e. ten per cent each) while Mr Somare was to have twenty per cent and Mr Tai and Mr Gawi ten per cent each. The file note indicates an intention to vary this so that the councils would have a combined forty-eight per cent holding and the three original share holders would retain a majority holding of fifty-two per cent. (Schedule 2.2)

This proposal is not dated and no indication is given as to its authorship. The company's lawyer knew nothing of its details.

Minister Stack in fact gazetted the area under the Forestry (Private Dealings) Act by notice published in the National Gazette dated 1 October 1988. Mr Somare admitted that he had seen both the Minister and the Secretary for forests to urge a speedy declaration.

The Department clearly did not favour such haste. Acting on Departmental advice the Minister had written to the applicant's lawyers on 5 August 1988 making the following requests:

1. That a suitable logging company be ascertained and that corporate and contract details be given to the Department.
2. That consultation needs to take place with the provincial government.

3. That consideration be given to the fact that part of the area was the subject of the Wewak - Angoram Land Development Feasibility Study.

These matters are in every respect totally proper requests to make. The company's lawyer responded by saying that they were not relevant and were not a legal impediment to an immediate declaration of the area.

It appears that the area was declared without these matters being fully answered or considered.

The apparent failure to take account of the Australian aid funded Wewak-Angoram Land Development Feasibility Study is of concern to me. This study appears to me to be a worthy attempt to review land use in the context of a customary land registration system appropriate to circumstances within Papua New Guinea.

I understand that the results of the survey would have covered such important matters as:

- (a) The appropriate exploitation of the forest resource taking into account the principles of sustained yield management.
- (b) Forest exploitation in the overall context of a broad agriculture policy.
- (c) Appropriate use of the provincial customary land registration laws to ensure a unique and acceptable recognition of the rights of landowners.

All these matters should properly form part of a National Forest Policy but they appear to have been largely ignored in the haste to have the area declared and the resource exploited.

Mr Somare stated that he had agreed to delay any operations until the anticipated completion of the Feasibility Study in June or July 1989 but he stated that he was fed up with delays by the provincial authorities and fully intended to proceed after that date regardless of the findings of the Study. He is negotiating now with a foreign company to log and market the resource.

Minister Stack agreed that he directed the Department to act speedily in respect of the declaration but denied any improper motives in this regard. He conceded, however, that he was under very real pressure from Mr Somare. He said he believed the feasibility study had never proceeded whereas it has in fact been completed and the consultants are now finalising their report which includes proposals for a rubber estate and sustained yield forestry operations in parts of the area.

Mr Somare produced evidence that he had disclosed his interest in the Sepik River Development Corporation to the Ombudsman Commission but I do not know what views the Ombudsman takes of it. (Schedule 2.3). There is a real potential for conflict of interest when a powerful Minister is pushing a fellow Minister to approve his own project whether it is for his personal benefit or for "his people" or, as in this case, a mixture of both. I recommend this matter be referred to the Ombudsman Commission.

6. WEST GADAIKU AND SANTA INVESTMENTS

After the considerable media exposure given to the Commission's investigations into the practices of Santa Investments in Gulf, Central and New Ireland Provinces many people have expressed surprise that this company would be chosen to be the contractor in the West Gadaisu area of Central Province.

On the 13 December 1988 I received a letter from Minister Stack stating that landowners were putting considerable pressure on him to appoint Santa as the contractors. He seemed to indicate that he would be obliged to accede to their demands as the Commission's findings in relation to Santa had not been publicised (Schedule 3.1). With approval from the Prime Minister I then briefed Mr Stack on the results of investigations into Santa and Mr Stack agreed it was not a suitable company to receive approval. In any event Acting Minister Genia approved Santa as the contractor during Minister Stack's absence overseas.

When questioned about this at the public hearing in June 1989, Minister Stack claimed that he was always opposed to the prospect of Santa being appointed as contractor. He further stated that he was discouraged from taking action to reverse the decision as the Prime Minister did not want the actions of an Acting Minister to be openly questioned.

In the light of this Commission's findings in relation to Santa it may prove very unfortunate that the image of one member of the National Executive Council should be given precedence over the proper selection of a contractor for the much abused area of West Gadaisu. (A

recent examination of Santa's current financial records disclosed a series of payments to well known landowners in the West Gadaisu area).

Minister Stack indicated that the decision may yet be reviewed and I would suggest that there are compelling reasons for this to be done.

7. TURAMA TIMBER AREA AND LONG TERM TRADING PTY LTD

The following is a summarised History of the allocation of Timber Permit No 2.11 over Turama Timber Area to Long Term Trading Pty Ltd

The Turama Timber area consists of 187,733 ha in Gulf Province. In 1987 it was merely listed on DOF's list of potential projects but no surveys or preparations for purchasing the timber rights or allocating the resource had been done.

During 1987 there was intense pressure from the Provincial Government and from Long Term Trading Pty Ltd (LTT) for a Local Forest Area to be declared. Several delegations of landowners and Provincial Government officers visited the Acting Minister for Forests (Mr Pailus Wingti) and eventually he actually signed an LFA declaration handed to him by the Secretary of the Province but then, on advice, refrained from gazetting it.

After his appointment as Minister for Forests Mr Tom Horik took a firm stand against making unscheduled declarations of large areas as Local Forest Areas.

Instead he visited the area in early January and negotiated. He obtained agreement that the project would go ahead by way of Timber Rights Purchase followed by the allocation of a timber permit to the Turama Business Group. Under extreme pressure however he made the ridiculous promise that the Timber Permit would be issued before the end of March.

As procedures to purchase the timber rights had not even commenced and the allocation had not been advertised it was impossible to meet that deadline by following normal rules for allocating a major resource.

It should be remembered that January/February 1988 was a period in which the Government was endeavouring to put pressure on all departments to increase revenue raising projects - especially foreign revenue earnings. There were several meetings between Prime Minister Wingti and Minister Horik to discuss the timetable for allocating new forest areas for exploitation. During the process Turama was advanced dramatically up the list.

The following "diary of events" tells the story of this political pressure and the effect that it had on the Department of Forests and its professional standards. The permit was issued on schedule but all safeguards and proprieties were dropped in the process.

13-1-88 Advertisement announced pending allocation of a permit over Turama seeking expression of interest from Developers by 29 January 1988.

- 2-2-88 Brief for PM prepared by DOF in urgent all night sitting. Sets out achievements and constraints of DOF in meeting government's economic development requirements. The Brief emphasised forestry's potential as an export revenue earner put forward some ambitious deadlines (Turama was well down the line at that stage).
- 3-2-88 Mr Horik directs Secretary to work to a March deadline for Turama.
- 10-2-88 FAS Samol, clearly reacting against the political pressure, seeks written directions from Secretary to short circuit procedures and give the "already prepared" Long Term Trading Company the sole right to negotiate because no other company could meet the impossibly short deadline and, in any event, evaluation of other proposals would be impossible in the time available.
- 22-3-88 In an endeavour to make a positive response to the political pressure for an increased rate of resource allocation generally, Samol minutes the Secretary requesting drastic staff re-arrangements to enable mass allocations to proceed as expected and holds out some very ambitious deadlines which could then be achieved.
- 23-2-88 Guidelines for Turama are sent to interested persons. Accompanying letter gave one month to submit proposals to DOF. The guidelines specifically state that the Timber Permit will issue to the Turama Business Group. Interested persons are asked to submit development proposals as contractors. The proposals should aim at minimising export quota and maximising on shore processing, - proposals should aim at an integrated forestry and agriculture/reafforestation project with at least 50 per cent of logs to be processed.

- 25-2-88 PM and Horik meet. They consider Samol's minute to Secretary dated 22 February and use it to set deadlines for 12 projects. Turama was given a 24 March deadline for permit to issue. The Prime Minister then confirms the deadlines. Telexes are sent to interested parties bringing forward date for submitting detailed proposals to 15 March. (Directed by PM)
- 26-2-88 Samol complains to Secretary about further abuse of procedures and again seeks written direction to cover himself. The Secretary passes on the complaint and request to Minister Horik.
- 27-2-88 Prime Minister Wingti writes to Environment and Conservation Minister Zeipi seeking his co-operation to enable the government to meet the deadline to issue the Turama Permit on the 24 March.
- 8-3-88 Prime Minister meets Forestry Minister at Mr Horik's request to discuss extension of time. Agrees on a one week extension.
- 9-3-88 Minister writes to Secretary and extends date for launching Turama to 31 March and also sets tight deadlines for other projects.
- Ioma 4-22 May
Butem Mongi - July
Arave - August
Jimi - October
- 10-3-88 National Youth Development Fund (NYDF) telexes to DOF that its proposals for Turama area in course of preparation. Rushing to meet 15 March deadline. Samol minutes all Divisional Heads rallying support to meet the political imposed deadlines.
- 14-3-88 (3.30 pm) Long Term Trading Co detailed proposals are delivered to DOF (they are not based on official guidelines). The application (signed by W. Cross) is for the timber permit to issue to Long Term Trading Co. (not to the Turama Business Group as previously advertised).

- 15-3-88 Riku Corporation telephones DOF to advise that its proposals are in the mail. This is apparently a proposal backed by the government of mainland China.
- 15-17-88 Other companies withdraw because of insufficient time to prepare detailed and responsible proposals. (Those withdrawing include the large and reputable companies, SEAL and Rimbunan Hijau).
- 18-3-88 DOF's comparative evaluation of the 3 proposals is completed. (LTT, NYDF and Riku. On paper Riku looks best and LTT the worst in terms of the guidelines, capital and expertise).
- 18-3-88 Gadens (lawyer's for LTT) telex/phones DOF and advises that LTT is not NIDA registered and seeks DOF support in its application which is to be considered by NIDA on the 21st March (Gadens still believes LTT is to be Contractor not Permit holder).
- 22-3-88 Draft NEC submission cynically recommends whichever application requires the least time for DOF to process and still meet the crazy 31 March deadline (in effect this means LTT whose application was ready and delivered in advance).
- Department of Environment comments unfavourably on LTT's past environment record but says it has had no time to study the present proposal so refuses to comment.
- 23-3-88 Department of Trade and Industry comments received. It says there has been no time for detailed study and therefore makes no specific comments except to give support for a ban on exports. Recommends promotion of onshore processing.
- 23-3-88 Gulf Forestry Minister writes to Minister Horik and requests that the permit be issued to LTT not to the Turama Business Group.

- 24-3-88 Minister directs Secretary to accept LTT as the sole applicant for negotiations.
- 24-3-88 Secretary directs LTT it is to be the only applicant for negotiations and reduces log export quota p.a. from 216 000 m3 to 135 000 m3.
- 24-3-88 NIDA comments on LTT are received. It requires a substantial reduction of debt equity ratio (from 1:10 to 1:5) and for provisions to be carefully written into the project agreement to ensure that the proposed contractor, Inchcape, cannot split various tasks between its subsidiaries (which would facilitate transfer pricing).
- 30-3-88 Timber Permit issues to Long Term Trading Co. at this stage the Timber Rights Purchases are not completed and the Permit area has not been surveyed. The validity of the Permit is thus liable to be challenged.

No Project agreement was signed at that stage.

Defects in the allocation
of the Turana Timber Area in Gulf Province

1. Local Advertising only.
- 2 Superimposed purely political and impossible deadline - abuse of process.
- 3 Further reduction of time for submitting proposals reduced actual period to 2 weeks.
- 4 Forced two large reputable companies to withdraw because of impossibility of meeting deadline to make proposals in accordance with published guidelines.
- 5 LTT was only company already prepared and it was therefore a forgone conclusion that only it could meet the deadline for submitting detailed proposals and supporting documents.
- 6 LTT proposal departed from official guidelines to which all other companies were working.

- (a) Permit Holder to be Turama Business Group (LTT itself sought and got the Permit).
 - (b) At least 50 per cent of harvest to be processed locally.
 - (c) LTT proposed about 7 per cent processing (after 2 years) and a huge export quota (215 000 m3).
- 7 Three proposals for this massive project were all evaluated in only three days.
8. Decision to negotiate only with LTT was wrong. It cut out major applicant Riku which was financially backed by the Chinese Government and it lost the chance to get a truly integrated project going. The NYDF concept also deserved more consideration than it was given.
9. NIDA recommendations to reduce debt: equity ratio were ignored.
- 10 The last minute switch from Turama Business Group to LTT as Permit holder is a major change in policy and is suspect.
- 11 At date Permit Issued:
- (a) there was no completed Timber Right Purchase and therefore the State lacked the authority to issue the permit.
 - (b) area was not surveyed and mapped.
 - (c) LTT was not NIDA registered to conduct this operation.
- 12 The Timber Permit is a disgraceful document:
- (a) It imposes almost no infrastructure obligations for a 135 000 m3 pa export operation (LTT is required to construct only one permanent (timber) bridge and a maximum of 9 km of road p.a for only 8 years.

- (b) (cl 16) The Marketing condition gives a legal sanction to sell at MEP - This is an open invitation to transfer price (MEP is by definition "arms length sale"). The onus is placed on Secretary DOF to prove a sale is not at arms length.
- (c) Regeneration proposal is non specific and applies only to the first 10 years of 20 year permit.
- (d) Localisation requirements are non specific and meaningless.
- (e) Cl 18 "Provides for a premium" to ensure that the total payment to landowners (including royalties) will be not less than 10 per cent of the (disclosed) FOB price.

This is small share however compared with the 25-30 per cent share which would be expected if a true landowner company had been the permit holder.

The premium is to be held "in trust" by the Provincial Secretary. No Trust Deed was produced and the effect of this provision is uncertain. It works out at 11 per cent of FOB.

- (f) Limited time for Secretary's approval for various company proposals and then they are deemed to be approved (e.g. 30 days to approve or reject logging, marketing and bargaining agreements or they are deemed approved).

13 There is no policy basis for allocating this log export operation to an 80 per cent foreign company.

The rushed allocation of a permit to Long Term Trading Co. in the circumstances described above needs to be thoroughly investigated. The examination of DOF files and the evidence given by Mr Horik and DOF officers indicated that the early 1988 period was one of frantic haste during which DOF was being placed under unacceptable political pressure over the Turama project but also over other projects listed in the programme for allocation.

The need to ensure orderly development and conservation of the forestry resource had been swamped by a frantic endeavour to increase the rate of allocation of new resources to meet absurd politically imposed, deadlines. To meet the deadlines procedures and safeguards had to be bypassed and staff reallocated from other important functions. The Secretary appears to have accepted the political deadlines and to have seen his role as willing implementer. Only Mr Samol appears to have tried to express the outrage of a professional forester at being asked to participate in this wholesale disposal of the forest resource it was a forester's duty to protect.

8. ARAVE - WEST NEW BRITAIN PROVINCE

The dispute over the declaration of the Arave TRP and the subsequent decision to allocate the permit to Arave Investments Pty Ltd has received considerable publicity.

At the time of writing this report an application is before the National Court seeking injunctions restraining the issuing of the permit. The action has been taken by landowners and the unsuccessful landowner company, Arave Logging Pty Ltd. The landowners claim to represent about eighty percent of the geographical area of the TRP and represent all but two clans in the area. They are being openly supported by Timbersales (PNG) Pty Ltd who unsuccessfully applied for the logging rights.

The validity of the TRP Declaration and Agreement has been challenged on a number of grounds. These include allegations of fraud relating to forged

signatures on the agreement; allegations of denial of natural justice and claims that the provisions of the Forestry Act have not been complied with in a number of respects.

My greatest concern is that the existence of this very serious dispute amongst landowners and between competing foreign logging companies, who have clearly taken sides and have created serious divisions amongst the landowning clans, has not been viewed by the Minister as sufficient reason to slow down the administrative processes. Instead the dispute is apparently escalating and the potential for widespread disruption of operations and open conflict between the competing parties is clear. Instead of taking positive action to investigate the actions of the foreign companies involved, to determine that the claims by landowners are bona fide and to ensure that all procedural requirements are in order the Minister appears to have acted with undue haste and the resulting conflict both inside and outside court is clearly in nobody's interest.

I recommend that this matter be the subject of continuing scrutiny by the appropriate authorities. There must be a sensible and proper exercise of Ministerial power to ensure that the interests of all legitimate landowners are protected and that a proper decision is made in relation to the appointment of a suitable contractor. Serious questions have been raised as to whether the successful contractor, Cakara Allam Pty Ltd was the appropriate choice.

9. FRANCIS SIA AND E. TOMON

The involvement of Francis Sia in the payment of improper benefits has been extensively reported. This exposure does not appear to have discouraged Mr Sia at all.

In the last days of this Inquiry, the Commission received a copy of a letter written by Malaysian Overseas Investment (PNG) Pty Ltd to Ezekial Tomon, the Secretary for the Department of New Ireland (Schedule 4.1). The letter is dated 1 December 1988 and is signed by Francis Sia. It is a clear attempt to elicit Tomon's total support for Mr Sia's business. Mr Tomon was asked to act as the company's public relations chief and to liaise with his own department. He was asked "to ensure that our enemies are defeated". Mr Tomon was offered a salary of K1000 per month.

In his written response to this matter Mr Tomon admitted receiving the letter and to knowing of Mr Sia's intentions (Schedule 4.1). In fact, Mr Tomon admits that Mr Sia's approach to him resulted from a statement made by him to Sia that he intended to establish a consultancy company when his term as Provincial Secretary ended. Mr Tomon claims that he took no action in relation to this offer but I am most concerned that he chose simply to return the letter and did not seek to expose Mr Sia's attempt to elicit his support and his attempt to compromise his office. Mr Tomon said he did nothing at all which I do not believe to be in keeping with his responsibilities as the Administrative head of the Department of New Ireland.

Mr Tomon has confirmed that the letter was sent by Mr Francis Sia. The intention behind it is alarming. Not only does Sia talk in terms of defeating "our enemies" but he requests Mr Tomon "to take actions not only in your administrative capacity as Secretary for the Provincial Government but at times may use political means or ways to achieve your goals for our company".

I am of the view that Sia's aims and actions constitute a criminal offence and I recommend that they be referred to the police for further investigation. In any event his actions are entirely inconsistent with any form of conduct that can properly be expected of a foreigner operating a commercial enterprise in this country.

SANTA INVESTMENTS - PUBLIC HEARING

The activities of Santa Investments Pty Limited and its two principals, MICHAEL SIA and FRANCIS SIA have been commented on in previous reports. This has included details of the criminal charges laid against both Michael and Francis Sia concerning alleged transfer pricing undertaken by them in a marketing arrangement with Ahia Development Pty Ltd, a landowner company involved in a TRP in the Vailala District of Gulf Province.

The activities of Santa Investments in the Gadaisu Timber Permit Area of Central Province and in New Ireland Province have been commented on at some length in Interim Reports Numbers 2 and 4. The activities of this company were highlighted in Interim Report No 4. Allegations include the avoidance of Group Tax by the employment of expatriate employees based in PNG but ostensibly paid outside. They include allegations of transfer pricing in

respect of seven log shipments. The Report also notes that Michael and Francis Sia have been charged and committed for trial on twenty seven counts of corruptly offering payments to former New Ireland Premier, Robert Seeto.

The documentation that forms the basis of these charges was obtained by members of the fraud squad of the Royal Papua New Guinea Constabulary. The documents were taken from the offices of Santa Investments in Port Moresby. This section will deal with matters arising from those seized documents which do not yet form the basis of any criminal charges.

I will deal particularly with documents that relate to payments to, and requests for payments by, politicians and public servants.

The documentation is not complete and represents only a small part of the financial year of 1985 and what appears to be the entire year of 1986.

The matters that will be raised fall into the following categories:

1. Requests for "improper benefits" of both cash and non cash items
2. Actual payments to political figures and public servants.
3. Contributions to political parties.

1. REQUESTS FOR "IMPROPER BENEFITS"

The Seeto Letters.

Evidence of requests made to both Francis and Michael Sia is contained in correspondence that is included in Interim Report No 4. Schedules 2,3,4,5,6 and 7. These are letters written by Robert Seeto seeking payments of cash and the provision of vehicles. The letters are written to both Francis and Michael Sia. (These letters are reproduced in Schedule 5.1 to this report).

Evidence was given by Mr Sebulon Watt, a lawyer from Kavieng. Mr Watt was retained by the landowner company, Sopathin Developments, but it is abundantly clear that Mr. Watt was closely associated with Mr Seeto and other provincial government members and was receiving regular and substantial payments from Santa Investments.

Mr Watt gave sworn evidence that he took letters from Mr Seeto to both Francis and Michael Sia in Port Moresby. The letters contained requests for, inter alia, cash payments for Messrs Seeto, Watt and Sampson Gila (a Minister in the New Ireland Provincial Government) and also for the Peoples Progress Party.

Mr Watt confirmed that he received payments from both Michael and Francis Sia and that he gave these sums to Mr Seeto. He also confirmed that the words "cabbages" and "apples" were used as some crude form of code and actually referred to payments of K1000 and K100 respectively.

Although Michael and Francis Sia did not specifically confirm that the payments were made it was agreed that the letters were received. On the evidence before me I find that payments were made in response to these requests.

I find also that both the requests and the payments were improper.

Extortion:

Of even greater concern was the evidence by Mr Watt that on 9 June 1986 he met with Mr Seeto and Mr Gila to discuss the use of Mr Watt's company, Nuibils Enterprises Pty Ltd, as a vehicle for extorting and distributing payments from any company wishing to become involved in the timber industry in New Ireland. I have no doubt that such a meeting took place as described by Mr Watt. The motives were clearly improper and, in all likelihood, criminal. Mr Watt's disturbing evidence answered the questions raised concerning this meeting in Interim Report No 4 Vol 2 Appendix 2 at page 23.

Mr. Watt readily agreed that the proposals did not proceed because Mr Seeto lost the election and could no longer bring his influence to bear. When asked why the trio were targeting only timber companies Watt replied that it was because the Provincial Government was not at that stage involved in giving approvals for things like fisheries. Watt also made it quite clear that any money received would be divided between the three personally and was not intended for the Peoples Progress Party.

Roy Evara:

By an undated letter written on the letterhead of the Minister for Post and Telecommunications, Mr Roy Evara requested payment of K2000.00 from Francis Sia (Schedule 5.2). He also indicated that he would repay a previous advance of K2000.00.

Mr Francis Sia acknowledged that he had received the request and had agreed to make the payment. He conceded that Mr Evara was the representative of the area in Gulf Province where Santa had operations but he attempted to explain the payment on the basis of a personal friendship between Mr Evara and himself.

Similarly, in response to my written request for an explanation, Mr Roy Evara stated on April 25, 1989 that all the Sia family were "great family friends of mine" (Schedule 5.3).

He stated further:

"I think one is entitled to have friends in this world. Having this relationship in mind I requested some money for legal fees which went straight to the legal firm that represented me".

While I cannot reject this explanation out of hand I find that the request and payment were improper given the position of Mr Evara at the time as both a representative of the government and a representative of his people in an area where Santa was operating.

Ope Oeaka:

There was evidence of a request made by Ope Oeaka, a Minister for Primary Industry in the Gulf Provincial Government, seeking a contribution of K5000 toward his election expenses. (Schedule 5.4). Mr Oeaka did not

have an opportunity to explain this. In the absence of any explanation I can only say that the request and the payment, if it was made, seems improper because of the position Mr. Oeaka held in government.

Both Francis and Michael Sia stressed that they were regularly requested to provide money to politicians. They agreed that payments were made but not always in the amounts requested. Such requests are a common but "rotten" aspect of the forest Industry in Papua New Guinea. Political leaders who have become aware that timber companies were making secret profits by transfer pricing and that some were also cheating landowners in other ways should have taken steps to expose and stop these abuses. Instead, however, some latched on like leeches to get a share for themselves and their political parties.

2. ACTUAL PAYMENTS

Evidence of actual payments to politicians and public servants is contained in Santa's financial records for a small part of 1985 and the entire year of 1986.

The General Ledger for 1986 together with corresponding vouchers indicates that payments were regularly and widely made to government officials. (Schedules 5.5 and 5.6) A summary of requests and payments is also included in Schedule 5.5.

These payments appear to have been made under the guise of "entertainment". However, the vast bulk of them are round figures and in relatively small amounts. It is clear that they are more consistent with small cash payments rather than entertainment as they purport to be.

It appears that payments were made to Roy Evara, Noel Levi, Stephen Raka, Sebulon Watt and somebody with the initials F.M. Entries indicate that payments were made to unnamed persons being migration officers, customs officers, forests officers, a NIDA officer named Polsu, a labour officer at Kerema and officers of the F.I.C. The amounts paid to entertain F.I.C. officers are unusual in that they are not round figures (K170-60 and K162-20). It is therefore quite possible that these ones were actually incurred as entertainment expenses.

It was conceded by both Francis and Michael Sia that Santa regularly made cash payments to public servants and that their accounting staff would enter these as "entertainment". Michael Sia claimed that these entries were not done at his specific direction but that it was a practice adopted by the accountant.

It was argued that payments were generally made in response to requests for loans. In some cases payments were for the provision of basic supplies when forest officers arrived at a camp without food or bedding.

These requests, payments and receipts were improper. On the occasions when the payments were in the nature of support for officers staying in timber camps on official duties the impropriety must be shared between the officer concerned and the department. It is imperative that officers are not placed in a position where they must rely on the generosity of a company. It is totally unacceptable for any government officer to be sent on duty without proper means of support. It must inevitably result in his position being compromised and his authority being diminished.

3. PAYMENTS FOR POLITICAL PARTIES

In the documentation to hand it is clear that two major political parties may have either sought or sought and received funds from Santa Investments.

It should be noted that Mr Edward Diro gave evidence to this Inquiry on a previous occasion that he had sought political campaign funds totalling USD\$127,500 from Santa. While in his evidence he admitted making the request he swore that he did not receive any funds from Santa. His letter of request is in Interim Report No 1 Appendix 4.

The two parties implicated in the documents obtained from Santa's offices are the Peoples Progress Party and the United Party.

Peoples Progress Party

The Peoples Progress Party is specifically mentioned on numerous occasions in the letters sent by Robert Seeto to Francis and Michael Sia. The details are as follows:

(a) - Letter of 6th January 1986.

"I also would like to ask you that, as prior to past discussion my Party would be most important with a support from your Companies could assist the Party for the coming election, Thats I believe there is no problems at all"
(sic)

The letter contained a specific request for one vehicle to be made available "to the Party"

(b) "Conditional Requirement" 5/4/86.

"Party for PPP

5% Commission every shipment on FOB CASH payable to Kavieng Branch. CASH ADVANCE K6000 for S/HAND AUCTION SALE VEHICLE IN Kavieng immediately. New vehicle later on".

(c) - Letter of 28th April 1986.

"Regarding your previous decision when I meet you in Port Moresby reference to the term and condition of timber concession Rasirik/Suralil advising you to assist the Peoples Progress Party and myself"

Two items of assistance required in this letter were:

- "3. Peoples Progress Party required 5 cabbages for auction sales, 2 vehicles second hand next week for election.
4. Peoples Progress Party 5% FOB price both SOPATHIN and TABAR LAF"

(d) - Letter of 12th November 1986.

"I wish to request the following matters as prescribe as form of Assistance from your company to me and the party for coming Provincial Election already started. On the 10/11/86 and will be finished on the 14/1/87 following after that the National Election commencing in March and finishes off in June".

The following specific requests were made for "the Party"

- 1 Four wheel Drive Vehicle
- 1 outboard Motor 25 HP
- Cash advance of 10 Cabbages URGENTLY

All these requests total up as follows:

3 motor vehicles

1 outboard motor

K21,000 in cash

5% commission FOB on shipments from the SOPATHIN and TABAR LFA's

(This is assuming that none of the requests were in effect doubled up).

Mr Sebulan Watt gave clear evidence that both Robert Seeto and Michael Sia had informed him that Santa had funded the purchase of two vehicles for the Peoples Progress Party. He stated that he knew these vehicles had been purchased through Morris Ling, a Kimbe businessman. He observed both vehicles in New Ireland. He stated that one was used by the Peoples Progress Party in Namatanai while the other was retained by Robert Seeto.

Michael Sia also admitted that he provided money for the purchase of three vehicles although he was unsure as to the actual sum provided. He stated that the request had been made in Port Moresby by Mr John Chan, a brother of Sir Julius Chan. However, I note that the letters indicate that Robert Seeto had also requested a total of 3 vehicles. The money was sent to Morris Ling in Kimbe. There can be no doubt that the requests were made on behalf of the Peoples Progress Party and that Michael Sia was well aware that the party was to be the recipient. Mr Ling has agreed that he received the money and shipped the vehicles to Kavieng. He has stated in his affidavit however, that he only arranged for the purchase of two vehicles and he maintains that he acted only on the request of Robert Seeto alone.

In 1986 Santa Investments maintained a "personal" ledger. Two groups of entries in this ledger concern payments to persons referred to as "Lucy" and "Kayu-man". (Schedule 5.7). These are clearly code names. It is clear from the ledger itself that "Kayu-man" is Robert Seeto.

Payments to "Lucy" are recorded as totalling K80,173.00. They were made in the period from September 2, 1986 to December 28, 1986.

There are good grounds for concluding that "Lucy" is Morris Ling of Kimbe. There is evidence from Company vouchers (schedule 5.8) that a payment of K4000 was made to "Lucy" on October 6, 1986. This is recorded in the personal ledger. Attached to the voucher is a telegraphic transfer application indicating that payment was made to PNGBC Account 630012 Kimbe. The Bank has provided a statement in relation to this account (schedule 5.9) which shows that the account is held by Morris Ling. More importantly the application for telegraphic transfer shows the word "Lucy" as having been written and crossed out and the name Morris Ling substituted.

Michael Sia denied that Morris Ling was "Lucy". He said he thought someone named Lucy worked in Ling's office. He also denied that any payments, other than those for the car purchases, were made to Ling.

His brother, Simon Sia, gave evidence that all entries in the "personal" ledger were made by him. He stated positively that this was done at the direction of Michael Sia. The entries indicate that "cash advances" were made as follows:

10th December 1986	K 6,943.00
17th December 1986 ,	20,000.00
28th December 1986	<u>35,000.00</u>
	<u>K61,943.00</u>

Michael Sia denied these payments and attempted to say that they were incorrect entries. Simon Sia agreed that he was mistaken although he was unable to explain how he had made such a mistake on three separate occasions and was forced to admit that he only made entries at the specific direction of Michael Sia.

When the evidence of these payments was first reported by the press Mr Ling telephoned and then wrote admitting the claims about the motor vehicles but denying receiving other payments. Mr Ling swore a Statutory Declaration stating that he received K12,730 in respect of the purchase of two vehicles for the Peoples Progress Party. He stated that he acted only at the request of Robert Seeto and did not have any discussion with John Chan or Francis Sia. It is most important to note that Francis Sia had left the company at the time of the payments to "Lucy" and that only Michael Sia could have been involved. Mr Ling's affidavit makes no reference to Michael Sia at all.

I am satisfied that the records accurately reflect the payments made. I believe that the recipient of the payments was the Peoples Progress Party.

United Party

There is evidence in Invoices sent by a Thai company, New Sea Victor Co. to the Secretary of the United Party addressed to P O Box 1527 Boroko indicating that electioneering paraphernalia to a value of US\$ 54,221.06 was supplied to The United Party. (Schedule 5.10)

The items include 10,000 T.shirts, 70,000 posters, 22,000 calenders, 20,000 stickers and 100 flags. It comprised a total of 122,100 individual items sent in 247 cartons.

The items appear to have been ordered by New Sea Victor Co Ltd from another Thai Company named First Rapid Co Ltd. The order was placed prior to April 3, 1987 as this is the date of the invoice sent from First Rapid to New Sea Victor.

It is the payment for these items that directly involves Santa Investments. There are 3 accounts sent to Mr Michael Sia apparently from a company called Chainavee Thailand Pty Ltd. One account dated April 15, 1987 appears to show that the payments Chainavee had made were for Flags, Printing, caps, ties and T shirts in Thailand on behalf of Santa. This account reveals that Santa owed Chainavee a total of 739,024-40 Baht. An account dated April 30, 1987 increases this balance to 744,124.40 as additional freight charges were added. A statement from Santa Investments to a Mr Wanchai Sangsukiam, who is a principal of Chainavee, which is dated December 31, 1986 reveals that Santa made a payment on behalf of Chainavee in PNG for a sum of K24,721.59. A further statement dated July 31, 1987 does the final balancing in respect

of the payment made by Chainavee for the items supplied to the United Party. It appears that the previous cash payment of K24,721.59 together with foregoing of two lots of agency fees totalling US \$24,000 owed by Chainavee to Santa and the payment of an airticket for Mr Wanchai by Santa effectively discharged Santa's debt to Chainavee for the purchase of these items.

Although the relationship between Santa and Chainavee was not fully investigated due to time constraints it is clear that a close commercial relationship existed. Santa clearly performed agency-type functions for Chainavee in PNG and received payment for these. While it is not known for certain what the nature of these functions was, it would appear that they related to Chainavee's fishing operations in Papua New Guinea. Michael Sia stated that they had adjoining offices in Singapore. The activities of Chainavee in the fishing industry in Papua New Guinea may warrant investigation by an appropriate authority.

The order appears to have been placed for the items to be supplied to the United Party at or about the time that Mr Paul Torato, the former Parliamentary Leader of the United Party, held the position of Minister for Forests.

Michael Sia explained that the documents indicated that the account was settled by Santa Investments Pte Ltd (Singapore) rather than Santa Investments (PNG). He attempted to claim that he knew nothing of the payment although he stated that he was aware that Chainavee was invoicing him for the goods. He said this was because he knew Mr Torato better than Mr Wanchai did.

I find this explanation totally unconvincing. Michael Sia admitted being well known to Mr. Torato.

He denied that Mr. Torato, in his capacity as Forests Minister, assisted Santa but he was forced to concede that decisions made by Mr Torato at about the time the goods were ordered had some bearing on Santa's operations in Gaidasu and West coast Namatanai. In relation to the Gaidasy area it is clear that on 10 February 1987 Minister Torato abandoned his plans to revoke the Angus permit and Santa was thereby permitted to commence its operations in that area as contractor. This is noted in Interim Report No 2 at page 38. Michael Sia admitted that Santa's equipment had been moved to the area before this decision was made and that Santa was therefore extremely desirous of commencing operations as contractor to Angus.

On 25 March 1987 Mr Torato wrote to Sopathin Developments agreeing to their request to extend the West Coast Namatanai LFA. Santa is specifically mentioned as the operator. (Interim Report 4 Vol 4B Schedule 115).

Mr. Torato was invited to offer an explanation for this payment but did not respond.

I find that the receipt of this benefit by Mr Torato at a time when he was Minister for Forests was improper as it means he allowed a timber company to benefit him by paying substantial bills for his party.

C. TRANSFER PRICING

While these matters were not directly related to the essential issues surrounding the payments of improper benefits to politicians and public servants further allegations were put to Santa's representatives concerning transfer pricing activities.

Santa's documents were obtained on Summons and documents revealing the true shipment figures at their destination in Korea were obtained by F.I.C officers from sources in Korea.

It must be stressed that there is a close corporate relationship between Santa and a Singapore company called Hindai Timbers. Michael Sia is chief executive of both Corporations. This relationship is stated in Chapter 3 of Interim Report No 4. and was admitted by Michael Sia.

In all its operations Santa was contractually obliged to obtain the best price for log shipments.

Santa indicated in a questionnaire sent to it that all shipments made for Ahia Development the landowner company Pty Ltd, in the Vailala Area of Gulf Province in 1986 were sold to Hindai Timbers. Shipments made for Sopathin Pty Ltd in New Ireland Province were also sold to Hindai Timbers. Given the corporate relationship between Hindai and Santa there existed a very good opportunity for transfer pricing to be practiced.

There are three further instances in which it is now alleged that Santa practiced transfer pricing.

The first of these concerns a shipment in June 1986 on M.V YUE ON. This was a single shipment for 1,170 pieces. The volume was 4,261.355 m3. (Schedule 5.11)

There was one bill of lading issued for the shipment which reveals that the true Korean buyer was Samsung Co. Ltd and not Hindai Timbers. Santa, however, invoiced Hindai by Invoice No SI 05/86. The total amount was USD \$191,760.17. The invoice was for 1,170 pieces with a volume said to be 4,261.335 m3.

The end invoice submitted by Hindai timbers to Samsung Co Ltd was also for 1,170 pieces with a volume of 4,261.335 m3 but the amount was US\$ 234,373.43.

The total amount secretly transferred to Singapore on this one shipment was USD\$42,613.36. I find that in so doing Santa cheated Ahia Developments of its entitlement and cheated the State of export duty liable to be paid.

The second instance concerns a shipment sent in August 1986 on MV SUN BRIGHT. This shipment comprised two parts:

761 pieces with a volume of 3778.02 m3

885 pieces with a volume of 3375.134 m3

The cargo was originally covered by MATES RECEIPTS. These reveal the true Korean buyers to be Eagon Industrial Co and Lotte Trading Co. (Schedule 5.12)

However, Santa's invoices are again to Hindai Timbers. They are as follows.

Invoice No.S1/06/86	FOB \$118,129.69
855 pieces (3375.134 m3)	
 Invoice No. S1/06/86	 FOB \$170,010.90
771 pieces (3778.02m3a)	
	<hr/> USD \$288,140.59

The end invoices for the part of the shipment that went to Lotte Trading is for 885 pieces (3375.134 m3) with a FOB amount of USD 138,380.49. (compare USD 118,129.00). The total price transfer on this part of the shipment was USD \$20,250.08.

Once again this practice deprived the landowners and the government of their legal entitlements.

The third instance concerned a shipment in September 1986 on the MV SONERS BEE. This was a single shipment of 853 pieces with a volume of 2,877.227 m3. (Schedule 5.13)

Both the original Mates Receipt and the subsequent Bill of Lading show the true Korean Buyer to be YOU LIM TRADING CO.

Once again Santa purports to have sold to its related company Hindai Timbers. Its invoice to Hindai (SI 08/86) is for 853 pieces (volume 2877.277 m3) and is for the sum of USD 129,475.22.

The end invoice from Hindai to You Lim is also for 853 pieces (volume 2877.227 m3) but for an amount FOB of USD 158,247.48.

This price transfer totalled USD 28,772.56.

I find that the total amount of price transferring on these 3 shipments alone to have been USD 91,635.70.

I recommend that these matters be referred to the Commissioner of Police for further investigations.

COMMENTS

It is quite clear from this evidence (and from evidence previously studied) that Santa Investments and the Sia brothers promote the interests of the company by offering and making cash sums to influential politicians, public servants and landowners. When this practice is extended to paying large sums to or on behalf of ruling political parties in exchange for favours given, or to be given, it is even more objectionable as it enables these foreign timber companies to gain influence over matters of State.

Records of recent payments to known landowners from the West Gadaisu area almost certainly explain the strong pressure which Forest Minister Stack said was being applied by landowners of that area who were absolutely insistent that only Santa Investments would be acceptable as their contractor.

GASMATA RESOURCES (MR CHIN AH ENG)

Some time in 1985 Mr Chin Ah Eng, a Malaysian, entered Papua New Guinea apparantly with a view to investing money in agriculture projects and the timber industry. He became the principal of a company, Gasmata Resources Pty Ltd.

From evidence given to the Inquiry it became clear that the manner in which Gasmata obtained pre-registration with the Department of Forests required full consideration and some explanation.

The pre-registration procedure within the Department is aimed at ensuring that a company proposing to enter the forest industry is financially sound and experienced in the industry and most particularly in matters associated with tropical timber exploitation.

It appears that Mr Eng widely claimed to have considerable sums of money for investment and professed to having wide expertise in timber and plantation interests.

Notwithstanding these claims it now appears that Mr Eng has left Papua New Guinea and in so doing may have avoided the payment of very large debts. His former lawyer has entered judgment against him for nearly K50,000. The Investment Corporation claims to be owed K310,000 from Gasmata arising from the purchase of 74% of the shareholding of Wewak Timbers.

Wewak Timbers, now known as Madang Timbers, is in arrears in its royalty payments to the extent of K200,000 thereby depriving the government and the landowners of their dues. The Investment Corporation has advised that the Taxation Office is seeking to recover in excess of K50,000 for Group Tax and Company Tax although it is not immediately clear on whom this liability may fall. Office rentals are said to be in arrears by some K5000.

The other shareholders of Wewak Timbers - namely the Investment Corporation and the Madang Development Corporation and the East Sepik Development Corporation - have never received a dividend payment.

In these circumstances, and bearing in mind the purpose of the pre-registration procedures, one is forced to question how this company obtained pre-registration with the Department of Forests.

Pre-registration

The company made application for pre-registration on 31st July, 1985. (Schedule 6.1). The application is notable for its lack of detail. It notes that the company's paid up capital was K2.00 only. This disclosure is accompanied by a rather ambitious claim that the capital would be increased to K5 million (it never was). The application also notes that all shareholders are Singaporean or Malaysian nationals.

The pre-registration committee advised that the application be rejected even though a suggestion was made for it to be deferred. (Schedule 6.2). In all the circumstances it appears quite proper for the application to have been rejected.

On 12th August, 1985 Mr Oscar Mamalai, Secretary of the Department of Forests, advised Mr Chin Ah Eng that the application for pre-registration was rejected. More specifically Mr Mamalai wrote:

"Consequently your company is advised not to pursue its interest in the Papua New Guinea forestry sector".
(Schedule 6.3)

A memorandum from the Secretary to FAS (Operations) on 21st August, 1985 indicates that a direct approach was then made by Mr Eng to the Forests Minister, Lucas Waka. (Schedule 6.4). This common practice is always undesirable as it tends to short circuit the established departmental procedures.

On this occasion, however, the FAS (Operations) properly advised the Secretary that the pre-registration committee had already considered the application and rejected it and he requested that the Minister be advised accordingly. (Schedule 6.5). It seems that the approach to the Minister, therefore, achieved nothing.

Nothing more appears to have happened until 15 April, 1986. On this day Simon Kenehe, as General Manager of Gasmata Resources, wrote to the Secretary. The letter indicated that Gasmata now had a paid up capital of K1,000,000 although it appears that there was no documentation in support of this. (Schedule 6.6). There does not appear to have been a formal re-application. The letter of April 15, 1986 concludes as follows:

"In these circumstances we request that your kind consideration to pre-register the Gasmata Resources Pty Ltd preparatory to the company making application on its behalf or on behalf of Wewak Timbers Pty Ltd for future forestry permits and concessions".

On April 25, 1986, a mere seven days after receipt of this simple letter Mr Oscar Mamalai wrote to Gasmata Resources advising:

"As per your request, we have again considered the application of Gasmata Resources Pty Ltd for pre-registration.

We hereby advise that approval has been granted. Consequently, Gasmata Resources Pty Ltd is now pre-registered with the Department of Forests". (Schedule 6.7)

On the file copy of this letter the following words have been penned:

"As far as I can recall this application did not come before the committee.

J. Mantu O 1
29/4/86"

It was clear that some questions had to be answered.

Oscar Mamalai

Mr Mamalai was summoned to appear before the Inquiry. He had previously submitted a prepared statement to the inquiry admitting that while on a trip to Singapore with his wife in March 1986 Mr Chin Ah Eng had given K2500 in cash to his wife for shopping. He stated that Mr Eng bought him a set of golf clubs and that when Mr Mamalai suggested that his son would also like a set Mr Eng supplied another set of clubs as a gift for Mr Mamalai's son.

In the context of the matter of Gasmata's pre-registration these revelations are most alarming. Furthermore, Mr Mamalai conceded he had discussed the question of pre-registration with Mr Eng both before and after the Singapore trip.

Mr Mamalai also revealed that his wife had entered into a business arrangement with Mr Eng and that Eng had put up initial capital of some K10,000.

Mr Mamalai stated that no other person had exerted pressure on him in relation to the approval of Gasmata's application. He stated that he was aware that the Investment Corporation was eager to dispose of its shareholding in Wewak Timbers and that Eng was to purchase it. Indeed it is clear from a letter addressed to Mamalai from Mr Leo Hannett of the Investment Corporation that it was Mamalai who introduced Eng as a prospective purchaser. (Schedule 6.8)

It is claimed by Mr Mamalai that his acceptance of Gasmata's application was aimed only at facilitating the sale of the Investment Corporation's shareholding in Wewak Timbers. Mr Mamalai claims that he was not influenced by Mr Eng's gifts or by the fact that he was proposing to support his wife in a business venture. He claimed that his position as Secretary had not been compromised.

I reject Mr Mamalai's claims.

The oral and documentary evidence clearly establishes the serious impropriety of Mr Mamalai, firstly in accepting the "gifts", secondly in recommending Gasmata as a possible purchaser of Wewak Timbers, and thirdly in granting pre-registration to a company which had none of the required qualifications for involvement in the PNG Timber Industry.

While it affords no excuse for Mr Mamalai's conduct it is clear to me beyond doubt that Mr Eng calculated to compromise Mr Mamalai. This was aimed at ensuring a smooth entry into the Papua New Guinea timber industry and to then smooth over any problems that would eventually arise in the course of Gasmata's operations. The plain fact is that once Mr Mamalai was initially compromised there could be no going back.

I recommend that this matter be referred to the Commissioner for Police.

Edward Ramu Diro

At about the time that Mr Eng was "cultivating" his links with the Secretary of the Department of Forests it is clear from documentary evidence, that he was encouraging the then Minister, Mr Ted Diro, to enter with him into a business venture.

Documents obtained from Gasmata's former lawyer indicate that Mr Diro and Mr Eng proposed to purchase a number of plantation estates in Central Province. These discussions would have taken place in about March 1986. This was the time that Mr Eng met Mr Mamalai in Singapore.

On April 14, 1986, only one day before Gasmata re-applied for pre-registration, Gasmata deposited K75,000 with its lawyers for the purchase of Portions 106, 107, 115A, 127, 420 and 448 Rigo.

The original plan appears to be that Gasmata would assist Pacific Stationery Supplies Pty Ltd (a company owned by Ted Diro) to purchase Portions 115A, 127 and 420.

There are undated and unexecuted documents (a Memorandum of Mortgage, a Shareholders Agreement and a Management Agreement) which appear to indicate the followings points of agreement:

- (a) Gasmata would fund the purchase of plantations by Pacific Stationery Supplies by providing K25,000 apparantly being the purchase price for those plantatipns to be owned by PSS (Gasmata was to own the others)
- (b) Gasmata expressed a willingness to advance a further K300,000 for development of the properties;
- (c) The sums would be secured by way of mortgage to Gasmata;
- (d) The interest rate and terms of repayment had not been agreed too;
- (e) The shareholders would be

Kone Burana	2498	(15%)
Ted Diro	7478	(45%)
Goriga Forekodo	2498	(15%)
Gasmata	4165	(25%)

- (f) Gasmata would manage the properties.

In July 1986 it was decided that Batabata No 22 Pty Ltd would replace Pacific Stationery Supplies as the purchaser. On July 4, 1986 shares were allocated to Ted Diro (7500) and Gasmata (2500). Although no shares were allocated to the other persons originally specified in the previous unexecuted agreements there was some evidence available to indicate that some form of trust

arrangement was intended whereby Kone Burana, Goriga Forekodo and Alfred Bala would act as "trustees" for landowners in the area.

Given the manner in which Gasmata secured pre-registration and more particularly the proximity in time of these proposed commercial arrangements to the pre-registration approval there was a clear need for explanation from Mr Diro.

Because there was some evidence suggesting Mr Diro may have intended holding shares in Batabata in trust for local leaders, because there was no clear evidence that Diro had actually granted official favours to Gasmata or Eng and because a public hearing would be particularly damaging to a person with Mr Diro's very high public profile I decided it was proper to first give him a chance to explain the circumstances privately.

Mr Diro then attended me in private and confirmed all the facts stated above. He recalled that Mr Eng "was the talk of the town". He said that Mr Eng was reputed to have considerable sums available for investment and that he had extensive agricultural holdings in Malaysia. Mr Diro recalls that Mr Tony Dempsey, a Port Moresby property developer, mentioned Mr Eng to him.

Mr. Diro stated that his primary wish was that the disused plantations in the Rigo area be resurrected for the benefit of the landowners. He entered into discussions with Mr Eng which he said did not take place in his office at the Department of Forests. Although he had been informed by the Secretary that Eng was negotiating for the purchase of Wewak Timbers, Mr Diro stated that matters relating to forests were not discussed between Mr Eng and himself.

I accept Mr Diro's explanations. Mr Mamalai confirmed that he was under no pressure in relation to Gasmata's proposed operations or its pre-registration application. I accept that Mr Diro played no part in the incorrect decision to grant Gasmata's application and to thereby permit it to enter the forest industry in the country.

However, once again it is abundantly clear that Mr Eng set about establishing firm and useful links with the Minister just as he had done with the Secretary. When Mr Diro was asked why Batabata's shares were allocated only to Gasmata and himself, and not to the proposed trustees, he explained that Eng had said that his financial backers overseas insisted on the direct involvement of the Minister. One doubts whether Eng was primarily concerned with embarking on an agricultural enterprise. It seems clear that his first concern was to become commercially associated with the Minister for Forests.

At the same time that Mr Diro allowed himself to become ensnared by Mr Eng he was also secretly holding 35% of the equity of Angus (PNG) Pty Ltd and was attending meetings with the Maisi Trust and leaders of the people of the West Gadaisu area regarding the development of their timber area. When giving evidence regarding Angus and West Gadaisu Mr Diro had also claimed that he was acting on behalf of "the people" and that there was to be a trust. In that affair however the trust concept never materialised and the Permit was finally issued (by Mr Diro as Minister) to Angus (PNG) Pty Ltd (as sole permittee and not, as previously planned, in any form of Joint Venture). Faced with mounting evidence in the Angus investigations Mr Diro

finally admitted owning 35% of the equity in Angus but then claimed it was held in trust for his political party which was then yet to be formed.

At the conclusion of the Angus hearings I found that Mr Diro was secretly and improperly involved with Angus in the expectation of receiving substantial benefits for himself (even if these were to be used also for a political party of which he was to be leader and funds controller). I also found that he granted improper favours to Angus. All this is reported in detail in Interim Report No 2.

Having previously made such findings in relation to Angus, when I more recently inquired into Gasmata it inclined me to believe that Mr Diro had entered into a similar involvement with Eng, Gasmata and Batabata No 22. There is some doubt in my mind, however, as the "trust" arrangement was taking some tangible shape in the share holding of the original corporate vehicle Pacific Stationery Supplies and, although the share holding in Batabata was divided only between Eng and Diro, there was a brief note on the lawyer's file referring to local leaders as sharing in a trust.

The only official "favour" Minister Diro did for Mr Eng was to endorse Ministerial approval of the formal transfer of shares in Wewak Timbers from the Investment Corporation to Gasmata Resources.

Whatever was intended to happen, and however it would all have turned out and how any benefits would have been received, will probably never be public knowledge.

This is because very shortly after these arrangements were put in place Mr Diro ceased to be Minister for Forests and then his involvement in the Angus affair was disclosed at the Commission's public hearings. Whatever assistance Mr Eng may have hoped to get from Diro as Minister for Forests would no longer be possible. Also Mr Eng was being pressed by his lawyer for about K90,000 in unpaid legal fees and was showing signs of financial hollowness. The matter proceeded no further.

In these circumstances I give Mr Diro the benefit of the doubt which exists in relation to the Gasmata involvement and I make no finding of serious impropriety against him regarding this aborted plantation venture with Chin Ah Eng.

I do find however that it was ill-advised and improper for the Minister for Forests to enter into a business arrangement with, and financed by, a Malaysian businessman who he knew was seeking pre-registration with Department of Forests, who he knew was purchasing a controlling interest in Wewak Timbers and who he must have known would later be seeking approvals and decisions from him as Minister for Forests.

While I find no evidence of impropriety on Mr Diro's part it is clear to me that the stage had been set for Mr Diro to be placed under considerable pressure when Mr Eng required assistance or preferred treatment in forest related matters in the future. The fact that Mr Diro was not further compromised by Mr Eng was not due to any conscious decision by Mr Diro to disassociate himself from Mr Eng or his company but rather because Mr Diro eventually ceased to be of any use to Mr Eng's aims and/or because Mr Eng was unable to raise the funds to proceed with the proposed plantation venture.

CONCLUDING COMMENTS

I have summarised these "current events" in this interim report to demonstrate the fact that even after the publicity given to forestry malpractices which has resulted from the work of this Commission and even while the Commission's enquiries are continuing, the same practices are occurring and, often, the same people or companies are involved.

The same comments were made at the conclusion of my enquiries into New Ireland when in Interim Report No.4 Vol.1. I reported that the same things were still happening. Similarly in marketing - it is reported in Interim Report No.6 that even after the Commission's findings on transfer pricing were publicised a large exporter like Sterrin Bay Lumber Co. was still transferring profits off shore, as it always had done.

The lure of these secret profits is so strong that it encourages these companies to transfer price and take the risk of detection. The existence of the transferred funds then makes it possible to pay large sums to politicians, political parties and public servants to gain support and "protection" for the company.

There is an obvious need for a some sort of continuing "watch dog" to supervise the timber industry now that this Commission of Inquiry is about to terminate.

Summary of Recommendations

In this Interim Report I have recommended that the following persons be referred to the relevant authorities for further investigation and appropriate action:

1. Sir Hugo Berghuser and John Lyons

I have recommended that the Commissioner of Police undertake further investigations in relation to the clear proposals relating to transfer pricing and tax avoidance made by John Lyons in his letter seeking a prospective assignee of the contractual rights that were anticipated to be awarded to Sir Hugo Berghuser.

2. Francis Sia

I have recommended that appropriate action be taken by the Commissioner of Police in relation to Mr Sia's offer to Mr Tomon and his clear attempt to compromise the office of the Secretary for the Department of New Ireland.

3. Santa Investments

The transfer pricing activities of Santa Investments Pty Ltd referred to at page 45 - 49 should be further investigated by the Commissioner of Police and the appropriate action should be taken.

5. Oscar Mamalai

I have recommended that the matters relating to the receipt of bribes and gifts by Oscar Mamalai from Mr Chin Ah Eng be referred to the Commissioner for Police.

5. Michael Somare

Mr Somares involvement in the affairs of Sepik River Development Corporation and the circumstances surrounding the granting of the Lower Sepik LFA are appropriate matters for further investigation by the Ombudsman Commission.

6. Generally

The clear evidence of payments made by Francis and Michael Sia to politicians and public servants clearly warrant further investigation and action. In cases where the persons involved are covered by the Leadership Code it is appropriate that the Ombudsman Commission conducts its investigations. In the cases involving public servants there is a clear need for decisive disciplinary action to be taken.

LIST OF SCHEDULES

1. SIR HUGO BERGHUSER - SUPERIOR TROPICAL TIMBERS

- ✓ Schedule 1.1 ✓ Letter from Gavenvale Investments to A.W. Atkinson dated 13 February 1989
- ✓ 1.2 Letter from Gavenvale Investments to Hugo Berghuser and Memorandum of Agreement
- ✓ 1.3 Letter from Hugo Berghuser to Gavenvale Investments dated 22 September 1988
- ✓ 1.4 Notice of Appointment of Receivers for S.T.T.
- ✓ 1.5 Westpac File Note dated 20 April 1989
- ✓ 1.6 Letter from Receivers to Westpac dated 9 March 1989
- ✓ 1.7 Letter from Receivers to Westpac dated 3 March 1989
- ✓ 1.8 Letter from Receivers to Westpac dated 30 March 1989
- ✓ 1.9 Westpac File Note (undated)
- ✓ 1.10 Draft Letter from Receivers to Secretary for Forests dated 21 September 1988
- ✓ 1.11 Letter from Minister to Hugo Sawmilling dated 22 February 1989

2. MICHAEL SOMARE - LOWER SEPIK LFA

- ✓ Schedule 2.1 Minutes of Meeting held on 10 October 1988
- ✓ 2.2 Handwritten proposal for shareholding in Sepik River Development Corporation
- ✓ 2.3 Letter from Michael Somare to Chief Ombudsman and Return

3. SANTA INVESTMENTS - WEST GADAIKU

- ✓ Schedule 3.1 Letter from Minister to Commission of Inquiry

4. FRANCIS SIA (MOI) AND E. TOMON

- Schedule 4.1 ✓ Letter from F. Sia to E. Tomon dated 1 December 1988
- 4.2 ✓ Letter from E. Tomon to Commission of Inquiry dated 20 June 1989

5. SANTA INVESTMENTS

Schedule 5.1 ✓ Letters from Robert Seeto to Francis and Michael Sia

- Letter of 6 January 1986
- Letter of 10 January 1986
- Letter of 23 January 1986
- Conditional Requirement 5 April 1986
- Letter of 25 April 1986
- Letter of 12 November 1986

✓5.2 Letter from Roy Evara to Francis Sia

✓5.3 Letter of explanation from Roy Evara

✓5.4 Letter from Ope Oeake to Michael Sia

✓5.5 Summary of Improper Benefits
General Ledger 1986

✓5.6 Vouchers

✓5.7 Personal Ledger 1986

✓5.8 Vouchers relating to payments to Lucy

✓5.9 Details of bank account held by Morris
Ling

5.10 Documents relating to election materials
supplied to United Party

✓5.11 Documents relating to transfer pricing on
shipment on MV "Yue On"

✓5.12 Documents relating to transfer pricing on
shipment on MV "Sun Bright"

✓5.13 Documents relating to transfer pricing on
shipment on MV "Soners Bee"

6. GASMATA RESOURCES

Schedule 6.1 Application for pre-registration 31 July
1985

✓6.2 Minute to pre-registration committee 5
August 1985

✓6.3 Letter advising of rejection of applica-
tion 12 August 1985

✓6.4 Minute from Secretary to FAS (Operations)
21 August 1985

✓6.5 Minute from FAS (Operations) to Secretary
27 August 1985

✓6.6 Letter of 15 April 1985 re applying for
pre-registration

✓6.7 Letter advising of acceptance of pre-
registration 25 April 1986

✓6.8 Letter from Investment Corporation to
Secretary 26 February 1986

GAVENVALE INVESTMENTS PTY LTD.

Registered Office
 Suite 15, Mermaid Plaza,
 2390 Gold Coast Highway,
 Mermaid Beach Qld. 4218.

P.O. Box 5312,
 Gold Coast Mail Centre,
 Bundall, Queensland Australia 4217.

(075) 393 275
 (075) 389 426
 AA 43470

MEMO TO :

Mr Anthony W. Atkinson,
 IMS (Thailand) Limited,
 19th Floor, Wall Street Tower,
 33-37 Suriwongse Road,
 Bangkok, 10500, Thailand.

FROM :

John L. Lyons,
 Gavenvale Investments Pty. Ltd.,
 Fax. No. (075) 389 426.
 Ph (075) 39 3275.

DATE :

13th/February/1989.

Reference: Rai Coast Timber Project, North Coast, Papua New Guinea.

Dear Tony,

Further to my telephone discussions with you last week and, your fax. dated 10/February/'89 in relation to the above, this report will serve to brief you, so that you can follow the matter up with your various interested parties in Thailand.

I can involve myself in detail discussion with you and answer questions from you, and/or your clients, whilst in Thailand with our Queensland Government Minister next month.

The project at hand is known as the Rai Coast timber project, which is located on the north coast of Papua New Guinea, near Madang. (refer map enclosed).

All submissions have been finalised with the Office of Forests and our associated group in Papua New Guinea, needs only to finalise operational arrangements, to have the Minister of Forests finalise the working agreement between our group, the landowners and the Government.

We wish to assign this agreement with the Government and landowners, to a suitable logging contracting/marketing group, that is willing and able to extract and market the logs from the concession area.

cont'....2

The "modus operandi" by the Government, is to issue the Timber Rights Purchase, (T.R.P.) to a company set up by the traditional landowners in the area designated, then to arrange for a suitable logging company to enter an agreement with the landowners and the Government to develop the T.R.P. area.

This process has now been completed and we have placed into position our group, Superior Tropical Timbers Pty. Ltd., which is a company controlled by my colleague in P.N.G., Mr Hugo Berghuser... MBE, MP, former Minister for Aviation.

The above P.N.G. company will execute the previously mentioned agreement with the Government and the landowners to develop the T.R.P. area. The agreement is known as a Management agreement and, a sample of the current agreement under discussion by us is enclosed.

It is this management agreement and an associated marketing agreement, that we wish to assign to a suitable logging contractor.

The agreement time span for this project will be for a period of ten, (10), years and, the standard practice by loggers of "offshore" invoicing to permit taxation minimisation in P.N.G., will not be inhibited in any way. // T/P

This matter can be discussed in detail when we get together in March, as there are numerous issues that will require discussion.

A joint venture agreement exists between Gavenvale Investments and Superior Tropical Timbers Pty. Ltd., to work together to put in place a suitable working operator for the project.

Therefore, my representation to you on this matter is by authority of said joint venture agreement.

The export quota for round logs, will be in the order of 100,000 cu m. per annum, plus a further 20,000 cu m. per annum will be required to be processed by sawmilling.

cont'....3

..3..

The Consultant will ensure that the introduced party will provide all finance, plant and equipment, manpower and all infrastructure to undertake the development of the RaiCoast Timber development project. Said development costs to include the initial commission as above and, any and all Government fees, legal fees etc. to finalise the timber logging and marketing agreement as required by the Forests Office Minister and his department.

The Agent will ensure that he uses his good offices with the Minister of Forests and the land owners, to ensure that the contract to extract and market the timber from the RaiCoast T.R.P. area is granted to Superior Tropical Timbers in the first instance, then to transfer said contract by virtue of contract assignment to The Consultant's introduced party, or other arrangement agreed to by the Minister of Forests and the parties to this agreement.

Notwithstanding the above, it is agreed between the parties that they shall work in a spirit of co operation with each other, in order to secure between themselves the above T.R.P. project and, both parties will honour the interests of the other to the best of their respective abilities, without recourse to the other, should matters beyond the other's control bring these negotiations to an end.

NOW IT IS WITNESSED AND AGREED BETWEEN THE PARTIES.

Signers:

For and on behalf of Garenvale Investments Pty. Ltd. as The Consultant.

SEAL



.....
John L. Lyons

..... Director

.....
William G. Bennett...J.P.

..... Director

For and on behalf of Superior Tropical Timbers Pty Ltd and Hugo Berghuser as The Agent.

SEAL

..... Director
Hugo Berghuser.

..... Director

Balance b/f				Dr	Cr		PL
85	Takwa Trading Pty Ltd	PL	45	262605		136220	PL 1
85	P & T - Telco & Telephone	45	45	646			PL 1
85	Steamship - stationary	45	45	647		210593	GL 1
85	P & T Corporation - Bureau for	45	45	648		6003	GL 1
85	Bank of South Pacific Ltd.	45	45	649		3000	GL 1
85	Telair - Air fare	45	45	650		26550	GL 1
85	Cash - In Alia i etc	75	75	651		120000	PL 1
85	Cash - Wang Yaw Ong (Mussau)	45	45	652		1600	PL 1
85	Reed Steinhilber Pty Ltd	45	45	653		11000	PL 1
85	Green Trade Restaurant	45	45	654		205000	PL 1
85	Leasing rental - Pac. Pacific Ltd. (2nd mt.)	45	45	-		93029	GL 1
85	Ian Shepherd - Adm. fee	45	45	655		27126	GL 1
85	Annie Nash - Company Mgr.	45	45	656		150000	PL 1
85	Government - Visa fee	45	45	657		50000	GL 1
85	Francis Sia - Adm. fee	45	45	658		4000	PL 1
85	Buss Philip Ltd - Freight charges (again etc.)	45	45	659		100000	PL 1
85	Patty Cash	45	45	660		3029	PL 1
85	Loan from Chinthe Lodge	45	45	-	1000000	100000	GL 1
85	Loan from Karina Pty Ltd	45	45	-	200000	200000	PL 1
85	Loan from Francis Sia	45	45	-	200000	200000	PL 1
85	Loan from Karina Pty Ltd	45	45	-	250000	250000	PL 1
85	Steamship for freight (again etc.)	45	45	661		17905	PL 1
85	Stephen Rake - Subcontract	45	45	662		12000	PL 1
85	Interway Timber & Trading Pty Ltd	45	45	663 (continued)		100000	PL 1
85	Alia development Pty Ltd	45	45	664		962500	PL 1
85	Interway Timber and Trading Pty Ltd	45	45	665		100000	PL 1
85	John Thomas	45	45	666		100000	PL 1
85	Cash - Subcontracting officer	45	45	667		10000	GL 1
85	Cash - Subcontracting officer	45	45	668		10000	GL 1
85	Loan from Takwa Trading Pty Ltd	45	45	669	200000	11000	PL 1
Balance c/f							

REC	Particulars	Folio	Chg. No	Dr	Cr	Balance	of
	Balance b/s					5315662	
1	Flatcher Marine Construction Pty Ltd (Insurance) ^{05.11.66}	MP	269712		200000		PL03
1	Brian Bell (Maini of repair of arches)	MP	269712		4249		PL00
5	Korson Pty Ltd (Fuel for July plan of)	MP	269712		30920		GL11
5	Port Moresby coal estate Pty (office rental)	MP	269715		269942		PL16
1	Mr. Mungai	MP	269717		72000		PL12
1	Mr. Mungai	MP	269717		72000		PL12
6	Green Jade Restaurant (Entertainment)	MP	269717		31329		GL02
1	Investment Corporation of PNG (Shareholding)	MP	269720		56423		PL08
1	Francis Sia (Advance)	MP	269722		150000		PL03
6	Douglas Airways Pty Ltd (Traveling Expenses)	MP	269722		60000		GL10
1	C.I.B. Pty Ltd. C.I.B. Mpa's a/c)	MP	269724		64565		PL10
1	National Capital District Mt. Com. (Living)	MP	269725		20000		PL08
1	P.T.C. (Telephone & Telex)	MP	269728		11923		PL12
1	Mr. Mungai	MP	269728		27780		PL12
1	Desmond Ching (Advance)	MP	269729		50000		PL03
1	Chimbu Lodge (Exchange of elypt)	MP	269729		31000		PL16
1	Chimbu Lodge	MP		31000			PL16
1	Mpa Mpa chit	MP		22000			PL12
2	Advance - Mpa Yau Ong	MP	269731		50000		PL12
2	Advance - Mpa Yau Ong	MP	269731		20000		PL16
1	Si Si Si	MP	269731		27064		PL18
1	Alao Tsong	MP	269731		20000		PL04
1	Membership Trading - (Purchase of base floor)	MP	269731		11000		GL02
1	Commutable share	MP	269731		1888		PL02
2	Mpa Yau Ong - Payment of a/c	MP	269732		25791		PL18
2	Sia Song King - Survey exp. (Mpa Mpa)	MP	269732		4975		GL16
1	Petty Cash	MP	269734		6742		GL05
1	Work permit fee	MP	269734		2000		GL10
	Balance b/s					2947993	

11

Balance		Dr		Cr		1957	
7.5	85	Takma Trading Pty. Ltd	PL/S	262605		136220	
6.5	85	P. & T. - Tel. & Telephone	45	646		210583	
8.5	85	Steamship - stationery	25	647		6003	
8.5	85	P. & T. Corporation - license fee	75	72		3000	
8.5	85	Bank of South Pacific Ltd.	5/5	649		26550	
10.5	85	Takma - Air fare	45	650		120000	
11.5	85	Cash - To Asia & etc	7/5	651		1600	
24.5	85	Cash - Wang Yaw Dag (Mussau)	8/5	652		11000	
16.5	85	Reed Stevedore Pty Ltd	9/5	653		20500	11.50
15.5	85	Green Jade Restaurant	10/5	654		93029	85-00
1.5	85	Leasing rental, etc. Pacific Ltd (2nd ind)	4/5	-		37126	24.00
16.5	85	Ian Shepherd - Advance	11/5	655		150000	
16.5	85	Annie Nash - Company Miss	11/5	656		50000	
16.5	85	Government - also fee	11/5	657		4000	
8.5	85	Francis Sia - Advance	15/5	658		100000	
8.5	85	Rover Philip Ltd - Freight charges (again etc)	14/5	659		3029	
8.5	85	Patty Cash	17/5	660		10000	
7.5	85	Loan from Charles Lodge	21/5	-	1000000	2000000	
17.5	85	Loan from Karina Pty Ltd	21/5	-	400000	200000	
17.5	85	Loan from Francis Sia	21/5	-	200000	200000	
8.5	85	Loan from Karina Pty Ltd	21/5	-	250000	250000	
20.5	85	Steamship for freight (again etc)	21/5	661		17905	
16.5	85	Stephen Lake - Entertainment	21/5	662		12000	
17.5	85	Interway Timber & Trading Pty Ltd	21/5	663	664 (cancelled)	100000	
17.5	85	Alia development Pty Ltd	21/5	665		100000	
17.5	85	Interway Timber and Trading Pty Ltd	21/5	666		92500	
17.5	85	John Thomas	21/5	667		10000	
17.5	85	Cash - 1000000	21/5	668		11000	
17.5	85	Cash - 1000000	21/5	669		11000	
17.5	85	Loan from Takma Trading Pty Ltd	21/5	-	500000	500000	
		Balance c/f					111438

SANTA INVESTMENTS PTE LTD

PAYMENT VOUCHER

Pay to Cash No: 512 293

DEBIT Cal. Divisment Date: 11/1/86

Entertainment	Miguel en 3/11	20	50
---------------	----------------	----	----

KINA	Twenty kina only		
------	------------------	--	--

TOTAL		K	20	00
-------	--	---	----	----

~~Cash/Cheque~~ No. 474608

Signature of Receiver

Cochlear

Manager.

[illegible]

SANTA INVESTMENTS PTY LTD

CAMP VAILALA

PAYMENT VOUCHER

Pay to f. sia No: SP 81/8

DEBIT Entertainment Date: 22/8/86

Custom

60 00 ✓

Purchase of 1 ctn of beer

15.00 ✓

Kina Seventy five only

TOTAL

K 75 00

Cash/Cheque No. 490821

Signature of Receiver

Cashier

Manager

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. J 12/11

6th November 1986

Journal Folio: _____

Entered by: _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment (Forest office)	GL	41	K100	
Michael Sia	PL	80		K100
Entertainment for forest office				

Director: _____

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. 116

5.6.1986

Journal Folio: _____

Entered by: _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment	GL 40	✓	60.00 X	
Francis Sia	PL 98	✓		60.00 X
Being entertainment for				
2. officers.				

Director _____

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. J20/4

30.4.1986

Journal Folio: _____

Entered by _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment	GL 39	X	60 00	
Francis Sig	PL 98	X		60 00
Entertain Officer of Forest				
Department				

Director _____

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. J $\frac{31}{12}$

06 . 10 19 86

Journal Folio: _____

Entered by _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment (forster)	GL	41	K 200.00	
Michael Sim	PL	81		K 200.00
Being entertainment for forster				

Director _____

SANTA INVESTMENTS PTY LTD

CAMP VAILALA

PAYMENT VOUCHER

Pay to Cash

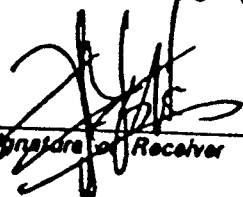
No: SP45/7

DEBIT No. follows:-

Date: 14/7/86

Jampi	} advance from Jimmy.	50	00	✓
Kudi		10	00	✓
Jimmy Waima	(Advance by H.P. Choy)	10	00	-
Entertainment	labour officer in Kerema	20	00	✓
Kina	Ninety only			
TOTAL		K	90	00

Cash/Cheque No. 486295 486300


Signature of Receiver

Cashier _____

Manager _____

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. 5151

21.7 19 86

Journal Folio: _____

Entered by _____

Particulars	Amount	Dr. A/C	Cr. A/C
Entertainment	6.40	162.20	
Francis Sia	5.44		162.20
Being ent. exp. incurred			
by P. Sia.			

Director _____

50 0N

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. 517

10.7 19 86

Journal Folio: _____

Entered by _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment	GL 40	/	170.60	
Francis Sia	PL 99	/		170.60
Bring ent. exp.				
incurred for ent.				
f.i.c officers:				

Director _____

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. J 25/11

10 - 11 1980

Journal Folio: _____

Entered by _____

Particulars	Amount		Dr. A/C	Cr. A/C
Kayu man	PL	93	K1,000.00	
Company mess - allowance for Mr. Watt	GL	15	600.00	
Michael Sia S. C.	PL	81		K600.00
Kavira Pty. Ltd	PL	171		1000.00
Being T/I to Kavira for payment				
To the above named person for oct. allowance				

Director _____

SANTA INVESTMENTS PTY LTD

~~CAMP VAILALA~~

PAYMENT VOUCHER

Pay to Nucbilo Enterprises Pty Ltd

No: SP 35/14

DEBIT — do —

Date: 14/10/86

Advance

5,000

00

Kina Five thousand Kina

TOTAL

K

5,000

00

Cash/Cheque No. 490895

Signature of Receiver

Cashier

Manager

SANTA INVESTMENTS PTY LTD


CAMP VAILALA

PAYMENT VOUCHER

Pay to S. Watt No: ST 49/9
DEBIT Food Ration Date: 29/9/86

<u>Allowance for September, 86</u>	<u>600</u>	<u>00</u>
<u>paid to Mr. Watt</u>		
<u>Kina Six hundred (Kina) ✓</u>		
TOTAL	K	600 00

Cash/Cheque No. 490934


Signature of Receiver

Cashier _____

Manager Li

SANTA INVESTMENTS PTY LTD

CAMP VAILALA

PAYMENT VOUCHER

Pay to Numbils Enterprise

No: SP 98/9

DEBIT Export Duty

Date: 29/9/86

Duty on logs 2.701.587 m³ on
shipped per "Mitchell"

12,268 77

Kina Twelve thousand two hundred sixty
eight Kina seventy seven toea of

Cash/Cheque No. 690933

TOTAL

K

12,268 77


Signature of Receiver

Cashier 

Manager

SANTA INVESTMENTS PTY LTD

~~CAMP VAILALA~~

PAYMENT VOUCHER

Pay to Sebulon Watt

No: SP 53/9

DEBIT Tabar Timber Dev. Corp. P/L

Date: 15/9/86

T/T to Sebulon Watt as cash
advance

3,000 n

Kina Three Thousand

TOTAL

K

3,000 n

Cash/Cheque No. 490887

Signature of Receiver

Cashier

Manager

~~GAMP-VALLALA~~

Pay to <u>Niebile Enterprises P/L</u>		No:	<u>SP 37/9</u>
DEBIT <u>- do -</u>		Date:	<u>11/9/86</u>
<u>Advance for office expenses</u>			<u>890.00</u>
<u>None</u>			<u>/</u>
<u>Eight hundred ninety Nine and</u>			
<u>TOTAL</u>		<u>K</u>	<u>890.00</u>
Cash/ Cheque No. <u>490876</u>			

Summary of Resources

Cashier

Harmon

1/2007/340497/140
10/5/86

SANTA INVESTMENTS PTE LTD

PAYMENT VOUCHER

Pay to Mr. Watt

No: Sr 105/8

DEBIT

Date: 29.8.1986

Allowance for month of
August

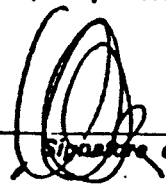
K 600 00 ✓

KINA — Six hundred Only —

Cash/Cheque No. 490838

TOTAL

K 600 00



Signature of Receiver

Cashier

SIMON

Manager

SIMON

PAYMENT VOUCHER

Manager

Dimozik

SANTA INVESTMENTS PTY LTD

~~CAMP VAILALA~~


PAYMENT VOUCHER

Pay to Sebulon Watt No: 20/8

DEBIT _____ Date: 12/2/86

	400	00 ✓
Kina four hundred only.		
TOTAL	K 400	00

Cash/Cheque No. 486368


Signature of Receiver

Cashier _____ Manager _____

中興旅遊有限公司
SING-AMERICA TRAVEL CO. CORPORATION PTE. LTD.
1, PARK ROAD, #04-02, PEOPLE'S PARK COMPLEX, SINGAPORE 0501.
TEL: 911 1001 (LINE 1) • CABLE: SINGAPORE • TELETYPE: 911 1001

STRICTLY CASH ON DELIVERY

3

CUSTOMER'S COPY
TICKETING/GEN.
INVOICE

INV NO C 1007720

NO CHANGED TO: *mts Rana Investment*

DATE: *11/04/87*

AGENT: *AY*

AIR NO.

WTRNO. NO.

58929

ADDRESS:

SALESMAN NO.

CONTACT:

TEL:

SALES-REP.

NAME OF PASSENGER/S		DOCUMENTS ISSUED	ROUTING FROM TO	AMOUNT
<i>m wanchan</i>		<i>4-12-87</i>	<i>SIN Bm</i>	
<i>Pangkuliam</i>			<i>SIN</i>	
<i>MEVORAPANT</i>				
<i>The Ban Chaporn</i>				
GL NO.		TICKET	SUB-TOTAL	\$
		HOTEL CHARGES — VOUCHER NO.		\$
				\$
		T/INSURANCE		\$
				\$
		VISA		\$
				\$
				\$
TOTAL INVOICE-DOLLARS			TOTAL	\$ <i>3110</i>
				<i>Three thousand one</i>
				<i>hundred and ten</i>
RECEIPT NO.		RECEIPT AMOUNT \$		

E.L.O.E.

SCHEDULE 9

INTERNAL MEMORANDUM — (Administration—Branch and Interbranch Correspondence only.)

TO HEAD OFFICE
GENERAL ADMIN & AUDIT

FROM KIMBE

DATE 25 APRIL 1989

REFERENCE BA MGL mwi

YOUR REF. & DATE

OUR

REFER: PETER RICHARDS

SUBJECT:— COMMISSION OF ENQUIRY - OUR ACCOUNT 6350012


The name of the above account is Morris Ling and Margaret Ling. The account was opened at Rabaul branch on 23/03/73 and subsequently transferred to Kimbe on 06/12/74.

Details of deposits made to the account from September 1986 to January 1987 are:-

<u>DATE</u>	<u>DETAILS</u>	<u>AMOUNT</u>
01/09/86	Cash 294-00	
	Chqs 211232 PNGBC KBE 9-00	
	Chq 205360 PNGBC KBE 17-50	320-50
02/09/86	T/T BSP BKO Santa Investment	5,990-00
03/09/86	Cash	100-00
03/09/86	T/T BSP BKO Santa Investment	10-00-
09/09/86	Cash	3,000-00
10/09/86	Cash	149-00
28/09/86	Cash 1,000-00	
	Chq 6907978 Niugini Lyods POM 119-23	1,119-23
30/09/86	Cash 250-00	
	Chq 211805 PNGBC KBE 15-00	
	Chq 213155 PNGBC KBE 3-00	
	Chq 210480 PNGBC KBE 6-50	
	Chq 205377 PNGBC KBE 23-50	298-00
07/10/86	T/T BSP BKO Santa Investment	4,000-00
10/10/86	Cash	400-00
14/10/86	Cash 200-00	
	Chq 33448 BSP RAB 1,000-00	1,200-00
20/10/86	Cash	368-50
30/10/86	Cash 200-00	
	Chq 211694 PNGBC KBE 12-00	212-00
06/11/86	Cash	130-00

..... 2

DATE	DETAILS	AMOUNT
07/11/86	T/T BSP BKO Santa Investment	2,730-00
14/11/86	Cash	279-00
21/11/86	Cash	
	Chq 0730561 WPAC KBE	217-00
		<u>12-00</u>
		229-00
01/12/86	Cash	1,100-00
03/12/86	Cash	600-00
08/12/86	Cash	
	Chq 0730574 WPAC KBE	151-00
		<u>12-00</u>
		163-00
15/12/86	Cash	
	Chq 0435562 PNGBC KBE	1,454-00
		<u>12-00</u>
		1,466-00
22/12/86	Cash	
	Chq 0435316 WPAC KBE	332-00
		<u>9-00</u>
		341-00
29/12/86	Cash	
	Chq 0425478 WPAC KBE	274-
		<u>3-00</u>
		277-00
02/01/87	Cash	410-00
09/01/87	Cash	
	Chq 04045318 PNGBC KBE	209-
		<u>15-00</u>
		224-00
19/01/87	Cash	445-00
26/01/87	Cash	
	Chq 0797624 WPAC KBE	209-
		<u>60-</u>
		269-00
30/01/87	Cash	600-00



EVAN R WHAM
Manager

NEW SEA VICTOR CO., LTD.

1070/8 Mahachulalongkornrajavidyalaya
THAILAND

SCHEDULE 5.

SHIPPER: New Sea Victor Co Ltd.
1070/8 Mahachulalongkornrajavidyalaya
CONSIGNED TO: The Secretary United Party
P.O. Box 1517 Boroko N.C.D.
Port Moresby, Papua New Guinea

INVOICE No. 901A/NSV/INV/1987

DATE: 31st August 1987
TERMS: By T.T. Remittance

SHIPMENT BY: Air Freight

SHIPMENT DATE: 10th April 1987

PARTIAL SHIPMENT: Allowed

PORT OF SHIPMENT: Bangkok

Transshipment: Allowed

DESTINATION: Port Moresby, Papua New Guinea.

MARK & NO.	DESCRIPTION OF GOODS	UNIT PRICE	AMOUNT
		(Per Pieces)	(FOB Bangkok)
	1 (One) Lot of Garment, Printed Items and flag		
129 Cartons	T-Shirt = 10,000.0 Pcs.	US\$ 1.40	US\$ 14,000.00
68 Packages	Poster 24x36 Inch. = 34,000.0	0.26	8,840.00
24 Packages	Poster 12x17 Inch. = 26,000.0	0.19	4,940.00
	= 4,800.0	0.15	600.00
	= 6,000.0	0.11	660.00
20 Bundles	Calendar 12x17 Inch. = 2,000.0	1.20	2,400.00
1 Carton	Small Calendar = 80,000.0	0.14	800.00
2 Packages	Sticker 5x10 Inch. = 10,000.0	0.14	1,400.00
1 Carton	Sticker Dia 10 Inch. = 2,000.0	0.21	420.00
1 Carton	Sticker Dia 5 Inch. = 1,500.0	0.14	210.00
	Dia 4 Inch. = 1,500.0	0.09	135.00
	2.5x5 Inch. = 5,000.0	0.07	350.00
1 Carton	Flag 3x4 Ft. = 100.0	4.67	467.00
247 Packages	= 122,100.0 Pcs.		
	Total FOB Bangkok		US\$ 35,222.00
	Plus 10% Service Charge		3,522.20
	Plus Air Freight/Handling Charges B 397,910.00 @ 25.71		15,476.80
	Total CNF + Service Charge		US\$ 54,221.00
	Total Packing : Two Hundred Forty Seven Packages Only.		
	Total US Dollars : Fifty Four Thousand Two Hundred Twenty One and Centa Six Only.		
	E. & O. E.		



NEW SEA VICTOR CO., LTD.
1024/8 Mahachulalongkornrajavidyalaya
THAILAND

SHIPPER: New Sea Victor Co Ltd
1024/8 Mahachulalongkornrajavidyalaya
Thailand.

INVOICE No. 002A/NSV/INV/1987

CONSIGNEE: The Secretary United Party
P.O.Box 1-27 Boroko P.O.D.
Port Moresby, Papua New Guinea

DATE: 21st August 1987

TERMS: By T.T. Remittance

SHIPMENT PER Air Freight

SHIPMENT DATE 21st April 1987

PARTIAL SHIPMENT Allowed

PORT OF SHIPMENT Bangkok

Transshipment Allowed

DESTINATION Port Moresby, Papua New Guinea.

MARK & NO.	QUANTITY PACKAGES	DESCRIPTION OF GOODS	UNIT PRICE (Per Piece)	AMOUNT (FOB Bangkok)
8 Port Moresby	4 Carton	Cap * 500.00 Pieces	US\$ 1.28	US\$ 640.00 =====
		Total FOB Bangkok		US\$ 640.00
		Plus 10% service Charge		64.00
		Plus Air Freight/Handling Charges B 3,990.00 @ 25.71		155.19 -----
		Total CNF + Service Charge		US\$ 859.19 =====
		Total Packing : Four Cartons Only.		
		Total US Dollars : Eight Hundred Fifty Nine and Cents Nineteen Only.		



20th 11-22.

E. & O. E.

SEP 21 '87 03:44 CHONGKRI THAILAND 66-34-403472



USDA 11/11/87
FIRST RAPID CO., LTD.

37-39 หมู่ 4 ถนนพหลโยธิน แขวงจตุจักร กรุงเทพฯ 10500
37-39 Soi Chulalongkorn Rd, Rama 4 Rd, Bangkok 10500
Tel. 2618704, 2618705, 2620049

Doc No. 2247

หมายเลขการค้า 00 41 8387

ใบส่งของ
DELIVERY ORDER & INVOICE

วันที่ 3-04-87

เลขที่ใบส่งของ

พยาน New Sea Victor Co., Ltd.

PN/87/001

ที่ 1024/8 Mahachulalongkornrajavidyalaya University Thailand

จำนวน Quantity	รายการ Description	ราคา Price	จำนวนเงิน Amount
10,000 Pcs	T-Shirt	US\$ 1.40	US\$ 14,000 -
34,000 "	Poster 24" X 36"	0.26	8,840 -
26,000 "	Poster 12" X 17"	0.19	4,940 -
4,000 "	" "	0.15	600 -
6,000 "	" "	0.11	660 -
2,000 "	Calander 12" X 17"	1.20	2,400 -
20,000 "	Small Calander	0.04	800 -
10,000 "	Sticker 5" X 10"	0.14	1,400 -
2,000 "	Sticker Dia 10"	0.21	420 -
4,000 Pcs			
		รวมเงิน Total	US\$ 34,060 -

ผู้ส่งของ ผู้รับ ผู้รับ
ในนามของ ใบส่งของนี้ใช้ได้เฉพาะในกรณีนี้

37-38 ซอยพหลโยธิน 18 แขวงพญาไท 4 กรุงเทพฯ 10500
37-38 Soi Chulaongkorn 18, Rama 4 Rd., Bangkok 10500
Tel. 2618784, 2510485, 2520043

เลข
 Book No.
 เลขที่
 No.

45

P.S

2248

REF: 06 41 0387

DELIVERY ORDER & INVOICE

7-04-87

เคยฟังเพลงมอญบ้าง

พวงกด New Sea Victor Co Ltd

FN/87/001

Ref 1024/8 Mahachulalongkornrajavidyalaya Bangkok

[illegible]

ผู้จัดทำ

תמונת

ใบตองของผีใต้ไฮมา-ใบเตยใบเงิน

TOTAL P.05

14

Date : 17.04.87

STATEMENT OF ACCOUNT NO. MI 1/30
=====

MESSRS : MR. MICHAEL SIA

REF : T-SHIRTS, FLAG, PRINTING, CAP AND TIES.

		DR. BANT =====	CR. BANT =====
Feb 87	Payment on your behalf : 50% Deposit of 11 Items.	494,537	
	Telex : January	900	
	Feoruary	550	
	Facimile : February	33	
09.03.87	Cash in PNG US\$4,000		103,600
25.03.87	Paid The Balance for TIE	3,600	
27.03.87	Cash in PNG US\$10,000		257,100
31.03.87	Cash through Mr. Ling US\$10,000		252,700
01.04.87	Paid The Balance for FLAG	30,000	
04.04.87	Paid The Balance for PRINTING	272,688	
07.04.87	Paid The Balance for T-SHIRT	180,000	
11.04.87	Air Freight N Transportation to Airport	397,910	
	Packing expenses	2,085	
14.04.87	Air Ticket for Mr. Wanchai (20 SD1555)		38,128.60
17.04.87	Will Pay The Balance for CAP	8,250	
	Balance Due In Our Favour		739,024.40
		1,390,553	1,390,553

5

Date : 30.4.87

STATEMENT OF ACCOUNT NO. VI 1/30

MESSRS : MR. MICHAEL SLA

REF : T-SHIRTS, FLAG, PRINTING, CAP AND TIES.

	DR.	CR.
	<u>BAHT</u>	<u>BAHT</u>
15.04.87 Ref. Statement of account no. VI 1/30		
Balance due in our favour	739,024.40	
17/3/87 courier service sending sample	600.00	
17.04.87 " "	510.00	
30.04.87 Air freight for sending caps	3,090.00	
Balance due in our favour		744,124.40
	<u>744,124.40</u>	<u>744,124.40</u>

DATE : 02/09/87

MESSRS : MR. MICHAEL SLA

REF : T-SHIRTS, PLAC, PRINTING, CAP AND TIES.

STATEMENT OF ACCOUNT NO. MI 3/39

	DR. BAHT	CR. BAHT
15.04.87 Ref. Statement of Account No. MI 3/39 Balance due in our favour	731,024.40	
17/03/87 Courier service sending Sample	600.00	
30.04.87 Air Freight for sending Caps	3,900.00	
Balance due in our favour		744,124.40
	<u>744,124.40</u>	<u>744,124.40</u>

PLS COOPERATE TO SETTLE THE BALANCE.

Tel: 02-220987
Date: 02/09/87
Time:
Tx Operator:
Secretary:
Accountant:
Admin:
G. Manager:
Managing Director:

SANTA INVESTMENTS PTE LTD

6

To: Mr. Wanchai Sornsuksam

Date: 31.12.86

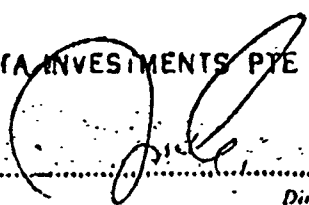
STATEMENT OF ACCOUNT

DATE	PARTICULARS	DEBIT	CREDIT	BALANCE
		S\$	S\$	S\$
11.86	Payment on your behalf in PNG K24,721.59 @ 2.2825	56,427.03		
11.86	cash received - our o/r no. 1539		44,090.00	
12.86	Bangkok Bank cheque no. 590232- our o/r no. 1541		10,500.00	
	Bal due to us		1,837.03	DR1,837.03
		56,427.03	56,427.03	

Singapore Dollars One Thousand Eight Hundred Thirty Seven
and cents three only.

Y/el

SANTA INVESTMENTS PTE LTD


Director.

SANTA INVESTMENTS PTE LTD

Messrs: MR. WANCHAI SANGHUMKAM

Date: 31ST JULY 1987

STATEMENT OF ACCOUNT

DATE	PARTICULARS	DEBIT	CREDIT	BALANCE
		S\$	S\$	S\$
01.01.87	Balance as per our statement dated 31.12.86	1,837.02		
31.03.87	Agency fee from 1.1.87 to 31.3.87 US\$12,000.00 @ 2.142	25,704.00		
13.04.87	Air ticket for Mr. Wanchai to & Fro SIN/POM/SIN	1,555.00		
	Balance as per your statement dated 30.4.87 Bahr 744,124.40 @ 12.50		59,529.95	
01.06.87	Agency fee from 1.4.87 to 30.6.87 US\$12,000.00 @ 2.123	25,476.00		
	Balance due to you	4,957.92		CR4,957.92
		59,529.95	59,529.95	
		-----	-----	

SINGAPORE DOLLARS: FOUR THOUSAND, NINE HUNDRED FIFTY-SEVEN AND CENTS NINETY-TWO ONLY.


SANTA INVESTMENTS PTE. LTD.

SANTA INVESTMENTS PTE LTD

Debit Note No: STI/A/SI/87

Date 23rd April 1987

Messrs: CHINAVEE FISHERY CO. LTD

Particulars	Amount
Being payment made on your behalf to Sino-America Travel Corporation Pte. Ltd. as following:-	
Air ticket for Mr. Wanchai Sangsukiam SIN/POW/SIN	S\$ 1,555.00
SINGAPORE DOLLARS:- ONE THOUSAND, FIVE HUNDRED AND FIFTY-FIVE ONLY.	
SANTA INVESTMENTS PTE. LTD. 	
Total	

Shipper
SANTA INVESTMENTS PTE LTD
P.O. BOX 88,
PORT MORESBY,
PAFUA NEW GUINEA.

SCHEDULE 11

R/L No.



PIONEER LINE

(PIONEER LINE CO., LTD.)

1

BILL OF LADING

Consignee (Notify party)

TO ORDER

SAMSUNG CO. LTD.
P.O. BOX 16 BUSAN,
KOREA.

(Local vessel)

(From)

Vessel

Voy. No.

Port of loading

M/V YUE ON,

8

OROKORO BAY, PNG.

Port of discharge

For Transshipment to

BUSAN, KOREA.

Final destination (for the merchant's reference)

Marks & Nos.	No. of Pkgs or units	Kind of packages or units Description of goods	Gross weight	Measurement
SI	1,170 PCS	PAFUA NEW GUINEA ROUND LOGS (PAFUA NEW GUINEA ORIGIN) SHIPPED ON BOARD 24th JUNE 1986	4,261.335	CUBIC METRE
TOTAL NUMBER OF PACKAGES OR UNITS (IN WORDS)		ONE THOUSAND ONE HUNDRED AND SEVENTY PIECES		

FREIGHT & CHARGES

FREIGHT PREPAID

Freight Terms	Rate	Per	Prepaid	Collect

By, Rate

Prepaid at

Payable at

Place and date of issue

OROKORO BAY, PNG. 24/06/1986

Total prepaid in Yen

Number of original B/L

THREE

Copy

NON - NEGOTIABLE

M/V YUE ON

SANTA INVESTMENTS PTE. LTD.

P. O. Box 88, Port Moresby, Papua New Guinea.
Tel: 213411, 213403. Telex: NE 23218 SANTA

(2)

INVOICE No. SI 05/86

Hindai Timber Pte Ltd

10 Anson Road, No. 34-08

Messrs. International Plaza, Singapore 0207

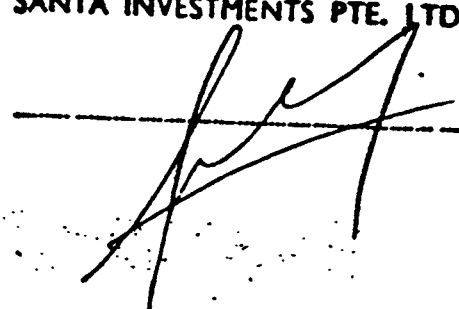
Contract No. -

Irrevocable Credit No. DC SGH 6

Date 25 June 1986

Per M/V YUE ON

Destination BUSAN, KOREA

MARK	DESCRIPTION	TOTAL AMOUNT
1,170 pcs	<p>Papua New Guinea Round Logs Mixed Species (Papua New Guinea Origin)</p> <p>Volume: 4,261.335</p> <p>Shipped on board as per M/V YUE ON F.O.B. Papua New Guinea Port</p> <p>(Says United State Dollars One Hundred Ninety One Thousand Seven Hundred and Sixty and cents seven only)</p> <p>SANTA INVESTMENTS PTE. LTD.</p> 	<p>USD\$191,760.07</p> <p>=====</p>

E. & O. E.

...d # 34-08.
...onal Plaza,
...apore 0207.
Cable: BOTRADE SINGAPORE
P.O. Box 3598, Singapore 9055.
Tel: 2200337, (5 Lines)

HINDALTIMBER

PRIVATE LIMITED

INVOICE No. SH/005/86

Messrs. SAMSUNG CO LTD
P O BOX 16 BUSAN KOREA
Contract No. _____
Irrevocable Credit No. DC BSN966010

Singapore.





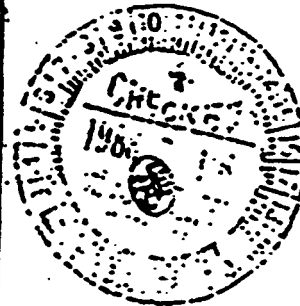
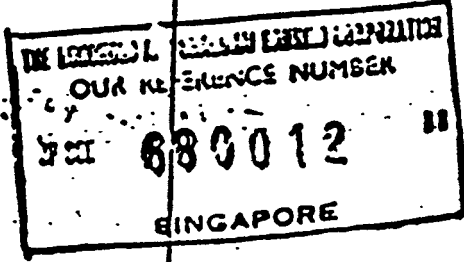
19/7/86

Per M/V

YUE ON

Destination

BUSAN KOREA

MARK	DESCRIPTION	TOTAL AMOUNT
SI	PAPUA NEW GUINEA ROUND LOGS MIXED SPECIES (PAPUA NEW GUINEA ORIGIN) AS PER OFFER NO: 115/SL/SAJ/85 1,170 PIECES = 4,251.235 M3 US\$55.00 PER M3 OCEAN FREIGHT @ US\$20.00 PER M3 TOTAL C & F BUSAN KOREA	 US\$234,373.43 US\$225.70 US\$319,600.13 ----- UNITED STATES DOLLARS THREE HUNDRED NINETEEN THOUSAND SIX HUNDRED AND THIRTEEN ONLY. HINDALTIMBER (PTE) LIMITED  Director LRL/ee  

E & O. E

①

discuss-

LOADING PORT	DISCHARGING PORT

Various	Papua New Guinea Round Logs	761 Pieces	3778.02 M3
---------	-----------------------------	------------	------------

THIS RECEIPT is issued subject to the terms and conditions of this company's B/L

Commanding Officer

BA86/007

MATE'S RECEIPT

CEIVED on board of the undermentioned ship, from the undermentioned shippers for the discharging
the undermentioned goods in apparent good order and conditions.

SHIP	VOY. NO.	FLAG	SHIPPERS	CONSIGNEES
Sun Bright "	4	Panama	Santa Investments Pte Ltd. P.O.Box 88, Port Moresby, PNG	TO ORDER: NOTIFY: Lotte Trading Co., Ltd. CPO Box 7266, Seoul, Korea.
LOADING PORT	DISCHARGING PORT			
Okoro Bay, G	Inchon, Korea.			
MARKS & NOS.	KIND OF PKGS	CONTENTS	WEIGHT	MEASUREMENTS
ious		Papua New Guinea Round Logs	885 Pieces	3375.134 M3

HATCH NO. _____
THIS RECEIPT is issued subject to the terms and conditions of
this company's B/L


Commanding Officer

S/O NO.
8A86/006

3

昌鴻航運股份有限公司

駐台代表處

EXCELSIOR MARINE TRANSPORT INC.

TAIPEI LIAISON OFFICE

FL. 6 NO. 60. PO-AI RD. TAIPEI
TAIWAN. R. O. C.

TELEX: 13479 CHONHUNG
CABLE: CHONHUNG. TAIPEI
TEL: 314-1156

m.v. "Sun Bright "

11th August 1986

Orokoro Bay, Papua New Guinea

A U T H O R I Z A T I O N

Messrs : Santa Investments Pte Ltd.
P.O.Box 88, Port Moresby,
Papua New Guinea.

Sirs,

I hereby authorized you on behalf and of my owners, to sign the original copies of the Bill of Lading for this shipment, quantity according to Mate's Receipt and in accordance to the terms, conditions and Exceptions of the existing party.

Thanking your kind attention and cooperation.

Very truly yours,

.....
Capt., Tedi Sui Hing
Master of m.v. "Sun B"

EXCELSIOR MARINE TRANSPORT INC.

Bill of Lading

5

Shipped on board by the shipper named herein, the goods or packages said to contain goods hereinafter mentioned, in apparent good order and condition unless otherwise indicated in this bill of lading, to be transported to the port of discharge or so near thereto as the ship can safely get, the goods to always float at all stages and conditions of water and weather, and there to be delivered or transhipped on payment of all charges thereon and on performance of all obligations of the shipper and consignee and each of them.

It is agreed that the custody and carriage of the goods are subject to all the terms on the front and back hereof whether written, typed, stamped or otherwise, which shall govern the relations, whatsoever they may be, between the shipper, consignee and the carrier in every contingency whatsoever, whensoever occurring and also in the event of or during deviation, or of conversion of goods, or of unseaworthiness of the ship at the time of loading or unloading of the cargo or subsequently, and none of the terms of this bill of lading shall be deemed to have been waived by the carrier unless by a written agreement signed by a duly authorized agent of the carrier. If requested, one signed bill of lading duly endorsed must be surrendered to the agent of the carrier at the port of discharge in exchange for a delivery order.

1. If these terms and conditions of this bill of lading shall have effect subject to the provisions of the Charter Party, it is agreed that the shipper shall be deemed to have accepted the provisions of the Charter Party and shall be bound by the same.

2. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

3. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

4. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

5. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

6. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

7. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

8. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

9. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

10. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

11. The shipper shall be responsible for the full benefit of, and right to all facilities of, the cargo. The carrier shall be responsible for the full benefit of, and right to all facilities of, the cargo.

(Terms of Bill of Lading continued on the back hereof)

Santa Investments Pte Ltd. P.O.Box 88, Port Moresby, Papua New Guinea

Port of Loading: Orokoru Bay, PNG Ship: M.V. "Sun Bright" Voy. 4

Port of Discharge: Inchon, Korea. Destination: (If goods to be transhipped at port of discharge)

To Order

Party: Lotte Trading Co., Ltd. CPO Box 7266, Seoul, Korea.

Marks & Numbers	No. of Pkgs.	Furnished by Shipper		
		Description of Goods	Weight	Measurement
Log Nos	885 Pcs.	Papua New Guinea Round Logs		3375.134 M3
Species Mark		(Papua New Guinea Origin)		
		Shipped on board.		
		11th August 1986		

ACCEPTING THIS BILL OF LADING, the shipper, consignee, pledgee, holder of this bill of lading and owner of the goods agree to be bound by all its stipulations, exceptions and conditions, whether written, typed, stamped, or otherwise, on the front or back hereof as if signed by the person, any local customs or regulations to the contrary notwithstanding, and agree that the terms and conditions of this bill of lading shall govern the relations, whatsoever they may be, between the shipper, consignee and the carrier in every contingency whatsoever, whensoever occurring and also in the event of or during deviation, or of conversion of goods, or of unseaworthiness of the ship at the time of loading or unloading of the cargo or subsequently, and none of the terms of this bill of lading shall be deemed to have been waived by the carrier unless by a written agreement signed by a duly authorized agent of the carrier. If requested, one signed bill of lading duly endorsed must be surrendered to the agent of the carrier at the port of discharge in exchange for a delivery order.

WITNESSETH, the Master or Agent of the ship, that he has signed this bill of lading, all of this tenor and date, one of which is attached to the cargo, and the others to stand void.

Ocean Rates and Charges (Subject to Correction)

Freight Charged on	Rate	Per	Freight
			" Freight Prepaid "
Total Payable at			

Dated at Orokoru Bay, PNG 11th August 1986

For the Master

B/L No.

8486/006

SANTA INVESTMENTS PTE. LTD.

P. O. Box 38, Port Moresby, Papua New Guinea.
Tel: 213411, 213403. Telex: NE 23218 SANT.L

INVOICE No. SI 06/86

HINDAI TIMEER PTE LTD

10 Anson Road, #34-08

Messrs. International Plaza, Singapore 0207

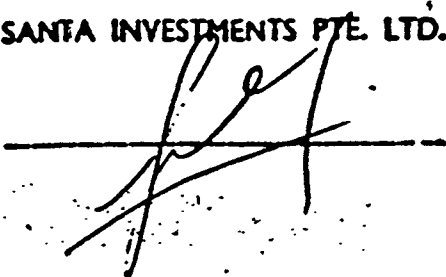
Date 12 August 1986

Contract No. _____

Per M/V SUN BRIGHT

Irrevocable Credit No. DC SGH68029588

Destination Inchon, Korea

MARK	DESCRIPTION	TOTAL AMOUNT
885 pieces	<p>Papua New Guinea Round Logs (Papua New Guinea Origin)</p> <p>Volume: 3,375.134 M3</p> <p>Shipped on board as per M.V. SUN BRIGHT on 11th August 1986</p> <p>F.O.B. Papua New Guinea Port</p> <p>(Says United States Dollars One Hundred eighteen thousand One Hundred and Twenty Nine and cents Sixty Nine only.)</p> <p>SANTA INVESTMENTS PTE. LTD.</p> 	<p>US\$118,129.69</p> <p>=====</p>

⑦

P. O. Box 88, Port Moresby, Papua New Guinea.

Tel: 213411, 213403. Telex: NE 23218 S.I.N.T.1

INVOICE No. SI 07/86

HINDAI TIMBER PTE LTD

10 Anson Road, #34-08

Messrs. ~~International Plaza, Singapore-0207~~

Date 12 August 1986

Contract No. _____

Per M/V SUN BRIGHT

Irrevocable Credit No. DC SGH 6803088B

Destination Inchon, Korea

MARK	DESCRIPTION	TOTAL AMOUNT
761 pieces	<p>Papua New Guinea Round Logs (Papua New Guinea Origin) Volume: 3,778.02 MB</p> <p>Shipped on board as per M.V. SUN BRIGHT on 11th August 1986.</p> <p>F.O.B. Papua New Guinea Port.</p> <p>(Says United States Dollars One Hundred seventy thousand and ten and cents ninety only.)</p> <p><i>[Signature]</i></p> <p>E. & O. E.</p>	<p>US\$170,010.90 =====</p>

3

10, Anson Road # 34-
International Plaza,
Singapore 0207.
Cable: BOTRADE SINGAPORE
P.O. Box 3598, Singapore 9055.
Tel: 2200337, (5 Lines)

HINDALTIMBER

PRIVATE LIMITED

INVOICE No. SH/006/86

✓ Lotte Trading Co., Ltd
C.P.O. BOX 7266 Seoul, Korea
Messrs. _____

Singapore, 21.8.86

Contract No. _____

✓ Per M/V Sun Bright

Irrevocable Credit No. M6001/607/NU/00025

✓ Destination Inchon Port, Korea

MARK	DESCRIPTION	TOTAL AMOUNT
Various Log Nos and Species Mark	<p>✓ PNG ROUND LOGS</p> <p>885 pieces - 3,375.134 M3 ✓ @ US\$41.00 per M3</p> <p>Freight</p> <p>✓ CANDF INCHON PORT KOREA</p>	<p>US\$ 138,380.49 ✓</p> <p>67,502.68</p> <p>US\$ 205,883.17 ✓</p>
<p>✓ United States Dollars Two Hundred & Five Thousand Eight Hundred Eighty Three and cents seventeen only.</p>		

LL/el

LOTTE TRADING CO., LTD
Director



THE HINDAL TIMBER CORPORATION
OUR REFERENCE NUMBER
68080
SINGAPORE

E & O. E

MATE RECEIPT

SHIPPER. SANTA INVESTMENTS PTE LTD. P.O. BOX 88, PORT MORESBY, PAPUA NEW GUINEA.	DATE OF ISSUE 03-09-1986
CONSIGNEE TO THE ORDER OF NATIONAL AGRICULTURAL COOPERATIVE FEDERATION, PUSANJIN BRANCH, PUSAN KOREA.	HANLIM SHIPPING CO., LTD.
NOTIFY PARTY. Y-SULIN TRADING CO., LTD. PUSAN KOREA.	

VESSEL M.V. SONGHIE HUN	6) VOYAGE NO. 25	8) S/O NO. SA06/008	9) B/L NO. SA06/008
PORT OF LOADING OROROLO BAY PNG	7) PORT OF DISCHARGE PUSAN KOREA	12) FINAL DESTINATION. PUSAN KOREA	

THE UNDERMENTIONED CARGOES WERE IN APPARENT GOOD ORDER AND CONDITION UNLESS OTHERWISE NOTED BELOW

MARKS AND NUMBERS	14) NO. & KIND OF PKGS	15) DESCRIPTION OF GOODS	16) GROSS WEIGHT	17) MEASUREMENT
VARIOUS LOG NOS AND SPECIES MARK	853 Pcs	PAPUA NEW GUINEA ROUND LOGS (PAPUA NEW GUINEA ORIGIN)		2,577.227 CB

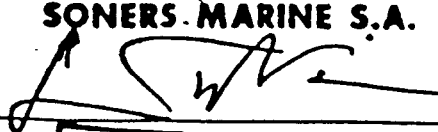
REMARKS
SHIPPER LOAD, COUNT AND MEASUREMENT SHIP NOT RESPONSIBLE FOR SPLITTING,
CRACKING, VOLUME AND DISCOLOURATION.

THIS RECEIPT IS GIVEN SUBJECT TO ALL THE CONDITIONS OF OUR PRINCIPAL BILL OF LADING RECEIVED ON BOARD

BY: _____
NO. & KIND OF PACKAGES _____
STOWED IN HATCH NO. 1 and 2 IN HOLD
DATE _____

23) HANLIM SHIPPING CO., LTD.

BY: 

Slipper SANTA INVESTMENTS PTE LTD. P.O. BOX 88 PORT MORESBY, PAPUA NEW GUINEA.		B/L No. SA86/008	
Consignee TO ORDER OF NATIONAL AGRICULTURAL COOPERATIVE FEDERATION, PUSAN CITY OFFICE, PUSAN KOREA.		SONERS MARINE S.A. COPY NON NEGOTIABLE	
Notify Party YOU LIM TRADING CO LTD, 18-1 JKA JUNGAND-DONG JUNG-KU, PUSAN KOREA.			
Local Vessel	From		
Ocean Vessel M.V. SONERS BEE	Voyage No. 25	Flag PANAMA.	Final destination PUSAN KOREA
Port of Loading OROKOLO BAY PNG.	Port of Discharge PUSAN KOREA	For transshipment to	
Marks and Numbers	No. & Kind of Pkgs	Description of Goods	Gross Weight
VARIOUS LOG NOS AND SPECIES MARK	853 PCS	PAPUA NEW GUINEA ROUND LOGS. (PAPUA NEW GUINEA ORIGIN) SHIPPED ON BOARD 11/09/1986	2,877.227 M3
Total number of packages or units(in words) EIGHT HUNDRED AND FIFTY THREE PCS ONLY			
Freight & charge	Revenue tons	Rate	Per
		Prepaid FREIGHT PREPAID	Collect
Freight prepaid at	Freight payable at	Place of issue OROKOLO BAY PNG	
Total prepaid in	No. of original B/L THREE 3	Date of issue 11/09/1986	
Laden on Board the Vessel		SONERS MARINE S.A. By  M/V SONERS BEE	

2

(3)

SANTA INVESTMENTS PTE. LTD.

P. O. Box 88, Port Moresby, Papua New Guinea.
Tel: 213411, 213403. Telex: NE 23218 SANTA

INVOICE No. SI 08/86

HINDAI TIMBER PTE LTD

10 Anson Road, #34-08

Messrs. International Plaza, Singapore 0207

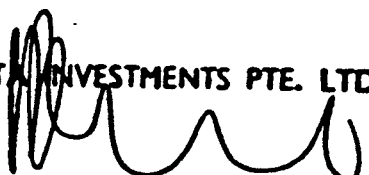
Contract No. _____

Date 11 September 1986

Per M/V Soners Bee

Irrevocable Credit No. DC SGH68032688

Destination Pusan, Korea

MARK	DESCRIPTION	TOTAL AMOUNT
853 pieces	<p>Papua New Guinea Round Logs (Papua New Guinea origin)</p> <p>Volume: 2,877.227 M3</p> <p>Shipped on board as per M.V. SONERS BEE on 11th September 1986.</p> <p>F.O.B. Papua New Guinea Port.</p> <p>(Says United States Dollars One Hundred and Twenty-nine thousand and Four Hundred and Seventy-five and cents Twenty-two only.)</p> <p> SANTA INVESTMENTS PTE. LTD.</p>	<p>US\$129,475.22 =====</p>

E. & O. E.

Esplanade Road # 34-08,
International Plaza,
Singapore 0207.
Cable: BOTRADE SINGAPORE
P.O. Box 3598, Singapore 9055.
Tel: 2200337, (5 Lines)

ALINDAI
TIMBER
PRIVATE LIMITED

INVOICE No. — SH/008/86 —

YOU LIM TRADING CO., LTD 18-1 JKA JUNGAND-DONG

Messrs. JUNG-KU PUSAN

Singapore, — 16.9.86 —

Per M/V SONERS BEE

Contract No. —

Irrevocable Credit No. — M0318-609-HU00018 —

Destination — PUSAN —

MARK

DESCRIPTION

TOTAL AMOUNT

VARIOUS LOG NOS
AND SPECIES MARK

PAPUA NEW GUINEA ROUND LOGS

853 PCS = 2,877.227 M3 @ US\$55.00 PER M3

Plus : Freight

CANDF PUSAN

US\$ 158,247.48

57,544.54

US\$ 215,792.02

P.N.G. ORIGIN

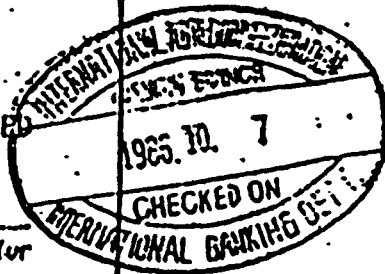
CANDF PUSAN PORT

UNITED STATES DOLLARS TWO HUNDRED
FIFTEEN THOUSAND SEVEN HUNDRED NINETY
TWO AND CENTS TWO ONLY.

ALINDAI TIMBER (PTE) LIMITED

LL/ef

Director



E & O. E.

SCHEDULE 6.1

31st July 1985

The Director
Office of Forests
P.O. Box 5055
Boroko
Papua New Guinea

Dear Sir

Re: APPLICATION FOR PRE-REGISTRATION WITH THE OFFICE OF FORESTS

1. "GASHATA RESOURCES PTY", a private limited company incorporated in Papua New Guinea (hereinafter called "the Company") would like to be registered with the Office of Forests to undertake the business of logging in Papua New Guinea.
2. The registered office of the Company is:

Second Floor,
Investment House
Douglas Street
P.O. Box 109,
Port Moresby
Papua New Guinea
3. All correspondence relating to this application may be addressed to:

Mr Eng Chin Ah
care of
Shin-Nikko Co (S) Pte Ltd
31-01, 31st Street
Hong Leong Building
Raffles Quay
Singapore 0104
(Telephone : 2248388)
(Telex : 36035 GLENVL)
4. The present authorized capital of the Company is 10,000 Kina. This will be increased to 10,000,000 Kina.
5. The present paid-up capital of the Company is 2 Kina. This will be increased to 5,000,000 Kina.

(2)

6. The present shareholders and directors of the Company are Mr Eng Chin Ah and Mr Sin Soon Teng. They each hold one share of one Kina each in the capital of the Company. The major shareholders and directors of the Company will be:-

(1) Dr Abdul Ghafar Bin Baba

Age : 60
Nationality : Malaysian
Residential Address : 15, Lorong Bukit Pantai Lima,
Pantai Hill, Kuala Lumpur,
Malaysia

(2) MR ENG CHIN AH

Age : 45
Nationality : Malaysian
Residential Address : 41 Jalan 5/42
Petaling Jaya
Malaysia

(3) MR ROBERT TAN POH SENG

Age : 44
Nationality : Singaporean
Residential Address : 78/80 Crowhurst Drive
Singapore 1955

(4) MR SIN SOON TENG

Age : 40
Nationality : Singaporean
Residential Address : 68 Crowhurst Drive
Singapore 1955

The four major shareholders will each hold 25% in the issued and paid-up capital of the Company.

The Chief Executive of the Company will be Mr Eng Chin Ah assisted by Mr Sin Soon Teng.

(3)

7. Enclosed herein are:

(1) Appendix "A"

A list of companies which Dr Abdul Ghafar Bin Baba is the Chairman of the Board of Directors.

(2) Appendix "B"

List of companies which Dr Abdul Ghafar Bin Baba has an interest and his shareholdings in these companies..

(3) Appendix "C"

List of companies which Mr Eng Chin Ah is a Director.

(4) Appendix "D"

List of companies which Mr Eng Chin Ah holds interests (directly or indirectly) and his shareholdings in these companies.

(5) Appendix "E"

List of companies which Mr Robert Tan Poh Seng is a Director and his interest in these companies.

(6) Appendix "F"

List containing the personal particulars of Mr Sin Soon Teng and the companies which Mr Sin Soon Teng is a Director and his interest in these companies.

(7) Appendix "G"

List of the Bankers of the four major shareholders.

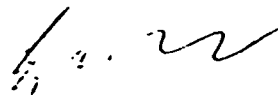
8. Annual and financial reports of the following companies:

- (a) Dunlop Estates Berhad
- (b) Berjuntai Tin Dredging Berhad
- (c) Malaysian International Finance Berhad
- (d) Pegi Malaysia Berhad
- (e) Kim San Investments Sdn Bhd
- (f) Syarikat Aman (Pahang) Sdn Bhd
- (g) Golden Crest Sdn Bhd
- Eastwind Holdings Sdn Bhd
- Goodyield Realty Sdn Bhd

(4)

I hope that our application will meet with your approval and look forward to an early reply.

Yours faithfully



ENG CHIN AH
Director
for and on behalf of
GASMAITA RESOURCES PTY

DR GHAFAR BABA IS CHAIRMAN OF THE FOLLOWING COMPANIES:-

1	NAME OF COMPANY	COUNTRY OF INCORPORATION	TYPE OF COMPANY	ISSUED AND PAID-UP CAPITAL (RM)	DESCRIPTION OF COMPANY AND ITS PRINCIPAL ACTIVITIES
1	DUNLOP ESTATES BERHAD ("DEB")	Malaysia	Public Limited, listed on the Stock Exchanges of Singapore & Kuala Lumpur	262,369,307	The Dunlop Co. Ltd, England has had plantations interests in Malaysia since 1910. Dunlop Estates was incorporated in 1967 to acquire the plantation interests in Malaysia. The principal activities of DEB consist of development, processing and marketing of rubber, palm and cocoa products. The Group owns 26 estates with total planted area of more than 37,000 hectares cultivated with rubber, oil palm and cocoa.
2	BERJUTAI TIN DREDGING BERHAD	Malaysia	Public Limited, listed on the Stock Exchanges of Singapore & Kuala Lumpur & London	30,526,200	The company undertakes mining operations in producing tin and by-products in concentrates
3	MALAYSIAN INTERNATIONAL FINANCE BERHAD	Malaysia	Public Limited	5,000,000	This is a licensed finance company. The principal activities of the company consist of granting advances, leasing, raising purchase finance acceptance of deposits.
4	PEGI MALAYSIA BERHAD ("PEGI")	Malaysia	Public Limited, listed on the Stock Exchanges of Singapore & Kuala Lumpur	141,505,826	PEGI is an investment holding company. The principal activities of the Group consist of the holding securities for investment purposes, the provision of marine and related services, and the cultivation of rubber and oil palm.
5	UTUSAN MELAYU (MALAYSIA) BERHAD	Malaysia	Public Limited	12,415,867	This Group is principally involved in the printing, publication and distribution of daily and weekly newspapers, magazines and books in Bahasa Melayu (the National Language of Malaysia) as well as in the Malay language in both Malaysia and related activities include security printing.

NAME OF COMPANY	COUNTRY OF INCORPORATION	TYPE OF COMPANY	ISSUED AND PAID-UP CAPITAL (M\$)	DESCRIPTION OF COMPANY AND ITS PRINCIPAL ACTIVITIES
KEMANGAN MALAYSIA (Kewangan")	Malaysia	Public Limited	127,000,000	This is an investment holding company. The activities include those relating to leasing, merchant banking, factoring, investment portfolio management, finance business operations, money market operations, management of trust funds, trading in marketable securities, property development and development, underwriting general insurance business, insurance broking and manufacturing.
RHD	Malaysia	Private Limited	25,000,000	Part of the Komplek Kewangan Group, this is an investment holding company, investment company and property and plantation developer.
N ARAH NASIONAL	Malaysia	Public Limited	25,000,000	This company is a wholly-owned subsidiary of) Sdn Bhd which is part of the Komplek Kewangan Group. Its principal activity is investment.
YONGAK SON BHD	Malaysia	Private Limited	15,000,000	Subsidiary of PANS Sdn Bhd which is principal involved in developing properties throughout Malaysia.
KEMANGAN INDUSTRIES	Malaysia	Private Limited	50,000,000	An investment holding company, part of the Komplek Kewangan Group, which functions as a vehicle in the acquisition of long term equity with main emphasis in the industrial, manufacturing and trading sectors.

NAME OF COMPANY	COUNTRY OF INCORPORATION	TYPE OF COMPANY	ISSUED & PAID-UP CAPITAL (M\$)	DESCRIPTION OF COMPANY AND ITS PRINCIPAL ACTIVITIES
GOODYEED PLAZA SDN BHD (Goodyeeld Plaza")	Malaysia	Private Ltd	12,000,000	This is an investment holding company with interests in investment companies, property development, plantations, civil engineering and assembling and manufacture of mechanical structures and building contracting.
WIND HOLDINGS SDN BHD	Malaysia	Private Ltd	50,000,000	This company is part of the Goodyeeld Plaza Group which holds a long-term investment in Pegi Malaysia Berhad, described above.
PN CREST SDN BHD	Malaysia	Private Ltd	4,300,000	An investment holding company which is part of the Goodyeeld Plaza Group, its main investments are in rubber and oil palm estates.
G HOLDINGS SDN BHD	Malaysia	Private Ltd	500,000	This is Mr Ghaifar Baba's family holding company which holds various investments in plantations, properties, trading, etc.
G PLANTATIONS SDN BHD	Malaysia	Private Ltd	2,000,000	A wholly-owned subsidiary of G & G Holdings Sdn Bhd. Its principal activity is land clearing and development/cultivation of its own cocoa estates in Sabah, East Malaysia.
LINE TRADING SDN BHD	Malaysia	Private Ltd	180,000	This is a property investment company.
USAMA BERSATU SDN BHD (3")	Malaysia	Private Ltd	17,500,000	This is an investment holding company based in Sabah, East Malaysia. The main activities of this group of companies are plantation development, leasing, housing development and barter trading.

NAME OF COMPANY	COUNTRY OF INCORPORATION	TYPE OF COMPANY	ISSUED & PAID UP CAPITAL (M\$)	DESCRIPTION OF COMPANY AND ITS PRINCIPAL ACTIVITIES
TUB MELAKKANG SDN BHD	Malaysia	Private Ltd	5,000,000	A member of the JUB Group, it is mainly involved in timber logging and agricultural development.
TUB CREDIT & LEASING SDN BHD	Malaysia	Private Ltd	3,000,000	This is a wholly-owned subsidiary within the JUB Group which is in the leasing and related business.
PAPURAT LAPANG TUB SDN BHD	Malaysia	Private Ltd	1,800,000	Another wholly-owned subsidiary in the JUB Group, this company's principal activity is the cultivation of cocoa and coconuts.
PERABUKAT PERMILAGAN TUB SDN BHD	Malaysia	Private Ltd	500,000	This subsidiary of JUB deals in barter trading activities.
ING HOE MOTOR WORKS (1975) SDN BHD	Malaysia	Private Ltd	600,000	This company is a motor vehicle importer & distributor dealing in cars such as Mercedes Benz.
IN HOCK MOTOR WORKS (1975) SDN BHD	Malaysia	Private Ltd	200,000	Principally involved in the motor industry.
ESMALEX PLASTIC INDUSTRIES SDN BHD	Malaysia	Private Ltd	7,781,409	The principal activities of this company are the manufacturing and marketing of polypropylene and polythene bags - woven and cloth.
AGECOM ELEKTRONIK SDN BHD	Malaysia	Private Ltd	150,000	Dealing in the assembly and marketing of radio paging systems.

APPENDIX "B"

of Companies where Dr CHAFAR BABA is both a Director and Shareholder

<u>OF COMPANY</u>	<u>ISSUED AND PAID-UP CAPITAL</u>	<u>NUMBER OF SHARES HELD DIRECTLY AND/OR INDIRECTLY</u>	<u>MARKET VALUE OF SHARES HELD</u>
	M\$		M\$
Goodfield Plaza Sdn Bhd	12,000,000	4,800,000	14,400,000
S & G Holdings Sdn Bhd	500,000	500,000	1,000,000
S & G Plantations Sdn Bhd	2,000,000	2,000,000	4,000,000
Malaysian International Finance Bhd	5,000,000	2,550,000	12,750,000
Goodline Trading Sdn Bhd	180,000	180,000	540,000
Kuasan Malayu (Malaysia) Berhad	12,415,867	120,000	600,000
Gunlop Estates Berhad		500,000	650,000
Surjuntal Tin Dredging Bhd		250,000	850,000
Segi Malaysia Bhd		4,500,000	5,400,000

M = Malaysian Ringgit

S = Singapore Dollars

* = Co is quoted in the Stock Exch of Singapore
or Malaysia

† = Co is quoted in the London Stock Exch

APPENDIX "C"

Name : Eng Chin Ah
Age : 45 years
Nationality : Malaysian

List of Directorships held by Eng Chin Ah

<u>NAME OF COMPANY</u>	<u>ISSUED AND PAID-UP CAPITAL</u>	<u>STATUS OF COMPANY</u>	<u>PRINCIPAL ACTIVITY</u>	<u>POSITION HELD</u>
Kim San Investments Sdn Bhd	M\$ 24,637,290	Private Limited	Logging & trading of timber logs; Production of palm oil & kernels on its plantations in Malaysia	Director
Syarikat Aman (Pahang) Sdn Bhd	1,802,510	Private Limited	Timber logging, sawmilling & trading	Director
Kilang Papan Aman Sdn Bhd	500,000	Private Limited	Sawmilling and trading in sawn timber	Director
Shin-Nikko Co Singapore Pte Ltd	S\$ 1,000,000	Private Limited	Investment Holding	Director
Goodyield Plaza Sdn Bhd	12,000,000	Private Limited	Investment holding company with interests in investment companies, property development, plantations, civil engineering and assembling & manufacture of mechanical structures and building contracting	Managing Director

M\$ denotes Malaysian Ringgit
S\$ denotes Singapore Dollars
HK\$ denotes Hongkong Dollars

<u>NAME OF COMPANY</u>	<u>ISSUED AND PAID-UP CAPITAL</u> M\$	<u>STATUS OF COMPANY</u>	<u>PRINCIPAL ACTIVITY</u>	<u>POSITION HELD</u>
Golden Crest Sdn Bhd	4,300,000	Private Limited	An investment holding company which is part of the Goodyield Plaza Group, its main investments are in rubber and oil palm estates	Direct
Eastwind Holdings Sdn Bhd	50,000,000	Private Limited	This company is part of Goodyield Plaza Group which holds a long-term investment in Pegi Malaysia Berhad, described above	Chief Executive
Goodyield Realty Sdn Bhd	7,800,000	Private Limited	Production of palm oil and kernels on its plantations in Malaysia	Managing Director
BCA Holdings Sdn Bhd	1,000,000	Private Limited	Investment holding	Chairman
BCA Trading Sdn Bhd	250,000	Private Limited	Commodity trading	Chairman
ICA Corporation Sdn Bhd	450,000	Private Limited	Import, marketing & installation of carpets and related products	Chairman
Goodyield Consolidated Sdn Bhd	3,493,790	Private Limited	Investment holding	Chairman
Goodyield Oil Palms Sdn Bhd	290,300	Private Limited	Contractor for oil palm estate development and consultancy services	Chairman

<u>NAME OF COMPANY</u>	<u>ISSUED AND PAID-UP CAPITAL</u> M\$	<u>STATUS OF COMPANY</u>	<u>PRINCIPAL ACTIVITY</u>	<u>POST HELD</u>
Plaza Electrical Products Sdn Bhd	4,000,000	Private Limited	Sales of electrical appliances on hire purchase, insurance agent, investment holding	Dire
Plaza Trading Sdn Bhd	1,000,000	Private Limited	Dealers in paint & hardware	Dire
Plaza Maju Sdn Bhd	1,000,000	Private Limited	Insurance agents	Dire
Sutra Development Sdn Bhd	500,002	Private Limited	Investment in Real Properties	Chai
Syarikat Kejuruteraan Lian Ta (M) Sdn Bhd	250,000	Private Limited	Property development	Dire
Goodfield Commodities (Hong Kong) Ltd	HK\$ 512,000	Private Limited	Commodity trading	Dire

LIST OF COMPANIES WHERE MR ENG CHIN AH HOLDS DIRECT AND/OR INDIRECT INTEREST

<u>NAME OF COMPANY</u>	<u>PAID-UP CAPITAL</u>	<u>NO OF SHARES HELD DIRECTLY AND/OR INDIRECTLY</u>	<u>MARKET VALUE OF SHARES HELD</u>
	M\$		M\$
1. Kjm San Investments Sdn Bhd	24,637,290	79,800	957,600
2. Syarikat Aman (Pahang) Sdn Bhd	1,802,510	68,000	816,000
3. Shin-Nikko Co Singapore	S\$ 1,000,000	664,000	S\$ 664,000
4. Goodyield Plaza Sdn Bhd	12,000,000	4,000,000	12,000,000
5. Goodyield Realty Sdn Bhd	7,800,000	3,120,000	6,240,000
6. BCA Holdings Sdn Bhd	1,000,000	1,000,000	1,000,000
7. BCA Corporation Sdn Bhd	450,000	450,000	675,000
8. Equity Consolidated Sdn Bhd	3,493,790	3,414,411	3,414,411
9. Plaza Electrical Products Sdn Bhd	4,000,000	3,900,000	11,700,000
10. Sutra Development Sdn Bhd	500,002	500,000	1,000,000

<u>NAME OF COMPANY</u>	<u>PAID-UP CAPITAL</u>	<u>NO OF SHARES HELD DIRECTLY AND/OR INDIRECTLY</u>	<u>MARKET VALUE OF SHARES HELD</u>
	M\$		M\$
*11. Pegl Malaysia Bhd.		8,260,000	9,912,000
*12. Borneo Borneo (M) Bhd		800,000	1,120,000
*13. Harrisons Malaysian Plantations Bhd		350,000	1,365,000
*14. BTR Plc		250,000	2,875,000

M = Malaysian Ringgit

S = Singapore Dollars

* = Co is quoted in the Stock Exch of
Singapore or Malaysia

' = Co is quoted in the London Stock Exch

NAME : TAN POH SENG
 AGE : 44
 NATIONALITY : SINGAPOREAN
 COUNTRY OF RESIDENCE : SINGAPORE

LIST OF DIRECTORSHIP HELD BY MR TAN POH SENG

<u>NAME OF COMPANY</u>	<u>PAID UP CAPITAL</u>	<u>STATUS</u>	<u>PRINCIPAL ACTIVITIES</u>	<u>POSITION</u>
1) MALAYAN TIN PRINTING COMPANY LTD	S\$16,000,000	QUOTED IN THE SINGAPORE STOCK EXCHANGE	TIN CAN & PLATE MANUFACTURING, ELECTRONIC MANUFACTURING AND COMPUTERS	CHAIRMAN
2) BEE INVESTMENTS PTE LTD	S\$ 5,840,000	PTE LTD CO	INVESTMENT & HOLDING COMPANY	CHAIRMAN
3) GINEER INVESTMENTS PTE LTD	S\$12,000,000	PTE LTD CO	INVESTMENT & HOLDING COMPANY WHICH HOLDS CONTROLLING INTEREST OF THE MALAYAN TIN PRINTING COMPANY LIMITED (A QUOTED COMPANY IN THE SINGAPORE STOCK EXCHANGE)	CHAIRMAN
4) BUILDING & ENGINEERING ENTERPRISES PTE LTD	S\$ 1,000,000	PTE LTD CO	CONSTRUCTION COMPANY IN SINGAPORE	CHAIRMAN
5) TANGELIN DEVELOPMENT PTE LTD	S\$ 2,000,000	PTE LTD CO	DEVELOPMENT COMPANY IN SINGAPORE	CHAIRMAN
6) TONG BEE COMPANY LIMITED	S\$ 1,000,000	PUBLIC COMPANY BUT NOT LISTED IN STOCK EXCHANGE	INVESTMENT & HOLDING COMPANY. THIS IS THE PARENT COMPANY OF TONG BEE FINANCE CO LTD WHICH HAS A PAID UP CAPITAL OF \$100,000	CHAIRMAN
7) SINGAPORE CONTRACTORS CORPORATION LIMITED	S\$ 2,500,000	DLTTO	CONSTRUCTION COMPANY OPERATING MAINLY IN SAUDI ARABIA	MANAGING DIRECTOR
8) TAI SING REALTY CO. (PTE) LTD	S\$ 2,652,400	DLTTO	INVESTMENT & HOLDING COMPANY WITH EFFECTIVE CONTROL OF THE INDUSTRIAL & COMMERCIAL BANK LTD (A QUOTED COMPANY IN THE SINGAPORE STOCK EXCHANGE)	DIRECTOR

NAME	: . SIN SOON TENG
AGE	: . 40
NATIONALITY	: SINGAPOREAN
COUNTRY OF RESIDENCE	: SINGAPORE
QUALIFICATION	: DIPLOMA IN BUILDING (SINGAPORE POLYTECHNIC)
PROFESSIONAL MEMBERSHIP	: MEMBER OF THE SINGAPORE INSTITUTE OF BUILDING
WORKING EXPERIENCE	:

	<u>POSITION HELD</u>	<u>COMPANY</u>
1966 - 1976	CONTRACTS MANAGER	BUILDING CONSTRUCTION CO. (M) SDN BHD
1976 - PRESENT	CHIEF EXECUTIVE	BUILDING & ENGINEERING ENTERPRISES PTE LTD

LIST OF DIRECTORSHIP HELD BY MR SIN SOON TENG

<u>NAME OF COMPANY</u>	<u>PAID UP CAPITAL</u>	<u>PRINCIPAL ACTIVITY</u>	<u>POSITION HELD</u>
1) BUILDING & ENGINEERING ENTERPRISES PTE LTD	\$41,000,000	CONSTRUCTION COMPANY	MANAGING DIRECTOR
2) BEE INVESTMENTS PTE LTD	\$45,840,000	INVESTMENT & HOLDING COMPANY	DIRECTOR
3) TANGLIN DEVELOPMENT PTE LTD	\$42,000,000	DEVELOPMENT COMPANY	DIRECTOR

LIST OF COMPANY WHICH MR SIN SOON TENG HOLDS INTEREST

<u>NAME OF COMPANY</u>	<u>PAID UP CAPITAL</u>	<u>DIRECT/INDIRECT SHAREHOLDING</u>	<u>MARKET VALUE OF SHARES HELD</u>	<u>REMARKS</u>
BEE INVESTMENTS PTE LTD	\$45,840,000	10%	\$41,156,300	-

LIST OF BANKERS

DR ABDEL GHAFAR BIN BABA

AMMANH-CHASE MERCHANT BANK
19TH FLOOR, BANGUNAN KOMPLEK KEWANGAN,
JALAN RAJA CHILAN,
KUALA LUMPUR
MALAYSIA

MR ENG CHIN AH

BANQUE INTERNATIONALE A
LUXEMBOURG BIL (ASIA) LTD
CECIL STREET
10-02/04 THE OCTAGON
SINGAPORE 0106

MR ROBERT TAN POH SENG

1) UNITED OVERSEAS BANK LIMITED
HEAD OFFICE
1 BONHAY STREET # 01-00
SINGAPORE 0104

2) THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(GOLDHILL BRANCH)
01-175 GOLDHILL CENTRE
SINGAPORE 1130

MR SIN SOON TENG

THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(GOLDHILL BRANCH)
01-175 GOLDHILL CENTRE
SINGAPORE 1130

PAPUA NEW GUINEA

TO:

REGISTRATION COMMITTEE MEMBERS

Date 5 August 1985

MINUTE

File No. 345-1-4/R

SUBJECT

"GATSMATA RESOURCE PTY LTD"

An application for registration with Department of Forests has been received from the above company.

The present shareholders and directors of the company are Mr. Eng Chin Ah and Mr. Sin Soon Teng (one share each).

The major shareholders and directors of the company will be those two mentioned above, and Mr. Abdul Ghafen Bin Baba and Mr. R.T. Phoh Seng (to take 25% in the paid up capital).

The present authorised capital of the company is K10,000, to increase to K10 million.

The present paid up capital of K2.00 is to increase to K5 million.

No information has been provided with regard to date of establishment, past experience and current commitments in the forest industry and subsidiary and affiliated companies and financial statements.

The company has provided information (refer to Annual and Financial reports) on the various Malaysian and Singaporean companies in which the (above) present and will be directors and shareholders of Gatsmata Resources Pty, hold interests, have shares, and are directors.

According to Registrar of Companies, "Gatsmata Resources Pty Ltd" is not a registered company in Papua New Guinea.

The company proposes to develop Gatsmata and Kandrian timber areas in West New Britain.

The present and will be directors and shareholders of Gatsmata Resources Pty Ltd appear to be bona fide Malaysian and Singaporean entrepreneurs, involved with associated companies which appear to be genuine and reputable companies in Malaysia and Singapore (please refer to Annual and Financial reports).

It is recommended that the Department of Forests defers making a decision on the application until the company has been fully incorporated in Papua New Guinea. It is further recommended that UNCIC assistance be sought on the companies which are associated with the (above) present and will be directors and shareholders of Gatsmata Resources Pty Ltd.

Mr. Eng Chin Ah
C/- Shin Nikko Co (s) Pte Ltd
Hong Leong Building
Raffles Quay
SINGAPORE 0104

12th August 1985

345-1-4/R88


Dear Sir

RE: REGISTRATION APPLICATION - GATSMATA RESOURCES PTY LTD

This is to inform you that your above company's registration application with Department of Forests dated 31/7/85 has been rejected.

Consequently, your company is advised not to pursue its interest in the Papua New Guinea forestry sector.

Yours faithfully


O KAMAKAI
Secretary for Forests

c.c. The Executive Director
M I B A

c.c. The Secretary
Department of Foreign Affairs & Trade

PAPUA NEW GUINEA

TO:

PAS - OPERATIONS

MINUTE

Date 21 August 1985

File No. 345-45-1

SUBJECT

PRE-REGISTRATION APPLICATION - GASMATA RESOURCES PTY LTD (GR)

Attached herewith please find a copy of a Pre-Registration application of a Company, Gasmata Resources Pty Ltd. This is a new Company and I believe Gasmata Resources P/L's original application was submitted earlier. I have not seen one.

Please consider the application in the normal course and advise.

Also attached is a copy of some sort of proposal outline believed to be by GR or if not by principals of GR. The original of this proposal is with the Minister.

In anticipation of request from Minister for Forests initial reaction to same, please have a cursory evaluation done on the proposal and advise. I understand the proposal talks about a new concept of paying a premium besides normal royalty and other charges.



O Mamalai
Secretary

PAPUA NEW GUINEA

TO:

SECRETARY

MINUTE

Date 27 August 1985

File No. 345-1-4/R6

SUBJECT

PRE-REGISTRATION APPLICATION - GASMATA RESOURCES PTY LTD (GR)

I refer to your Minute 345-45-1 (folio 21) dated 21/8/85 regarding the above.

I wish to advise that the above company's proposal has been considered by the Preregistration Committee in its Meeting RC 85/4 early this month. The Pre-registration Committee has recommended rejection and which has been endorsed by you. A letter of rejection (folio 20) dated 12th August has been dispatched to the Company.

The letter of advice of rejection of the company's application bore the name 'GATSMATA', as this was the name shown in its registration application. This could have been a spelling error by the company.

The Minister's copy of the company's registration application is similar to the one considered by the Committee.

As the above has been 'fait accompli' and, for the Minister's information I suggest that he be advised accordingly.


J. NANTU
PAS Operations

JN/mb

Pls. give me any way have / Recd 18/4
Comments, you intend to / No comment received. 44
on this
reply this
no later than the 25/4

GASMATA RESOURCES PTY. LIMITED

15 April 1986

SCHEDULE 6.6

Ref: 6-5-19

4
18/4

The Secretary
Department of Forests
P O Box 5055
BOROKO

ATT: MR O MAMALAI

Dear Sir

RE: WEWAK TIMBERS PTY LTD

We write to notify you that Gasmata Resources Pty Limited has entered into an agreement with Investment Corporation of Papua New Guinea to acquire approximately 74% of the issued share capital of Wewak Timbers Pty Limited. The remaining share capital will be held between East Sepik Development Corporation Pty Limited, Madang Development Corporation Pty Limited and Investment Corporation of Papua New Guinea.

Last year Gasmata Resources Pty Limited made application with your Department to pre-register with you as a Forestry Company. With hindsight the Company appreciates that that application was somewhat premature as the Company had only recently been incorporated. The company now has an authorised capital of K5,000,000 of which K1,000,000 has been paid up and can now therefore show substantial resources, giving it the capability of carrying out any forestry project it chooses to pursue. The company also has available to it management and technical expertise from Companies associated with it overseas and it can be stated with confidence that this will be of benefit to forestry operations with which it becomes associated.

In these circumstances, we request that your kind consideration to pre-register the Gasmata Resources Pty Ltd preparatory to the Company making application on its behalf or on behalf of Wewak Timbers Pty Limited for future forestry permits and concessions.

Yours faithfully
GASMATA RESOURCES PTY LTD


S. N. KENLIE
General Manager

SCHEDULE 6.7

151-12-6

20 April 1956

The General Manager
Gannata Resources Pty Ltd
P.O. Box 121
P.O. Box 121
National Capital District

Attention: Mr S. Fenech


Dear Sir

RE: MEWAK TIMBERS PTY LTD

Your letter ref: 6-5-19 dated 15 April 1956 refers.

As per your request, we have again considered the application of Gannata Resources Pty Ltd for pre-registration. We hereby advised that approval has been granted. Consequently, Gannata Resources Pty Ltd is now pre-registered with the Department of Forests.

Yours faithfully


O. NAMULAI
Secretary

as Minister for Forests

*As far as
I can recall
this application
has not been
before the
Commission
before
29/4/56*



SCHEDULE 6.8

INVESTMENT CORPORATION OF PAPUA NEW GUINEA

Our Ref. ...LJH/mo....

26th February, 1986

Your Ref

Mr. Mamalai
Director of Forests
PO Box 5055
BOROKO
NCD

Dear Mr. Mamalai,

LETTER OF INTENT

Thank you so much for acquiescing to our request for a letter of intent for Single Timber Permit to Wewak Timbers Pty Ltd over the North Coast and Far North Coast T.R.P. concessions.

Looking forward to the consolidated Timber Permit in three months.

Thanks again for the contact you gave me on Gasmata Resources, Chairman Eng. Discussion is going quite well on off-loading some of our equity in Wewak Timbers to them.

Thanks

Yours faithfully,

INVESTMENT CORPORATION OF PAPUA NEW GUINEA


L J HANNETT
Managing Director

cc. G J Ray
General Manager

T Bland
Investment Manager

M Ikupu
Divestment Manager

Noel Levi

SANTA INVESTMENTS PTE LTD

PAYMENT VOUCHER

Pay to _____ No: SP 38/4

DEBIT _____ Date: _____

KINA		
Cash/Cheque No. _____	TOTAL	K. <u>500</u>

[Signature]
Signature of Receiver

Cashier _____

[Signature]
Manager

Ref	Particulars	Folio	Chq No	Dr	Cr	Balance	Ref
	Balance b/s						
28	Cash - Miao's ofc - per celebration	MPH	269783		19000		PL00
13	Bank charges	MPH	-		1500		CL01
1	Stephen Hake - loan	MPH	269786		20000		PL18
1	Annie Hark (Company Bus 1-10/10)	MPH	269787		50000		GL01
1	Ian Shepherd (Advance 1-15/10)	MPH	269788		100000		PL07
1	Bisai lar P/L - (Company Bus rental 1-10/10)	MPH	269789		200000		GL01
1	Bisai lar P/L - Korian's ofc	MPH	269790		200000		PL07
1	Air Niangai - Pen/Sia/Pan - Co S. Hing ofc	MPH	269791		76900		PL19
1	Kamat - Noodle	MPH	269792		6350		PL09
1	Kugu - Boots	MPH	269792		6000		PL09
1	William Sibio - loan	MPH	269793		100000		PL22
1	World Publishing Co Pty Ltd - stationery	MPH	269794		17500		GL18
1	Hye Ben Chia - Advance	MPH	269795		100000		PL13
1	Sin Seng Hing - loan to co.	MPH	-	100000			PL19
1	Petty cash	MPH	269796		7225		CL05
1	Hye Ben Chia - entry permit fee	MPH	269796		2000		PL13
1	Shell Oil M. Guinea Ltd	MPH	269797		12000		PL13
1	Fletcher Maraba Construction P/L	MPH	269798		200000		PL33
1	David Wong (Advance)	MPH	269799		20000		PL16
1	Bambo Motors - Purchase of L. Cruise	MPH	269750		200000		CL10
1	Electricity - Flat 1.	MPH	270003		1150		PL13
1	Hye's flat	MPH	270003		1150		PL13
1	Miao Development Pty Ltd.	MPH	270004		152101		PL09
1	Miao Development Pty Ltd - Child (L)	MPH	270005		2100		PL01
1	Bank charges "C" depts bank.	MPH	-		1000		CL01

SANTA INVESTMENTS PTE. LTD.

JOURNAL VOUCHER

No. J 11/8

26.8.1986

Journal Folio: _____

Entered by _____

Particulars	Amount		Dr. A/C	Cr. A/C
Entertainment (Roy Funn)	GL	40	1,000.00 ✓	
Francis Sia	PL	99	1,000.00 ✓	
Karina P/L	PL	170		2,000.00 ✓
Being cash taken at				
beginning of 1985 as per				
Karina's statement				

Director _____

December 1986		Cheque Number	Amount	Account Allocation
Debit			1244.21	
Bank charge - Bank of South Pacific	4%		OK 134.00	GL 7
Hastings Dining - 1st instalment payment for kitchen	1 1/2%	P157601	80000.00	PL160
Bank of Motor - 1st instalment payment for kitchen	1 1/2%	P157602	66667	PL144
Steamship (coastal shipping)	1 1/2%	P157603	1044659	PL100
Lacy - cash advance	1 1/2%	P157607	69800	PL 78 <
Transpacific - Travel	1 1/2%	P157608	100000	PL119
Nisibets Enterprises - Royalty for M.S. Suluwa Gulu	1 1/2%	P157609	119786	PL125 <
Nisibets Enterprises - Refraction for "	1 1/2%	P157610	88887	PL128 <
Grain Development Pty Ltd - Agriculture Trust Fund	1 1/2%	P157611	88887	PL128 <
Grain Development Pty Ltd - Refraction for M.S. Suluwa Gulu	1 1/2%	P157612	88887	PL128 <
Chan Lai	1 1/2%	P157613	45215	PL 17
Kayo man	1 1/2%	P157614	700000	PL 93 <
Nisibets Enterprises - Forest conservation	1 1/2%	P157617	272800	PL128
Mobil oil New Guinea Ltd	1 1/2%	P157618	3000000	PL128
Phone Communication System Ltd	1 1/2%	P157619	12200	PL100
Property Investment Service - Ref act - oct. rental	1 1/2%	P157620	156000	GL 15
Port Moresby Real estate - office rental for oct. '86	1 1/2%	P157621	159157	GL126
Complete Business System	1 1/2%	P157622	248883	PL163
A.G.C. Pacific Limited - Refraction for M.S. Suluwa Gulu	1 1/2%	P157623	74272	PL 2
Cash - Namafanon	1 1/2%	P157624	300000	GL 12 <
Cash - Horeo	1 1/2%	P157625	200000	GL 4
Jim Ward - Cash advance	1 1/2%		200000	PL120
Grain Trade Restaurant	1 1/2%	P157626	88890	GL 41
Office 2000	1 1/2%	P157627	30955	PL126
Steamship Trading Company Limited	1 1/2%	P157628	27125	PL12
S.S. Morikot - rental for Amu Place - Dec. '86	1 1/2%	P157629	50000	GL 15
Lacy cash	1 1/2%	P157629	60000	GL 15
Michael Gira - Cash advance	1 1/2%	P157631	150000	PL 81
Phone Development - Cash advance	1 1/2%	P157632	150000	PL151
Bank charge	4%		OK 1600	GL 7

1986

Cheng 2

December	1986	Account number	Amount	Account Allocation
Edward H. O'Brien Pty Ltd	P ²⁷ / ₁₂	P157622	229,743.2	GL 4
M. Ericsson Pty Ltd	P ²⁷ / ₁₂	P157624	1,180.00	PL 173
Papua New Guinea Electricity Commission	P ²⁷ / ₁₂	P157625	1,130.80	GL 42
Development Pty Ltd	P ²⁷ / ₁₂	P157630	1,074,840.00	PL 151
Tobit Oil (New Guinea) Ltd	P ²⁷ / ₁₂	P157636	1,000,000.00	PL 183
Organ Equipment	P ²⁷ / ₁₂	P157637	1,002.4	GL 20
Avina Pty Ltd	P ²⁷ / ₁₂	P157638	1,500.00	PL 171
in Sheppard	P ²⁷ / ₁₂	P157639	1,500.00	PL 40
Wilmington Pty Ltd	P ²⁷ / ₁₂	P157640	1,740.00	PL 203
Mobile Enterprises Pty Ltd	P ²⁷ / ₁₂	P157641	1,500.00	PL 132
Michael Glin	P ²⁷ / ₁₂	P157642	1,600.00	PL 81
Gai AK. Sampah	P ²⁷ / ₁₂	P157644	1,013,586	PL 127
Michael Glin	P ²⁷ / ₁₂	P157645	1,800.00	PL 91
City cash	P ²⁷ / ₁₂	P157646	1,000.00	PL 22
Wanell & Pty Ltd	P ²⁷ / ₁₂	P157647	1,680.00	PL 149
Lucy	P ²⁷ / ₁₂	P157648	1,000.00	PL 78
TC - Tulsa Inc	P ²⁷ / ₁₂	P157648	1,500.80	GL 183
City cash	P ²⁷ / ₁₂	P157649	1,300,000.00	PL 22
U. M. W. (Sarawak)	P ²⁷ / ₁₂	P157650	1,000,000.00	PL 124
Camp cash - Horea	P ²⁷ / ₁₂	P157651	1,000.00	GL 40
Department of Finance	P ²⁷ / ₁₂	P157652	1,500.00	GL 199
Camp cash - Namafuan	P ²⁷ / ₁₂	P157653	1,500.00	GL 4
Finance	P ²⁷ / ₁₂	P157654	1,450.00	GL 8
in Ward Contractor - cash advance	P ²⁷ / ₁₂	P157655	1,000.00	PL 220
City cash	P ²⁷ / ₁₂	P157655	1,600.00	PL 24
Bank charges - PNG - GC	P ²⁷ / ₁₂	P157656	1,668.88	GL 7
Camp cash - Namafuan	P ²⁷ / ₁₂	P157657	1,600.00	GL 7
Avina Pty Ltd	P ²⁷ / ₁₂	P157657	1,000.00	PL 171
E. M. S.	P ²⁷ / ₁₂	P157658	1,050.00	PL 8
AGC (Pacific) Ltd - photo courier rental of film	P ²⁷ / ₁₂	P157659	1,371.36	PL 2
City cash	P ²⁷ / ₁₂	P157660	1,000.00	PL 24

	Check Number	Amount	Account Allocation
Alvin Development - Retention fee for M.V. Southern Airways	PAY/PA 158204	25601.41	PL 151
Pacific Towing	PAY/PA 158211	10000.00	PL 8
General accident fire & life insurance	PAY/PA 158212	3180	GL 74
A. Mendes - cash advance	PAY/PA 158213	6000	PL 86
E. J. S. Development Consultants (PMG)	PAY/PA 158214	20000.00	PL 149
Poly cash	PAY/PA 158215	10000.00	PCA 34
Department of Finance - Telco fee	PAY/PA 158216	1000	GL 183
Department of Finance - West Point & Lington	PAY/PA 158217	29000.00	GL 199
Alvin Investment	PAY/PA 158218	20000.00	PL 149
Tracy	PAY/PA 158219	20000.00	PL 178
Hopson camp cash	PAY/PA 158220	10000.00	PCA 34
Estaba AK. Koh	PAY/PA 158221	680654	PL 39
Poly cash	PAY/PA 158222	16000.00	PCA 35 - PCA 9
Chen Lai	PAY/PA 158224	24198	PL 17
Edward H. O'Brien Pty Ltd	PAY/PA 158225	2895	GL 4
Poly cash	PAY/PA 158226	50000	PCA 35 - PCA 9
Plating Drawing	PAY/PA 158227	20819	ML 1
		6815925	
		7	

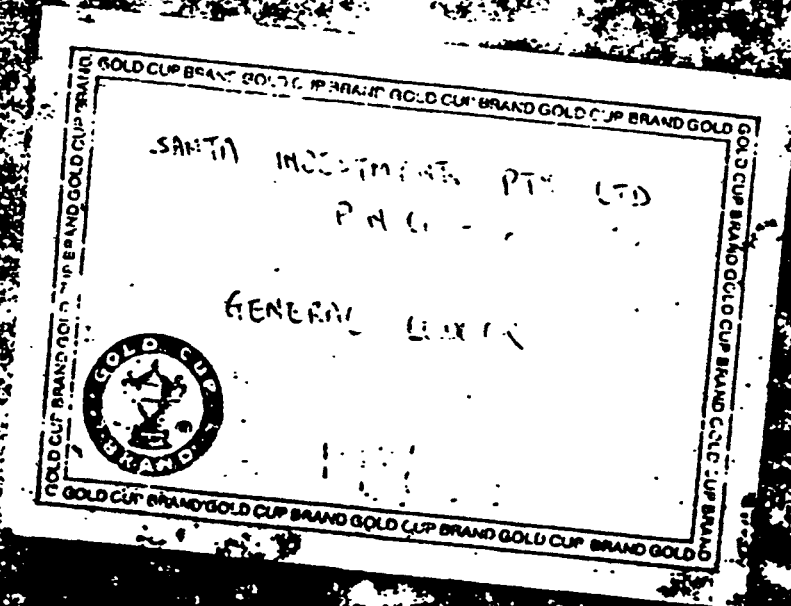
		D.		C.			
10	31	Entertainment	J ¹⁴ / ₁₀	65,085.		OR	3239537
11	06	Entertainment for banker & office staff	J ¹⁰ / ₁₁	18680			
	06	Entertainment for forest officer	J ⁰ / ₁₁	10000			
	07	1 ctn of beer for office	J ³ / ₁₁	1530			
	101	Entertainment	J ²⁹ / ₁₁	8240			
	14	Entertaining Mr Premier & log buyer	J ³ / ₁₁	11870			3289857A.
	14	Entertainment (1 ctn beer)	J ³⁹ / ₁₁	1530			
	24	Entertainment	REV ¹⁴ / ₁₁	1000			
	28	Entertainment for custom officer	REV ⁶ / ₁₁	4390			
	29	Entertainment for custom officer	REV ⁶ / ₁₁	6200		OR	3303277
12	05	Entertainment for custom & TNT	REV ¹ / ₁₂	2000			
	08	Entertainment	REV ² / ₁₂	2000			
	03	Entertainment for R.E.	J ⁷ / ₁₂	120000	/		
	05	Entertainment	J ³⁰ / ₁₂	13465			
	06	Entertainment for Forester	J ¹ / ₁₂	20000			
	09	Entertainment	J ¹⁴ / ₁₂	50000			
	12	Entertainment - custom	REV ¹³ / ₁₂	4000			
	11	Entertainment for with Sept - Nov. ^{Green Field}	P ²² / ₁₃	63690			
	16	Entertainment - Douglas	REV ²⁶ / ₁₂	2000			
	20	Kwangtung Village - for David Wang	REV ⁵ / ₁₂	7310			
	22	Entertainment for M.V. Soo Yang Hui & Southern	J ²⁴ / ₁₂	17000			
	17	Entertainment for Southern Arrow	H ⁷ / ₁₂	10000			
	21	Entertainment for Kayu - S. Arrow	H ²⁰ / ₁₂	10000			
	28	Entertainment paid by Michael	J ⁴ / ₁₂	5555			
	31	Entertainment paid to Douglas & Custom	REV ⁹⁵ / ₁₂	28000	/	OR	3658297
31	Company Mers		875(23)	600			
				4900			4208297

				2646846
16 6	Golden Dragon Restaurant	PC09	3300	
19 6	Entertain R.E	PC09	2000	
19 6	: AKor	PC09	2000	
23 6	Entertainment	PC09	1370	
24 6	Entertainment - Custom officer	PC010	600	
27 6	Entertainment - Bank Manager	PC010	3340	
5 6	Entertainment for F. officer	J16	6000	2665456 Dr.
8 7	Entertain Captain M.T Perfect Power	SP067	16000	
14 7	Entertain Labour officer - Kerem	SP047	2000	
14 7	: Bank Manager	PC011	1510	
21 7	: Mr. Park	PC012	2570	
10 7	Entertain F.I.C. officer	J17	17060	
21 7	: : : : : - J517		16020	2720816 Dr.
29 8	Entertainment - Green Jade Restaurant	SP018	87086	
21 8	Entertainment - S.K.	SP068	15000	
23 8	Entertain - Custom officer	SP018	6000	
4 8	Entertain Custom officer	PC013	2000	2830900 Dr.
12 8	Entertainment (for Gwf privic)	J4/8	40000	
22 8	Entertainment for custom	J5/8	2000	
26 8	Entertainment (Roy Erava)	J4/8	100000	2972902
1 9	Entertainment (for D. Chiang)	J1/9	15000	
4 9	Entertainment (for Roy)	J4/9	100000	
15 9	Entertainment. Payment on acct	SP07/9	60145	
26 9	Entertainment	PC07/9	4000	OR 3052057
9 10	Entertainment	J4/10	11460	
10 10	Entertainment for Mr. Ho	PC07/10	10880	
10 14	Entertainment	J4/10	2000	
17	Entertainment - Custom officer	PC07/10	10000	
17	Entertainment - Immigration	PC07/10	2400	OR 3079797
24	Entertainment for custom officer	PC07/10	17500	
27	Entertainment	J9/10	74000	
27	or r - i . u . . .	J9/10	2000	OR 3079797

ENTERTAINMENT

			Dr.	Cr.	Bal.
21 1 ✓	Entertain R.E.	R01/10	10000		
5 2	Green Jade Restaurant	R01/10	23787		
13 2 -	Entertain R.H.S.	R01/10	100000		
20 2 -	= R.E.	R03/10	150000		
7 2 -	Entertain F.M.	R00/10	50000		
26 2	OFFICE Entertainment	SP4/10	3790		
26 2	Green Jade Restaurant	SP8/10	21140		
19 3 ✓	Payment to M.M.	R01/10	150000		
4 3 ✓	= R.S.	SP4/10	100000		
30 1	Entertainment through Petty Cash	R01	2000		
24 2 ✓	Entertainment F.O. through Petty Cash	R03	5000		
24 2 ✓	=	= R03	5000		
4 3	Entertainment through Petty Cash	R04	2000		
4 3	=	= R04	3500		
5 1	Kuangtung Village Rest.	J01	6420		
14 1	Mirco Polo Restaurant	J01	9380		
31 1	Entertainment expenses	J01	10200		
28 2	=	J02	18450		
14 3	=	J03	36814		
27 3	Entertainment for Migration Officer	SP01/10	2000		
31 3	Food & store issued for March 86	J04/10	24223		730504 2
28 2	Entertain Custom Officer	J05/10	92000		/
21 3	Payment on behalf of Kurina	J06/10	250000		
5 4	Green Jade Restaurant	SP01/11	23830		
14 4	Cash paid to R.S.	SP04/11	150000		
11 4	Shanghai Garden	SP04/11	11225		
14 4	Green Jade Restaurant	SP04/11	25982		
14 4	Entertainment N.L.	SP04/11	50000		
20 4	Entertain - R.E.	SP04/11	120000		
14 4	Entertainment	J01/11	6000		
27 4	Office Entertainment	R02	3404		
27 4	Entertain S.D.	R02	2000		146774 2

20	2	Office entertainment	R02	299
31	2	Entertain Police of N.Ju	R02	5000
4	4	Entertain C officer	R05	2000
9	4	: Thamen	R05	4000
10	4	: M.V. Jyarus	R05	3000
10	4	: : :	R05	092
17	4	Entertain Quarantine & Custom officer	R06	4000
16	4	Camp Entertainment	J14	3000
30	4	Entertain Forest officer	J14	6000
30	4	Camp Entertainment	J14	12000
30	4	: :	J14	4500
12	5	Entertainment charges for Apr: 1'86	SP05	58120
14	5	Entertainment (T.C.)	SP05	30000
16	5	Entertainment (Kuyuman)	SP05	500000
23	5	Entertain Captain of M.V. Jyarus	SP05	4103
2	5	Entertain forest officer	R07	2000
9	5	: forestry & Customer	R07	5000
14	5	Entertain Custom officer	R07	3000
20	5	: : :	R07	4000
23	5	Food expenses for land owner	R08	2000
26	5	Entertain R.E	R08	2000
26	5	: Auditors	R08	1650
28	5	Entertain Auditors	R08	2330
		: :	R08	1640
5	6	Entertainment	SP16	14000
5	6	: - Kuyuman	SP16	300000
12	6	: - R.S.	SP16	100000
16	6	: Shanghai Garden	SP06	18725
17	6	Entertain migration officer	SP16	10300
17	6	Entertainment - Green Jade Rest.	SP16	71642
4	6	Entertainment	R09	3900



DEPARTMENT OF FORESTS

OFFICE OF THE SECRETARY

PORT MORESBY

TELEPHONE 2222

PORT MORESBY

P.O. BOX 5055

PORT MORESBY

PAPUA NEW GUINEA

OUR REF 151-12-6

25 February 1986

Mr L. Hannett
Managing Director
Investment Corporation of PNG
P O Box 155
PORT MORESBY
National Capital District

Dear Sir

LETTER OF INTENT TO ISSUE A SINGLE TIMBER PERMIT TO WEWAK
TIMBERS PTY LTD

This is in reference to our discussions early this month regarding the question of issuing one Timber Permit to Wewak Timbers Pty Ltd over the North Coast and the Far North Coast TRP areas in the Madang Province. We do apologise for this belated response.

I wish to confirm our intention to consolidate and issue to Wewak Timbers Pty Ltd a single Timber Permit over the North Coast and the Far North Coast TRP areas in the Madang Province. The North Coast TRP area as you are aware is currently covered by Timber Permit No. 12-3 which is for Jant Pty Ltd. This Company has however confirmed its agreement for the excision of the North Coast TRP area from TP 12-3 for eventual allocation to Wewak Timbers Pty Ltd. In consideration of this and in conformity with our desire to rationalise timber operations in PNG, we intend to issue a Timber Permit to Wewak Timbers Pty Ltd over both areas as soon as legal clearance is received from the State Solicitor. We are hopeful that such a consolidated Timber Permit would be issued within the next 3 months.

Yours faithfully



O MAMALAI
Secretary

cc State Solicitor



MINISTER FOR POST AND TELECOMMUNICATION

TELEPHONE: 27 4388
TELEX: NE22372

P.O. BOX 1279,
BOROKO,
PAPUA NEW GUINEA

Mr. Francis. Sca

SANTA INVESTMENT PTY LTD
PNG

Dear Francis,

I will greatly need your help in settling
my court fees with Beresford & Francis &
Company.

Please assist me with (K2,000.00)

to settle the ~~acc~~ account. The firm ~~is~~ is
proceeding to take me to court to recover the money.
I will pay your company back your previous K2,000
plus this K2,000.00. I am requesting.

cheer

Roy Evans

Mr. Graham.B.Powell.
Counsell Assisting Commission
of Inquiry Into Aspect Of The Forest
Industry. P.O.Box 2554Boroko NCD.

Mr. Roy. Evara.
P.O.Box 6784
BOROKO NCD.

Dear Sir,

Re: Allegations made to the commission of Inquiry.

Thank you for writing to me directly. I appreciate this opportunity to comment on the allegations. Mr. Francis Sia and Michael Sia infact all Sia family had been and are great family fiends of mine. They are more than brothers to me.

I think one is entitled to have friends in this world. Having this relationship in mind I requested for some money for legal fees which went straight to the legal firm that represented me.

Thanking you once again for this opportunity to comment.

Yours Faithfully,

ROY. EVARA.

25 APRIL, 1989.

ACCOUNT FOR THE GULF PROVINCE GOVERNMENT
ELECTION.

UNRECORDED MONEY	K 476.00
PAYMENT FOR 314	MANAGER K200 EACH 100.00
PAYMENT OF GIFT	7 YOUNG GROUP K200 1400.00
" " "	WOMENS CLUB K150 150.00
	<u>K 3,126.00</u>

4 x 44 GALLON TUBS

TRAVELER HIRE'S.

ACCOMMODATION & MEALS.

TOTAL K 5,000.00

I ASKED TO GET THE MONEY TODAY SO THAT I
START MY CAMPING. EARLIER I NEED THE FIGURE
OF K 5,000.00. BECAUSE I WANT TO ASSIST 2 PEOPLE
WHO ARE STANDING AGAINST ME.

I NEED YOUR

CONTRIBUTION & ASSISTANCE TODAY. YOUR HELP
WILL BE GREATLY APPRECIATED

Yours faithfully

OPF. L'KAKA.

Minih. In. D.P.I.

SCHEDULE 5.5

IMPROPER BENEFITS - INDIVIDUAL
REQUESTS FOR BENEFITS - CASH

INTENDED BENEFICIARY	REQUESTED BY	AMOUNT REQUESTED	DATE - METHOD OF REQUEST
Lebulon Watt	Robert Seeto	Unspecified	6/1/85 - Schedule 2 (Chapt 2)
		Unspecified	23/1/86 - Schedule 4 (Chapt 2)
		K3000	5/4/86 - Schedule 5 (Chapt 2)
Sampson Gila	Robert Seeto	3 more cabbages ie K3000 ("already collected 2")	12/11/86 - Schedule 7 (Chapt 2)
Roy Evara	Roy Evara (as Minister for Post and Telecommunications)	K2000 (& offer to pay back previous K2000)	Undated
Ope Oeaka	Ope Oeaka (Minister for DPI Gulf P.G)	K5000	Undated

REQUESTS FOR BENEFITS - NON CASH

INTENDED	REQUESTED BY	ITEM REQUESTED	DATE - METHOD OF REQUEST
Sebulon Watt	Robert Seeto	"assisted with vehicles"	6/1/85 - Schedule 2 (Chapt2)
		1 new vehicle	5/4/86 - Schedule 5 (chapt 2)
		1 new vehicle - Super Hilux Double Cash 4wd	24/4/86 - Schedule 6
Stephen Raka	Stephen Raka	Toyota Utility	12/12/84 - Schedule 1 (Chapt 4)

ACTUAL PAYMENTS

RECIPIENT	DATE	AMOUNT	ENTRY
oy Evara	21/1/86	K1000	G.L - PV 21/1 (B)
	20/2/86	1500	G.L - PV 38/2
	30/4/86	1200	G.L - SP 84/4
	26/5/86	20	G.L - PCB 8
	9/6/86	20	G.L - PCB 9
	26/8/86	1000	G.L - J 11/8
(entry ruled out)	4/9/86	1000	G.L - J 15/9
	3/12/86	1200	G.L - J 27/12
F.M.	23/8/85	K2000	CB - F31
	7/2/86	500	GL - PV 20/2
Noel Levi	14/4/86	K 500	GL - SP 38/4
Stephen Raka	16/5/85	K120	CB - Fol 3
	5/8/85	500 (loan)	CB - Fol 30
	17/8/85	200 (loan)	CB - Fol 31
"Migration	19/5/85	K150	CB - Fol 3
Officers"	27/3/86	20	GL - SP 29/3
=	17/10/86	24	GL - SP 24/14

ECIPIENT	DATE	AMOUNT	ENTRY
Customs			
Officers"	19/5/85	K100	CB - Fol 4
	28/2/86	920	GL - J 15/2
	4/2/86	20	GL - PCB 5
	17/4/86	40	GL - PCB 6
	14/5/86	30	GL - PCB 7
	20/5/86	40	GL - PCB 7
	4/6/86	6	GL - PCB 10
	22/8/86	60	GL - SP 81/8
	4/8/86	20	GL - PCB 13
	22/8/86	20	GL - J 5/8
	17/10/86	10	GL - PCV 23/10
	24/10/86	175	GL - PCV 29/10
	28/11/86	43-90	GL - PCV 62/11
	29/10/86	65	GL - PCV 63/11
	5/12/86	20	GL - PCV 33/12
	12/12/86	40	GL - PCV 95/12
"Forests	30/4/86	K60	GL - J22/4
Officers"	21/5/86	20	GL - PCB 7
	9/5/86	50	GL - PCB 7
	5/6/86	60	GL - J 1/6
	6/11/86	100	GL - J 12/11
	6/12/86	200	GL - J 31/12

RECIPIENT	DATE	AMOUNT	ENTRY
WIDA OFFICER (Mr Polsu)	21/2/86	K50	GL - PCB 2
Labour Officer (Kerema)	4/7/86	K20	GL - SP 45/7
.I.C	10/7/86	K170-60	GL - J 1/7
Officers	21/7/86	162 - 20	GL - J 15/7

12/11/86

163A

Dear Michael,

I wish to request the following matters as prescribe as form of assistance from your Company to me and the Party for coming Provincial Election already started on the 10/11/86, and will be finished on the 14/1/87, following after that the National Election commencing in March and finishes off in June.

Here the following Request listed below:-

1) PART

1 Four Wheel Drive Vehicle

1 Out Board Motor 25 HP

Cash Advance of 10 Cabbages. Urgently.

2) MINISTER SAMSON GILA (MINISTER FOR WORKS AND PUBLIC SERVICES)

Request additional 3 more Cabbages, already collected 2 cabbages last time, this is the final request for Election.

3) (a) SELF PERSONAL

Request 50 Cabbages as a form of Loan for 12 months be deposit and obtain interest every month. Shall return back to you after 12 months.

b) Request 8 Cabbages ready in Singapore, wife will collect on her way to Taiwan next month departing Moresby on 10/12/86.

4) FAVOURABLE RETURN

I will release additional concessional East Coast Namatanai immediately, which your Company will have 3 Areas operated, West Coast Namatanai, TABAR and East Coast Namatanai. I'll be appreciate for discuss privately with you, before I go back on Thursday, and have some of those item finalised.

Regards.

Robert SEETO

163A

Mr. Michael

I wish to request the following matters as ^{personal} ~~part~~ form of assistance from your company to me and the party for running Provincial Election already started on the 10/11/86, and will be finished on the 14/1/87, following after that the National Election commencing in March and finish off in June.

Here the following request listed below.

Party

- (1) ~~Request for additional vehicles~~
~~Request for additional vehicles~~
 Request for additional vehicles. URGENTLY.
- (2) Month Samoe Bila TAPAR
 Request additional ~~vehicles~~, already collected 2 CASHES last time, this is the final request for Election.

SELF PERSONAL

- (a) Request ~~for additional~~ as a form of loan for 12 months be deposited and obtain interest every month, will return back to me after 12 months.
- (b) Request ~~for additional~~ ready in Singapore, wife will collect on her way to Taiwan next month. Departing Monday on 10/12/86.

a) Favourable Return

I will release additional loan on a ~~least~~ least Namat man immediately, which your company will have 3 areas opened, West Coast, ~~North~~ ^{North} and East Coast. I will be appreciate to discuss privately with you, before I go back to Thursday, and have some of those items finished.

[Signature]

(2)

Continued

000152

- (4) People's Progress Party 5/6 Feb 1966
with Separation - 17/2/66 LFF.
- (5) In my self as primary teacher I Francis
to advise my condition has been
very clearly.
- (6) The most important that all the teachers
must start immediately. As soon as the
first report, should be sent out
at end of May. I have sent a letter to the Minister
for First to give his agent immediately.
- (7) Please give at least 5 cottages with 140
watts to bring rather I can obtain
the request I made to the Party.

Yours faithfully.

Dear Michael,

I am glad that you have recovered back from your sickness, and I hope everything should be fine again, especially with your health.

Regarding our previous decision, when I meet you in Port Moresby, reference to the term and condition of timber conversion Pasink/Suralil, advising you to assist the Peoples Progress Party and myself.

The main important I required 2 vehicles as I stated one for Sabulon WATT, and other one for SAPOHATIN to assist their movement. Presently there's no access transport to Mr WATT and SOPAHATIN. Here the following items which I required your assistance.

- 1) Required one New Vehicle for Sopahatin Development Co-operation to assist Board of Directors.
- 2) One New Vehicle S. WATT super Hilux Double Cabin 4 Wheel Drive Diesel.
- 3) Peoples Progress Party required 5 Cabbages for auction sales 2 vehicles Second Hand next week for election.
- 4) Peoples Progress Party 45% for price both Sopahatin and Tabar LFA.
- 5) For myself as previsouly written to Francis to advise, my condition has laid very clearly.
- 6) The most important that all your machines mast start immediately, and I hope the first shipment, should be going out at end of May. I have sent a telex to the Minister for Forest to give his assent immediately.
- 7) Please give at least 5 cabbages with Mr WATT to bring so that I can obtain the request I made for the Party.

Yours faithfully,

Robert SEETO

25th/4/86.

000151

De Michael:

I am glad that you have recovered
well from your sickness. And I hope everything should
be fine again. Especially ^{with} ~~with~~ your health.

Regarding our previous decision, when I met
 you in port Harvey, reference to the timber and land concession
 between the Peoples Progress Party and myself.
 I understood as I stated

For to assist the project
The Indian Import I required 2 letters as I stated
one for Ashokan Watt, and other one for P. Pottaluri
to assist this movement. Presently there is no
access transport to an Watt and Sepalochin
here the following items which I required in assistance
P. P. Development

new vehicle for separate department
to assist Board of Directors
Co-op. in this double

Co-op: or
(i) Case New vehicle A Watt Super Kalam Double
Cabin C 1000C Drive Diesel
C 1000C 5C 1000C

(3) John Rogers Party requested 5000 lbs
for the Russian robes & vehicles. Persons land
in the back of the boat.

CORAL SEA HOTELS

158A
10/1/86

Dear Francis,

There are still about 7 apples to be given to Avis Hire Car from last year, when I was in Goroka Meeting, John Thomas also has kept the vehicles.

I'll be appreciate if you could settles the amount of apples at Avis. I have instructed John to brief you, and your action would be highly appreciated.

Avis did concern now, and no longer releasing their vehicles because they are waiting for me and John to give the apples.

Cheers & Regards.

FRANCIS SIA

158A

CORAL SEA HOTELS

158#
10/1/86
145B

Dear Francis,

There are still about 7 apples to be given to Avis Hire Car from last year, when I was in Goroka Meeting, John Thomas also has kept the vehicles.

I'll be appreciate if you could settles the amount of apples at Avis. I have instructed John to brief you, and your action would be highly appreciated.

Avis did concern now, and no longer releasing their vehicles because they are waiting for me and John to give the apples.

Cheers & Regards.

FRANCIS SIA

158A

- Paul
- (1) Salaries \$1600 P. worth Payable fortnightly in 14th - net banking properly collected
 - (2) Require 1 Vehicle after 2 shipment of logs
 - (3) 7.5% Commission on FOB Price every shipment. Commission Payable Direct to Overseas Bank.

Part 2. PPP

5% Commission every shipment on FOB
CASH Payable to Kasey Branch.
With advance \$1500 to offhand auction sale Vehicle
in Kasey immediately.
New Vehicle later on

Sapahani

Require immediately 1 BEST Vehicle Toyota
2 donor truck.
CASH advance of \$5000

Watt: 1 New Vehicle immediately Sapahani will
provide that covers one the currency
deduct for lay shipment.
CASH required immediately \$5000

Net Francis see if he can at least \$500 give at
least him for his travel to night.

The location has an discussion this morning with
Lester M. A

- Journal
- (1) Salaries \$1600 p. month Payable fortnightly in 14th - not banking possibly collected
 - (2) Require 1 Vehicle after 2 shipment of logs
 - (3) 7.5% Commission on FOB Price every shipment. Commission Payable Direct to Overseas Bank.

Part 20 PPP

5% Commission every shipment on FOB
CASH Payable to Kasey Branch.
With Advance \$1500 for offhand action sale Vehicle
in Kasey immediately.
New Vehicle later on

Sapahatu

Require immediately 1 Better Vehicle Toyota
2 domain truck.
Cash advance of \$5000

Watt: 1 New Vehicle immediately Sapahatu will
provide that covers one the currency
deduct for lay shipment.
Cash required immediately \$5000

With Francis see if he can at least \$300 give at
least him for his travel to night.

In condition bar on an discussion this morning with
Lester M. A

10/1/16

Coral Sea Hotels

000145

A

Dear Sir,

There are still about ~~600~~ 7 apples
to be given to Avis this car for last year.
When I was in Geneva Meeting
John Thomas has kept the vehicles.
It will be appreciate if you could
settle the amount of apples at Avis.
I have mentioned John to brief
you, and for early action
would be highly appreciated.
Avis did concern now. and no
longer releasing these vehicles
because they are waiting for me
and John to give the apples.

Yours sincerely
D. K.

ATLANTIC
HOTEL

Box 101
HONG KONG
Tel. 25 3081

THE
EDFORD
HOTEL

Box 1033
HONG KONG
Tel. 25 0077

THE
LUTEL

Box 706
HONG KONG
Tel. 42 3744

THE
GULF
HOTEL

Box 473
HONG KONG
Tel. 42 4000

THE
MUGGLERS
INN

Box 303
HONG KONG
Tel. 42 3744

THE
HIGHLANDER
HOTEL

Box 30
HONG KONG
Tel. 42 1200

THE
LANINGTON
HOTEL

Box 21
HONG KONG
Tel. 26 7102

33 1. 86 157

000147A

Dear Francis

Just a short note. Things went well and successful during the week. I have advised to ~~decide~~ declare 5 LTA including the West Coast.

The area are. Amir Island, Ichu, Tabor, and Kasil. And by West Coast. I think has been given the green light for all that & LTA.

The outstanding area, Mura, Dufu and Myura. He has ask me to give a little bit more time, before he told his decision. He has verbally giving the assurance of favorable answer towards Provincial Government recommendation.

Please Francis arrange 5 Cottages for me to collect when I arrive in Mervy on the 20th Monday. I would like to collect a Thursday and some for the Watt also.

Wife departing on 1/8/86. I require the Cottages for her to take it back to Port War. I can not delay my project, because it is important for me and the Party for the election.

✓ I better advise Michael to move fast. The assurance I have given to him in words is a good signing of the agreement.

✓ Hink has written to me. The high Commissioner has ask him to give for a project in New Zealand.

Please get all arrangement finalized on Monday.

Byond.
R. S. P. S.

Dear Francis,

Just a short note. Things went well and successful during the week. I have advised to date declare 5 lots including the West Coast.

The area are. Anir Island, Ichu, Tabou, and Habel and by West Coast. Minister has been given the green light for all that & lot.

The outstanding area, Musson, Inpu and Nguna. He has ask me to give a little bit more time, before he killed his decision. He has very giving the assurance of favorable answer towards Provincial Government recommendation.

Please Francis arrange 5 cottages for me to collect when I arrive in Monday or the 2nd Monday. I would like to collect a Thursday and some for the West also.

Wife departing on 1/8/86. I require the cottages for her to take it back to town. I can not delay my project, because it is important for me and the party for the election. The better advice Michael to move fast. The assurance I have given to him words is a good signing of the agreement.

Minister has written to me. The high commissioner has ask him to give me a project in New Zealand.

Please get all arrangement finalized on Monday.

Yours,
Robert S. S. S.

000146

Kavieng

23.1.86

Dear Francis,

Just a short note, things went well and successful during the Minister visit. I have advise to declare 5 LFA including the West Coast.

The area are, Anir Island, Lihir, Tabar, Kabil and my West Coast Minister has been given the green light for all that 5 LFA.

The outstanding area, Mussau, Danfu and Umana, he has ask me to give a little bit more time, before he tabled his decision, he has verbally giving the assurance of favourable answer towards Provincial Government recommendation.

Please Francis arrange, 5 Cabbages for me to collect when I arrive in Moresby on the 30th Thursday. I would like to collect on Thursday and some for Mr Watt also.

Wife departing on 1/2/86, I require the Cabbages for her to take it back to Taiwan, I cannot delay my project, because its important for me and the Party for the election.

You better advise MICHAEL to move fast, the Assurance I have given to you in words, is as good signing of the agreement.

Minister has mention to me your High Commissioner has ask him to give you a project in New Ireland.

Please get all arrangement finalise on Thursday.

Regards,

ROBERT SEETO

Loring

25th/4/86.

000151A

Dear Michael:

I am glad that you have recovered

back from your sickness. And I hope everything should
be fine again, especially ^{with} your health.

Regarding our previous decision, from I meet
you in port nearby, reference to the term and condition
of timber concession Ramin/Suralat, advising

you to assist the Peoples Progress Party and myself.

The main important I required 2 vehicles as I stated
one for Sabulan Watt, and other one for Papattan
to assist their movement. Presently there no
access transport to an Watt and Sepalotin

there the following items which I required in assistance

new vehicle for Sepalotin District
Co-op. in to assist Board of Directors

(1) One New vehicle for Watt Super Kulan Double
Cabin 4 wheel Drive Diesel

(2) Joseph Progress Party requested 5 Cots to go
for the machine parts & vehicles Service and
repair to the shop

Mr. Michael -

I wish to request the following matters as ^{preference} ~~followed~~
as form of assistance for the temporary to me and the
Party for having Provincial Election already started
On the 10/11/86, and will be finished on the
14/1/87, following after that the National Election
commencing in March and finishes off in June.

Here the following request history below

Party

① *Indus, Pakistan, Illudium griseum, Khashe*

Sancti Spiritus 25. 4. 1911

Wish volume of ~~XXXXXXXXXX~~ 10-11-68. URGENTLY

(2) Monte Sano Gila TABAR

Request additional ~~exhibits~~ ^{exhibits}, already collected
2 Exhibits lost time, this is the final request for
evidence.

SELF PERSONAL

(a) Request ~~for a loan~~ as a form of loan for 12 months. be deposited and obtain interest every month, will return back to me after 12 months.

b) Request ~~Submittal~~ Ready in Singapore, wife will collect on her way to Taiwan next month. Departing Monday on 10/11/86.

4) Favourable Returns

I will release additional concession on at least Nanatman immediately. Which the company will have 3 areas opened. West Coast, North and East Coast Nanatman. I will be appropriate to discuss privately with you, before I go back on Thursday, and have some of those items finalized.

Handwritten signature

Haskins+Sells

Mogoru Moto Building
Champion Parade Port Moresby
PO Box 1275
Port Moresby Papua New Guinea
Telex NE 23075
Facsimile 21 1986
Telephone 21 1888

FACSIMILE COVERSHEET

DATE: 19 September 1988 TIME: 9.45am
TO: Mr D L Nicholl
FIRM: DH&S - Sydney
FAX NO: 05 612 221 1286
FROM: Greg McCann
SUBJECT: SUPERIOR TROPICAL TIMBER PTY. LTD.
THIS IS 1 OF 5 PAGE(S)

MESSAGE

Des,

Letter (1) is a draft from Hugo that I propose to put on Hugo's letterhead. In addition we could say that the Receivers would, immediately upon the granting of the TRP, recommend to Westpac that they retire, refer letter (4).

We know nothing about Lyons or Gavenale Investments Pty. Limited. Do you think it is practical for us to request financial info. and do you think we owe Westpac a duty of care in this regard. Frankly, I don't think Westpac are in too strong a position to make demands at this stage but should look to tighten their position in terms of guaranteeing repayments ex. the TRP proceeds prior to our retirement.

Regards,



GREG

Mr Hugo Berghuser,
P O Box 1785,
BOROKO.

22 September 1988

Mr John L Lyons,
Director,
Gavenvale Investments Pty Limited,
P O Box 5314,
Gold Coast Mail Centre,
Bundall,
Queensland,
AUSTRALIA. 4217

Dear Sir,

RE: RAI COAST TIMBER PROJECT

I acknowledge with thanks your faxed message dated 21 September 1988, together with an attached proposed Memorandum of Agreement.

In principle, I accept the content of your Memorandum of Understanding as being an acceptable basis on which to work subject to all parties entering into a formal agreement to be drafted by my solicitors and containing terms and conditions acceptable to all parties.

Yours faithfully,



HUGO BERGHUSER.

Schedule 1.4

PAPUA NEW GUINEA
COMPANIES ACT CHAPTER 146
APPOINTMENT OF RECEIVERS

WESTPAC BANK -PNG- LIMITED of 5th Floor Mogoru Moto Building
Champion Parade Port Moresby (herein called "the Bank") being
the Mortgagee referred to in a Deed of Equitable Mortgage
dated 20th March 1986 registered number 6058 (herein called
"the Charge") given to the Bank by SUPERIOR TROPICAL TIMBER
PTY LIMITED (herein called "the Company") pursuant to the
provisions of the Charge and of every other power it hereunto
enabling HEREBY APPOINTS GREGORY RONALD McCANN and DESMOND
LIVINGSTONE NICHOLL both care of Deloitte Haskins & Sells 3rd
Floor Mogoru Moto Building Champion Parade Port Moresby
JOINTLY AND SEVERALLY to be Receivers of the property assets
and undertaking of the Company the subject of the Charge with
all of the powers and authorities conferred by the Charge or
otherwise entitling them to so act.

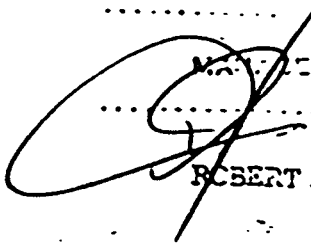
Dated this 21ST day of JUNE 1988.

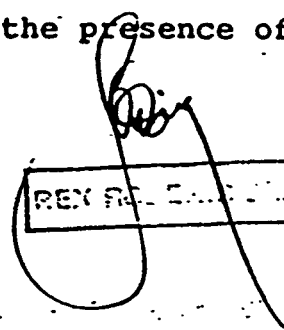
SIGNED for and on behalf of)
WESTPAC BANK -PNG- LIMITED by)
its duly constituted attorneys)
in the presence of:)

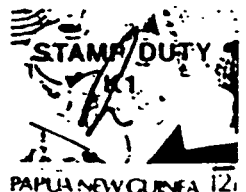
Westpac Bank - PNG - Limited by its Attorneys
who have read and understand the contents of this instrument
and have signed and affixed their seals and notice of the
registration of this instrument in the Registry of Companies
under the Companies Act Chapter 146 of the Companies Act 1980
under the authority of which they have executed
this instrument.



MANAGER DOMESTIC BUS


ROBERT JAMES HEYDEN


REX SELMAN CRAIG



FILE NOTE

20/4/89

**BERGHUSER GROUP
- BOROKO BRANCH**

(000'S)

<u>Account Name</u>	<u>Limit</u>	<u>Debt</u>	<u>Security</u>	
• H.E. Berghuser	'NFD'	K300	Unsecured	
• Rural Industries Pty Ltd	'NFD'	K393	K405 K178 D&I	Landed EMA G.C.
• Superior Tropical Timber Pty. Ltd	'NFD'	K801	K? D&I	EMA G.S.
• Suspense A/C Payment by Surety		CR10	(Rural) D&I	G.C.
	T.A.E.	<u>K1484</u>		
• Interest	-	Ceased 1/4/88		

Hugo Berghuser called by appointment on Managing Director and the writer.

Confirmed that Hugo Canning are to purchase portion of Rural Industries land - their next Board meeting is on 24/5/89. It was suggested to him that he should ensure proposal for finance was submitted, through Boroko Branch, without undue delay.

Once this sale goes through Hugo feels that we should be prepared to withdraw Receivers & Managers. Managing Director made the point that a number of factors needed consideration - not least the fact as to whether Rural could then service residual debt-load. We also needed to be satisfied the S.T.T. deal was going through and it was unlikely that Rural's guarantee would need to be called upon. Hugo appeared to understand this stance however he is upset with level of Receivers fees (running @ K10 p.m.) as exhibited in accounts for period 10/88 - 3/89. Managing Director agreed that figure appeared high and that we would query with Mr McCann. When and if Receivers withdrawn Hugo would intend to inject K50 into Rural Industries so as to improve average weight and also intends to sack Manager, Farrow. He was queried on whether this was really appropriate and as to whether he had time to supervise - the usual responses flowed !

States he has had a few nibbles for combined sale of Rural and Sapphires but a deal for the two combined is probably 12 months off. He would be happy to sell as the pressure "is killing Christa" (Mrs B.).

Hugo is adamant TRP for Rai Coast will be formalised any day now - all it requires is Madang Provincial Govt sign-off. He will arrange for proposed sub-contractor, John Lyons to call with him within next few weeks to discuss modus operandi of royalty payments. He feels logging will commence by July and royalties should flow at rate of K300 p.a. Stated there was a 10 year supply within lease area.

Level 3 Mogoru Moto Building
Champion Parade Port Moresby
PO Box 1275
Port Moresby Papua New Guinea
Facsimile (675) 21 1986
Telephone (675) 21 1888

The Managing Director
Westpac Bank - PNG - Pty Ltd
5th Floor
Mogoru Moto Building
Champion Parade
PORT MORESBY

9 March 1989

ATTENTION: MR BRUCE ALEXANDER

Dear Sir

**SUPERIOR TROPICAL TIMBER PTY LIMITED
(RECEIVERS AND MANAGERS APPOINTED)**

Further to our letter of 3 March 1989 we provide details of the proposed timetable for the finalization of the Rai Coast timber lease. The timetable was provided to Mr Berghuser by the Secretary for the Department of Forests.

- Return of TRP by 10 March 1989
- State Solicitor's Office by 14 March 1989
- Return to Minister for Finance by 23 March 1989
- Return to Minister for Forests by 26 March 1989
- Madang Provincial Government prior to 31 March 1989

Mr Berghuser is insistent that he expects the documentation to be ready for execution by the end of this month. Given the deficiency facing the Bank in respect of Superior Tropical Timber, as we now appear to be within weeks of securing the TRP, we consider it to be in the interests of the administration to progress the matter as quickly as possible to the point of determining whether the project is of interest to a subcontractor, and the extent of future royalties.

Your comments will be appreciated.

Yours faithfully


G R McCANN
Joint Receiver & Manager
Superior Tropical Timber Pty Limited

GRM:ca

Level 3 Mogoru Moto Building
Champion Parade Port Moresby
PO Box 1275
Port Moresby Papua New Guinea
Facsimile (675) 21 1986
Telephone (675) 21 1888

The Managing Director
Westpac Bank - PNG - Limited
5th Floor
Mogoru Moto Building
Champion Parade
PORT MORESBY NCD

3 March 1989

ATTENTION: MR B ALEXANDER

Dear Sir

RE: RURAL INDUSTRIES PTY. LIMITED
(RECEIVERS AND MANAGERS APPOINTED)
SUPERIOR TROPICAL TIMBER PTY. LIMITED
(RECEIVERS AND MANAGERS APPOINTED)

Manager - Domestic Business

- ① Please obtain legal advice
- ② Assess the proposal on a Westpac benefit basis, and let me have your recommendations.

Mander
11/3 7/2

Since our report to you dated 20 February 1989 there have been two developments affecting the administration which we wish to draw to your attention.

1. Superior Tropical Timber Pty. Limited

You are well aware of the Rai Coast forestry lease which we discovered Superior Tropical Timber had tendered for prior to our appointment. In a letter dated 22 February 1989 the Minister for Forests advised that the company had been selected to negotiate with the State on the Rai Coast timber project. A copy of this correspondence is enclosed for your records.

We have asked Mr Berghuser for a specific timetable of the negotiations with the Department of Forests. This timetable is expected by Wednesday 8 March 1989, although Mr Berghuser has informed us he expects the negotiations should only take a short time as the majority of matters have already been settled. If the documentation is capable of being available for execution within the month, we will need to take instruction from Blake Dawson Waldron as soon as possible. We remain of the view that we should retire as receivers prior to the completion of the lease, but it is on this point, as well as how we can best secure the Bank's position in regard to the royalty payments, that we need to seek legal advice.

There is a lot to do here if we are to enter into an arrangement.

Although we doubt Mr Berghuser's quantity estimates of one million cubic metres of timber, we understand the lease to be significant. At this point the company is not able to negotiate with a subcontractor, however Mr Berghuser has indicated he is prepared to accept a royalty of K3 per cubic metre, which we believe to be realistic. With the recent fall in timber prices, it remains to be seen whether the lease is viable because the subcontractor needs to make a detailed assessment of the extraction costs.

I think it will be difficult to get a contractor to do this viably.

Legal advice - concerning how we secure royalty.
contract with the company to be to require satisfaction
... made a profit

The Managing Director

30 March 1989

Consent will also be required from the Minister for the Environment before harvesting of the timber may commence. This will entail an environmental submission being made. The Secretary of Forests informed us that this may take two to four months to negotiate. We have asked Mr Berghuser to make immediate enquiry with the Minister for the Environment to establish the requirements of the submission and ascertain whether this is likely to pose a barrier or undue delay. We hope to be advised of this matter within the next week.

When we asked the Secretary of Forests how long would it be before timber is harvested he replied that July/August 1989 would not be unrealistic.

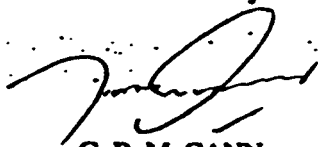
In our aforementioned correspondence we also discussed the possibility of arranging for the Timber Resource Permit to issue in a "clean" company. The Secretary of Forests informed us that it is not possible to issue the Timber Resource Permit in any company other than Superior Tropical Timber because no other company had registered its interest at the initial evaluation stage. However, he accepted there may be commercial reasons why it would be better to have the permit held by another company and advised that our only alternative is to apply to transfer the permit after it is issued to Superior Tropical Timber. This process will only require the approval of the Minister for Forests and should not pose a problem if there are commercial reasons to support the transfer. We have canvassed this proposal to transfer the permit with Mr Applegate of Blake Dawson Waldron and expect to receive his comments within the next few days.

2. Rural Industries Pty. Limited

Mr Berghuser has supplied us with a copy of his letter to the Bank dated 22 March 1989 whereby he undertook, in conjunction with Mrs Berghuser, to continue the current monthly repayment of K10,000, as well as undertaking to make an additional K10,000 payment. We have indicated to Mr Berghuser that we would be surprised if the Bank was satisfied with his explanation of the source of the funds to support the additional payment. We have suggested he will need to be specific and he has agreed to supply additional information in this regard.

We will keep you abreast of all developments over the forthcoming weeks. Should you wish to discuss any matters raised in this report do not hesitate to contact the writer.

Yours faithfully



G R McCANN

Joint Receiver

SUPERIOR TROPICAL TIMBER PTY. LIMITED

RURAL INDUSTRIES PTY. LIMITED

Level 3 Mogoru Moto Building
Champion Parade Port Moresby
PO Box 1275
Port Moresby Papua New Guinea
Facsimile (675) 21 1986
Telephone (675) 21 1888

The Managing Director
Westpac Bank - PNG - Limited
5th Floor
Mogoru Moto Building
Champion Parade
PORT MORESBY NCD

30 March 1989

ATTENTION: MR BRUCE ALEXANDER

Dear Sir

**SUPERIOR TROPICAL TIMBER PTY. LIMITED
(RECEIVERS & MANAGERS APPOINTED)
RURAL INDUSTRIES PTY. LIMITED
(RECEIVERS & MANAGERS APPOINTED)**

1. Superior Tropical Timber Pty. Limited

We refer to our latest correspondence dated 21 March 1989 wherein we indicated that we would confirm the current status of the Rai Coast Timber Resource Permit with the Minister for Forests.

The Minister referred us to the Secretary of the Department of Forests, Mr Michael Komtagarea, who confirmed what Mr Berghuser had already advised. The Timber Resource Permit is currently with the Minister for Finance & Planning for his approval. Mr Komtagarea expects this will be returned to his office within the next week. At that stage the lease will be formalized, in accordance with the terms of the Department of Forests guidelines outlined in the tender proposal. Both parties will not be proposing any variation to the terms and the final negotiations are expected to be a formality.

Once the Timber Resource Permit is agreed the lease will be prepared by the State Solicitor's Office and should be executed within three to four weeks. At this point the subcontractor agreement is capable of being prepared which will mirror the terms contained in the Timber Resource Permit. We have informed Mr Berghuser that prior to the execution of the Timber Resource Permit, the Bank will need to be in possession of all the facts concerning the subcontract agreement and the subcontractor before it will give its consent to any proposal.

He was then queried on other creditor/Bank pressure. Claims no problems with PNGBC - 'very good to me' and that there will be no shortfall there after sale of Pacificview Apartments to the Catholic Church (we found this surprising !). Very upset with Brian Hull of Siule Real Estate and claims he has "ripped me off" for K100 (agent's commission !) in regard to sale. Other creditors said to be under control - SP Brewery were a 'little nasty' for a while. Claims he is gradually paying off S.T.T. creditors but somewhat vague when asked if Receivers were fully aware. We will query this with Receivers also.

Hugo Sawmilling only going so-so as wet weather continues to hamper operations.

Hugo was handed our letter of 17/4/89 (see file) and rationale for information required explained to him. He appeared to grudgingly accept this - says Christa won't detail all personal items on S/P form - "you know what women are like !" but we encouraged him to be as open as possible.

In summary :-

- Hugo to 1) Respond to our letter 'by end of month'
 2) Bring in John Lyons for discussion as soon as possible
- Reductions of K10 to personal account and K10 to S.T.T. to continue on a monthly basis
- Hugo Canning Co. to shortly place proposal for land purchase through Boroko Branch
- We are to query Receivers & Managers the present level of fees charged and position with S.T.T. creditors.

Overall a fairly positive meeting - Hugo is starting to show real signs of co-operation. There is a long path still to trod here but gaps are appearing in the undergrowth.

R.R. Craig
MANAGER, LENDING

Managing Director : For confirmation.

Manager, Domestic Business)
Manager, Lending) For follow up with Receivers

Manager, Boroko : You may care to follow up Hugo Canning's approach with Mr. Spence

FILE NOTE

HUGO BERGHUSER

RURAL INDUSTRIES PTY LTD (RECEIVER APPOINTED)

SUPERIOR TROPICAL TIMBER PTY LTD (RECEIVER APPOINTED)

Subject: Progress of Receivership

Remarks: Receivers Des Nichol and Greg McCann called to seek our opinion and acquaint us with present position.

Following pressure placed on Hugo that 15th March was a deadline for him or else, the following has transpired.

Superior Tropical Timber Pty Ltd

Rai Coast forestry lease is said to be about to issue and Receivers are to call on Forestry Minister Stack to get confirmation of issue and to whom. It was agreed that any clearance from this source would be protracted and that there would then be possible problems with performance guarantees, getting the right logging contractor etc. It is estimated that lease has potential for 7000000/1,000,000 cubic metres for which STT could expect to receive a royalty of K3 cubic metre. Some estimates give lease a face sale value of K800,000. Receivers recommend against withdrawal of Receivership which is a prerequisite to STT being granted lease and instead they will negotiate with Hugo to set up a company to handle the project. We would secure our position with a mortgage over shares and/or an EMA to STT.

Hugo has offered to reduce STT by K10000 p.m. but is not prepared to declare source. We will not enter into any such arrangement unless we are able to confirm source reliability etc.

Action:

Receivers: To report back following interview with Forestry Minister Stack.

To report back with full details of K10000 reduction, source etc.

DRAFT

The Secretary
Department of Forests
Frangipani Street
P O Box 5055
BOROKO NCD

21st September 1988

Attention: Mr M Komtagarea

Dear Sir

**SUPERIOR TROPICAL TIMBER PTY LTD
(RECEIVERS AND MANAGERS APPOINTED)**

We acknowledge receipt of your letter dated 12 September 1988 and note the contents and proposals contained therein. We have taken the opportunity of discussing them with Mr Hugo Berghuser and Superior Tropical Timber's secured creditor, Westpac Bank (PNG) Limited, to formulate a submission to the Department to enable the Rai Coast Timber Project, if let to the above company, to be satisfactorily undertaken by it.

It is our opinion that the most acceptable approach would be for the Receivers and Managers to terminate their appointment, with the Bank's consent, if the timber lease is granted to the company.

With regard to the development and landing proposals Mr Berghuser informs us that upon the retirement of the Receivers and Managers the following matters will be implemented:

1. Sufficient funds will be provided to the company through Gavenvale Investments Pty Limited to enable the project to be financially viable. Correspondence supporting Gavenvale's proposal has been cited.
2. Contracting and sub-contracting work will be the responsibility of the company under the direction of Mr Berghuser who has informed us he has the necessary qualifications.
3. In similar manner to 2 above, Mr Berghuser will be responsible for the land and agricultural development of the area and would rely on his vast experience in animal husbandry and tree cropping.
4. The company through Mr Berghuser has indicated that there will be a separate land owner company and that the majority of the shareholding would vest in the land owners to enable them to be the recipients of the majority of the profits of the venture. Mr Berghuser suggests that Superior Tropical Timber share would be in the order of 15%.

The Secretary

21st September 1988

In summary Superior Tropical Timbers and Mr Berghuser would certainly like to progress the subject of the timber leases being issued to the company.

Yours faithfully

G R McCANN & D L NICHOLL

**RECEIVERS AND MANAGERS
SUPERIOR TROPICAL TIMBERS PTY LIMITED**

SCHEDULE 111



FAX. 905- - 389 42

ATT. John Lyons.

MINISTER FOR FORESTS

TELEPHONE: 27 7393 (PARLIAMENT)
27 7843 (HOBOLA)
TELEGRAMS: FORESTS BOROKO
TELEX: NE 22360

P.O. BOX 8055
BCHOKO
PAPUA NEW GUINEA

22 February 1989

The Managing Director
Hugo Sawmilling
P O Box 1785
Boroko
N.C.D.

Dear Sir,

RE: HAI COAST TIMBER PROJECT

Please be advised that your company had been selected to negotiate with the State on the above project.

You will be advised on timing schedules for negotiation as soon as it is finalised.

Yours faithfully,


HON KARI W STACK, CMG, MP.
Minister for Forests.

cc: The Secretary
Department of Forests
P O Box 5055
BOROKO.



Coral Sea Hotels

000142

Mr. Francis.

Mr. 9/1/86

As reference to our discussion this morning in regards to the developments in my electorate in the West Coast, Namadurai, and including the national tourist company of the People's Association development co-operation.

I as Member for West Coast Shire also supported the Watt invitation acting on behalf of the Land Owners to invite the company to invest in the management company for Sepahati. Since the Landowner, via the Dealing agreement is furnished, the Ventures should be benefited to the People and the company as whole.

I also would like to ask you that, as prior to last discussion my Party should be most support and a support from your company could back the Party for the coming election, that I believe there is no problem at all.

I am also would like the factory request be considered immediately.

(1) 2 Vehicles be made available one for Part 1 and one for Sepahati. That can be added to the operation started.

THE VICTORY HOTEL
Box 1218
BOLD P.N.G.
Tel. 20 2065

THE BOROKO HOTEL
Box 1023
BOLD P.N.G.
Tel. 20 2077

THE MELANESIAN HOTEL
Box 700
BOLD P.N.G.
Tel. 42 3744

THE HILTON GULF HOTEL
Box 613
BOLD P.N.G.
Tel. 42 4044

THE HUGGLERS INN
Box 303
BOLD P.N.G.
Tel. 20 2744

THE GHLANDER HOTEL
Box 34
BOLD P.N.G.
Tel. 20 1206

THE KINGTON HOTEL
Box 37
BOLD P.N.G.
Tel. 20 7162

10/1/76

Coral Sea Hotels

000145

Dear Sir,

There are still about ~~600~~ 7 apples
to be given to Avis this car for last year.
When I was in Garaka Meeting
John Thomas has kept the vehicles.
It will be appreciate if you could
settle the amount of apples at Avis.
I have included John to brief
you, and for early action
would be highly appreciated.
Avis did learn how, and no
longer releasing their vehicles
because they are waiting for me
and John to give the apples.

Chen Sheng
D.K.

ATLANTIC
HOTEL

Box 1018
ADAC PNG
Tel. 25 3881

THE
BROMO
HOTEL

Box 1033
ADAC PNG
Tel. 25 0477

AN
HOTEL

Box 768
PAC
Tel. 42 3744

ON GULF
HOTEL

Box 812
ADAC PNG
Tel. 42 0844

SMUGGLERS
INN

P.O. Box 303
ADAC PNG
Tel. 62 3144

THE
HIGHLANDER
HOTEL

P.O. Box 30
ADAC PNG
Tel. 62 1364

THE
LAWTON
HOTEL

P.O. Box 21
ADAC PNG
Tel. 25 7162

Dear Francis,

There are still about 7 apples to be given to Avis Hire Car from last year, when I was in Goroka Meeting, John Thomas also has kept the vehicles.

I'll be appreciate if you could settles the amount of apples at Avis. I have instructed John to brief you, and your action would be highly appreciated.

Avis did concern now, and no longer releasing their vehicles because they are waiting for me and John to give the apples.

Cheers & Regards.

FRANCIS SIA

158A

SCHEDULE 2.1

150
→ Copy this to all who attend
10 October 1988

TIME: 9:00 a.m.

MEETING: Stack/Pokawin/KPK/SEMI/FMS/Department of Manus/
Department of Forest

VENUE: Forest Conference Room Hohola

PREMIER: Manus life depends on Lands/Sea Resources
Discuss letter to KPK dated 14/9/88 and forestry
in Manus in general.
Letter on Provincial Government position dated
9/10/88 discusses:-

1. Provincial forest policy
2. JVA with Seal
3. Private Dealings

MINISTER: Wants KBK letter discussed.

CHAIRMAN KBK: Project cost time and manpower in past 10
years. When I go back I want to inform Board
on outcome of discussions here.

MANAGER (KBK): Forestry allowed to comment but none
forthcoming.

Shareholding - No need to go back to NIDA -
option to have KBK to have shareholding only
at this stage.

Even if KBK not acquire shareholding Seal will
still construct mill.

At this time Seal will have majority shareholding
KPK does not have experience yet. Time in future
to discuss these issues.

Now we need their risk capital and expertise.
It is a 15 year project.

Agreement on Shareholding structure - we want to have access to further resource. Part of corporate planning.

TP 18-2 we know restricts resource to certain area which also includes building veneer plant in year 3. Put part of co-operate Planning to include outside resource.

Factory K7 million investment.

Ecugainville Copper does that.

MINISTER: Can't pre-commit future resource.
Premier won't be there forever or the existing directors of KPK will not be there too.
Ecugainville Copper does not do that - no other company will precommit resource it does not own.
This will set precedent - e.g. Jaha - if they come in they will dilute KPK shareholding.
Was this the intention? As long as landowners understand this.

MANAGER (KPK): Well if we can't secure more resource then by year 12 will reconsider viability of JVA.

MINISTER: Good, and by then the situation will be reassessed and considered but not now. We have to let projects commence with what it has. One question to Secretary for Forest. If landowners in Jaha were developer resource now would you do it.

SECRETARY: We would rather the present operation commence first. Then we might consider additional resource to support venture at the appropriate time. It will depend on all concerned agreeing to such a move.

PREMIER: For purposes of planning then we have to plan this way - but this should not mar our immediate objectives i.e. to develop project now.

BELFORD: There have been precedents in the past where Government has committed resource for planning.

MINISTER: Maybe but only towards end of projects and if they are viable.
Is it that landowners will only get extra shares if more resource is acquired.

SEAL: Yes

MINISTER: The question still remains i.e. whether JVA can be allowed to go through as is.

PFO: We have forest policy based on our Manus resource which is an island environment.
We maintain that resource is to be sustained.
We have total of 200,000 ha which we want to maintain, to develop on a sustained yield basis.
Industry is one part of it, but resource must be maintained properly.

PREMIER: We are about to launch the first major project and a lot of planning and costs have gone in to start it. We do not want our effort frustrated.

MINISTER: No intention to the stop project proceeding. I do however want it to start on good footing. It can start. Want to see project tomorrow - Letter in that regard will come today.

PRIVATE DEALINGS ACT

PREMIER: The question of future of LFAs in Manus is of grave concern to my government.

MINISTER: Cabinet decided to abolish legislation but have given me discretion to declare certain projects before Parliament passes Bill to abolish it.

Now authorised to declare 4 projects.

Have done nothing to this point in declaring any Manus project

But there appears to be more in their favour than provincial government's.

Heap of correspondence from them and from Provincial Government. So much pressure.

So I will not declare any project in Manus under LFA till our special Premiers Conference this month, and when I have reassessed situation.

PREMIER: Thank you.

MEETING CLOSED: 10:25 a.m.



file per

MINISTER FOR FORESTS

TELEPHONE: 27 7393 (PARLIAMENT)
27 7843 (HOHOLA)
TELEGRAMS: FORESTS BOROKO
TELEX: NE 22360

P.O. BOX 5055
BOROKO
PAPUA NEW GUINEA

13/12/88

Hon. Justice T. Barnett
National Court Chambers
P O Box 7018
BOROKO

Mr dear Justice Barnett

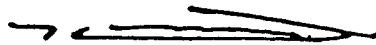
SANTA (PNG) PTY LTD

I have a problem where, upon advertising the West Gadaisu timber resource in Central Province or what is left of it after Angus (PNG) and Santa operation had ceased, the landowners are demanding that the rights to develop the project be granted to Santa (PNG) Pty Ltd, which still maintains its presence in the area and have promised substantial benefits to the landowners.

I have strong reservations about agreeing with the landowners on this, but at the same time find difficulty in putting anything on Santa when the Commission of Inquiry has not yet put out its final report which may have implications on it.

I have to make a decision one way or another, and would appreciate your views whether you are able to preempt the Commission's final report on Santa's activities. If the report is going to be damning then there is no way they can be given the resource, however if there is nothing against them then there is no way I can stop the landowners choosing them as their contractors.

Yours sincerely


Hon. Karl W. Stack
Minister for Forests

SCHEDULE 4.1

Malaysia Overseas Investment (PNG) Pty. Ltd.

P. O. Box 236 Kavieng, New Ireland Province,
Pupua New Guinea, Tel: 942257

Date 1. 12. 1988

Dear Tomon ,

Our Company , Malaysia Overseas Investment (PNG) Pty Ltd would like to appoint you as our Consultant with immediate effect from today . Your main responsibilities are as follows:-

1. Making contacts with your counter part in Port Moresby.
2. To liaise with Provincial Government Levels.
3. To ensure that any move or arrangement must in the favour of our Company.
4. To act as our Public relation Chief to discuss matters in the National Level for the best interest for our Company.
5. To take actions not only in your administrative capacity as a Secretary for the Provincial Government but at times may use political means or ways to achieve your goals for our Company.
6. To ensure that our 'enemies ' are defeated .
7. In anyway , you must always to protect good image for the Company.
8. The Company prepares to offer you a working salary of K 1,000 monthly with immediate effect from today. All the salary will be paid by the end of the month.
9. Everything between you and our Company will be kept in strictest CONFIDENTIAL.
10. Regarding your future election campaign , we will support you. Initially , we will leave it in future discussions.

Thank you .

Yours faithfully ,

Francis Sia.

Managing Director



DEPARTMENT OF NEW IRELAND PROVINCE
office of the secretary

PRIVATE & CONFIDENTIAL

P.O. BOX 103
 KAVIENG NEW IRELAND PROVINCE

Mr Graham B Powell
 Counsel Assisting
 Commissioner of Inquiry into Aspects of
 the Forest Industry
 P O Box 2554
 Papua New Guinea

Date: 20/6/89
 Our Reference: Conf. P/F
 Action Officer:
 Destination:

Your Reference:

Date:

Dear Sir

RE: ALLEGATION OF RECEIPT OF BENEFITS

Thank you for your fax dated the 15th June 1989 in relation to the above subject matter.

The allegation of being offered a position for reward with Malaysian Overseas Investment Corporation which a copy of the letter was faxed to me was never been accepted by me personally. I swear with honesty that I never received any benefit from the offer that was made and made mentioned of in the letter of K1,000 per month.

The circumstance surrounding this issues is that I briefly put across to Mr Sia my future thought on forming a Consultancy Management Company with some other interested person that I could find when my term finish as Secretary of the Department of New Ireland. At that time Mr Sia was not happy with their present Consultant as I could recalled he mentioned Mr Miakus Maraleu. To my surprised a week later, I received that letter of offer from Mr Sia. I read it once and put it away in my Office where I have not seen it ever since or discuss with Mr Sia the content of the letter of offer.

Further to our telephone conversation on the 16/6/89 regarding the PNGBC cheque that was paid to my Personnel Account on or about the 24/4/89, amounting to K2589.14.

Coral Sea Hotels (Letter Head)

6/1/55
Rec. 9/1/56

Dear Francis,

As reference to our discussion this morning in regards timber Development in my electorate on the West Coast Namatanai, and including the national timber company of the Peoples Sopahatin Development Co-operation.

I as Member for West Coast I have also Supported Mr. Watt invitation acting on behalf of the land owner to invite your Company Santa Investment to be the management company for Sopahatin.

I have the confidence, when the Dealing agreement is finalised, the ventures should be benefited to the Peoples and Your Company as whole.

I also would like to ask you that, as prior to past discussion my Party would be most important with a support from your Companies could assist the Party for the coming election, thats I believe there is no problems at all.

I am also would like the following request be considered immediately :-

- (1) 2 vehicles be made available, one for Party and one for SOPAHATAN that can be deducted when the operation started.
- (2) Sapohatin should be given a cash advance for administration and meeting expenses.
- (3) Mr. Watt should be assisted with vehicles and Cash advance, that also be deducted as administration when timber operation commenced.
- (4) I am also would request you to help me with 10 cabbages presently I required 7 cabbages, because the one for Australia did not tested as good, with the one for Papua New Guinea produced. Please confirmed with me, your assistance would be highly appreciated.
- (5) The most important when the project is going a head, the top priorities on the West Coast would be agriculture on hybrid cocoa, my government is encouraging the people very heavily, which will be in line with my Government Policies.

I would be appreciated, if you could have those Cabbages before I return back to Kavieng.

Once again I have the confidence the project would be successful through your management.

Cheers & Regards.

ROBERT SEETO

APPLICATION FOR EXEMPTION UNDER SECTION 7(3) OF THE
ORGANIC LAW ON THE DUTIES AND RESPONSIBILITIES OF LEADERSHIP

FROM

PROHIBITION AGAINST HOLDING COMPANY DIRECTORSHIP

1. I, Michael T. Somare PC.CH.MP Minister for Foreign Affairs hereby
(Name of Applicant)

apply to the Ombudsman Commission for permission to be exempted from the provisions of S. 7(3) of the Organic Law on the Duties and Responsibilities of Leadership.

NOTE: These provisions prohibit a Minister from holding a directorship (or nominating a director) in any company be it a foreign or a national enterprise. The prohibition also applies to any directorship held by a Minister's spouse or children under voting age.

The Ombudsman Commission may, however, grant an exemption from the prohibition under if:

the directorship is the type which the law permits an exemption under S 7(3).

Please note that the term "company" includes Business Groups and Land Groups (e.g. a member of the controlling committee of a Business Group is considered a "director" for the purposes of prohibition.

If you hold directorships in more than one company, PLEASE FILL OUT A SEPARATE APPLICATION FOR EACH COMPANY.

2. I am asking for an exemption because
(Tick one)

- I wish to become an honorary Director.
- I wish to hold directorship as a nominee of Papua New Guinea in which it has a fiscal interest.
- I wish to become a director in a company in which myself, my spouse and my children under voting age are beneficiaries and also have effective control of the company.
- ✓ I wish to hold directorship in a business group incorporated under the Business groups Incorporated Act 1973.
- I wish to hold directorship in an unincorporated land group recognised under the Land Groups Act 1974.

3. Please give the following details with respect to the company (or proposed company) which the directorship relates to:

a. Name of company: Sepik River Development Corporation Pty Ltd

b. Date and Reg. No. of incorporation: Dec, 18 / 1987
Registration No. (Month) Year

c. The Company is (or will be) incorporated as a:
(Tick one)

- ☒ PNG Proprietary company
- ☐ Customary business group (Incorporated under Business Groups Incorporated Act of 1973)
- ☐ Land Group (Incorporated under Land Groups act of 1974)
- ☐ Other

(1) If you ticked "Other" please explain below what type of company is involved and where it is incorporated.
(Example: public incorporated in NSW, Australia)

- d. Is the company registered with NIDA?
(Tick one)

☐ Yes

Registration No

☐ No

☐ Application is pending,

☒ NIDA approval not required

- e. Who is (or will be) the Manager of the company?

Mr. Canisius Karihqu (LLB)

(Name of Manager)

- f. Who are the DIRECTORS of the company? (Please indicate whether each director is a PNG citizen. If the director is related to you, please state the nature of the relationship, i.e. brother, uncle, etc.)

NAME OF DIRECTOR	PNG Citizen? (Tick one)	Family Relationship (if none, write "none")
<u>Michael T. Somare</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Gawi J.S. Kongumeri</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Frank S.Y. Tai</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- g. Who are the SHAREHOLDERS of the company? (Please list all shareholders who have voting rights and state the percentage of shares held by each. If company is a public company, list the shareholders who have effective control).

NAME OF SHAREHOLDER	% Shares Held	Citizen (Tick one)	Family Relationship (If none; write "none")
<u>Michael T. Somare</u>	<u>50%</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Gawi J.S. Kongumeri</u>	<u>25%</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Frank S.Y. Tai</u>	<u>25%</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>None</u>
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u>None</u>
		<input type="checkbox"/> Yes <input type="checkbox"/> No	

(If there are more than five, please attach list on separate sheet).

- h. Do any shareholders hold their shares in trust for or on behalf of another person or company?
(Tick one)

☐ Yes

☒ No

- (1) If "yes" please list below the beneficial (true) owner and state what family relationship, if any, exists between you and the beneficial owner:

Name of Trustee	Name of Beneficial owner	Family Relationship
N/A		
N/A		
N/A		
N/A		

4. Give full description of present business ventures and commercial activities which the company presently engages in? (Please include any subsidiary companies controlled by the company and any registered trade names under which business activities are conducted).

Applying for development of Wewak/Angoram Timber area
with Department of Forest under local forest area act.
The rest of intentions - please refer my letter dated on
July 11, 1988.

5. Please explain why you wish to hold directorship in this company?

As the regional member of East Sepik Province to lead
the development for the people of my constituency.

6. Is there any direct or indirect financial benefit or other advantage which you receive or are entitled to receive from the company? (For example, do you receive any reward or fee for being a director? Is there an arrangement allowing you to borrow from the company, or use of a company vehicle or house).

(1) Director fee will be K.1.00/yearly

(2) Will not borrow any loan from company

(3) During my term as member of Parliament, there will
not be any benefit from company to me.

SHARES % OF SEPIK RIVER DEVELOPMENT CORPORATION:

PROPOSAL

NAMES OF DIRECTORS	ORIGINAL	COMPARISON	PROPOSED	
CHIEF	20 %	} 40%	26 %	} 52%
F. Tai	10 %		18% ? 13%	
J. Gawi	10 %		8% ? 13%	
ANGORAM	10 %	} 60%	2% 8%	} 48%
KERAM	10 %		8%	
KORWARI	10 %		2% 8%	
PAQWI	10 %		8%	
AMBUNTI	10 %		8%	
AMA	10 %		2% 8%	



THE RIGHT HONOURABLE MICHAEL T. SOMARE PC.CH.
Member for East Sepik

10 August 1988

The Chief Ombudsman
Ombudsman Commission
P O Box 852
BOROKO NCD

Dear Sir

I write to seek your advice and approval to continue being chairman of SEPIK RIVER DEVELOPMENT CORPORATION, pursuant to Section 7 of the Organic Law on Duties and Responsibilities (OLDRL) as a Minister of State.

With respect to Section 8 of OLDRL, I perceive to have no conflict of interest nor compromise my official duties as a leader and a Minister of State, however inclusive hereafter are the very reasons for establishing the Corporation and I seek your second opinion of the same.

The Corporation was incorporated when I was in the Opposition to assist bring economic development to the people living in and around the Sepik River. Its primary objectives are to arrange developers and finance to develop resources such as timber, fishing, river prawn farming, cattle and other agricultural projects in order to lift the living standards of the people.

In any democracy, it is the duty of every elected leader to assist and bring economic, social and political development to his or her electorate as and whenever he or she is able to do so. During my term in office, I have always put the interest of the Nations priorities over those of my own electorate, in particular people living within the Sepik River area, the place of my origin. I now have a lesser weight to carry, and as such I feel committed to help set up business opportunities for my people to benefit directly from.

It was initially proposed to the people to incorporate a company which would include all the Council areas as shareholders for the people along the Sepik River area.

Page 2:

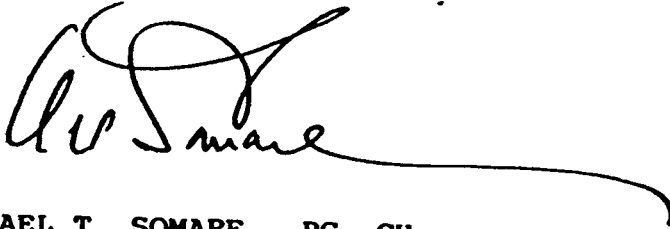
However, some groups opposed the idea as they did not want to share preceeds from their resources with others. One of the disagreements was that the landowners of the proposed Wewak/Angoram Timber Area did not agree to share their earnings with other people, so the proposal was finally aborted.

One thing was certain and that was they could not work together under one company. This led me to incorporate SEPIK RIVER DEVELOPMENT CORPORATION, a company which will involve itself to arrange for Investors and Finance to develop the resources in partnership with the people. In this way I am able to get everyone along the River to be involved in economic activities without disagreement amongst themselves.

The company's first venture was an application to the Forest Minister under the former Government to develop the Wewak/Angoram Timber area, with the full backing from the landowners. To date the approval has not been granted due to the changes in Government.

Having detailed briefly the reasons for establishing the company and its intended business activities, I now await your advice.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Michael T. Somare', with a long horizontal flourish extending to the right.

MICHAEL T. SOMARE PC CH

MEMORANDUM OF UNDERSTANDING FOR DEVELOPMENT OF RAICOAST
TIMBER AREA, PAPUA NEW GUINEA

This AGREEMENT witnessed and signed as follows between:

Gavenvale Investments Pty Ltd, having its
registered office at Suite 15, Mermaid
Plaza, 2390 Gold Coast Highway, Mermaid Beach,
Queensland, Australia. (P.O. Box 5314, Gold
Coast Mail Centre, Bundall,
Queensland, Australia, 4317), hereafter referred
to as The Consultant.

and

Hugo Derghuser as an individual and Superior
Tropical Timbers Pty Ltd, having its
registered office at

hereafter referred to as The Agent.

WHEREAS it is agreed as follows between the parties to this
agreement:

Subject to the Consultant performing certain duties as
defined herein, the Agent undertakes to make available the
contract for development of the RaiCoast Timber project
and, extraction of timber as permitted by the Forests
Office, to the Contractor to be nominated by The Consultant.

The said Timber Rights Purchase, (T.R.P.), will be granted
either to a company representing the land owners of the area
or, to the Agent, or to a party as determined by the Minister
of Forests.

The Consultant undertakes to introduce a party acceptable to
the Minister of Forests and N.I.D.A. as a sub contractor, or
main contractor, as to be determined between the parties to
this agreement, in consultation with the Minister of Forests
and/or his department officers.

cont'....2.

..2..

The Consultant will arrange for the sum of United States Dollars, Three hundred thousand only, (USD300,000), to be lodged in escrow, in the trust account of a solicitor in Port Moresby to be nominated by The Consultant, to be disbursed to the Agent strictly in accordance to the terms of this agreement.

Said sum to be deemed commission to the Agent for services rendered to secure the transaction of this agreement and, payment to be made to the account to be nominated by the Agent.

The said escrow sum above will be disbursed when the T.R.P. has been granted as above and, after The Agent has delivered a binding contractual agreement to permit the Consultant's introduced contractor to take possession of the site to commence work.

The Consultant will arrange to lodge the above escrow sum within 30 days upon confirmation that the T.R.P. has been issued as above and, after verification that the Agent is in full command of the contractual arrangement to be the contractor for the said T.R.P. area.

Should the Consultant not lodge said escrow funds in the above time frame, the Agent will be free to undertake the project with other parties as he so decides.

The Consultant reserves the right to withdraw from this arrangement, should field survey or, other research establish discrepancies in relation to Forest Office field material, or other claims made by The Agent.

All verification by the Consultant and his introduced party is to be completed after the lodgement of said escrow funds and, prior to all agreements being completed with the Office of Forests.

The Consultant further agrees to undertake to collect from the introduced contracting party, a sum of United States Dollars Four only, (USD4) for every cubic metre of timber extracted from the subject T.R.P. area, whether exported as logs, or used for timber processing or, any other purpose and, to disburse immediately said funds to the Agent. Suitable direct arrangements will be put in place between the parties to this agreement, to ensure accuracy of timber measurement and direct disbursement to the Agent from the Consultant's account.

cont'....2.

PREAMBLE

The Parties to this memorandum of agreement wish to work together to establish an operation to develop the RaiCoast timber area in Papua New Guinea.

The party defined later as the Consultant, will utilise certain associations to introduce a substantial party, capable of financing the complete development in a manner that is beneficial to the interests of both parties to this agreement.

The party defined later as the Agent, will utilise certain associations to assist The Consultant's introduced contracting party to be granted the permit to develop the RaiCoast timber area, either as principal contractor, or sub contractor as later agreed between the parties.

MEMORANDUM OF AGREEMENT

TO

PROVIDE INTRODUCTION

OF CONTRACTING PARTY

TO RAICOAST TIMBER PROJECT

SCHEDULE 1.2



Phone: (075) 393 275
Fax: (075) 389 426
Telex: AA 43470

Registered Office
Suite 15, Mermoid Plaza,
2390 Gold Coast Highway,
Mermoid Beach Qld. 4218.

P O Box 5314,
Gold Coast Mail Centre,
Bundall, Queensland Australia 4217.

Fax. Message To: Mr Hugo Berghuser...M.B.E.
Fax. No. 675 281019

From: John L. Lyons,
Gavenvale Investments Pty Ltd,
Fax. No. (075) 389426

Date: 21/9/1988.

Reference: RaiCoast Timber Project.

Dear Hugo;

Please find attached a basic memorandum of agreement to cover our working arrangement for the above project.

If it is acceptable, please have the document signed and return by fax. to my office.

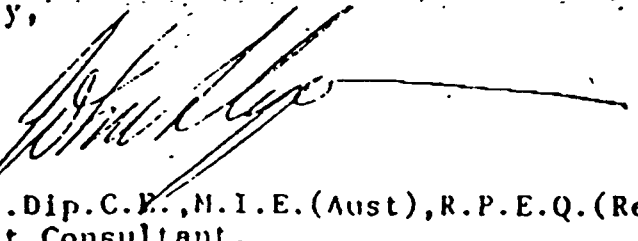
The sum stated as commission and the sum stated as tribute to your company, is to be used by you to cover all parties involved in this matter.

Upon receipt of said document, I will work to put matters in place whilst you are away overseas.

Please phone me later in the afternoon at (075) 393275, should you wish to discuss any part of the document.

By the way, could you please send me that plan of the airport terminal redevelopment before you leave for overseas.

Yours faithfully,


John L. Lyons...Dip.C.E., M.I.E. (Aust), R.P.E.Q. (Reg No 1542)
Director/Project Consultant.

Pages to follow including face sheet six, (6)

<u>BLOCK III</u>		vol./ha(m3)	<u>BLOCK IV</u>		vol./ha(m3)
1.	Pometia	26.58	Pometia		15.60
2.	Celtis	4.50	Intsia		4.72
3.	Terminalia	3.88	Celtis		2.76
4.	Vitex	2.84	Mangifera		1.90
5.	Intsia	2.91	Elaeocarpus		1.55
6.	Mangifera	1.18	Spondias		1.41
7.	Dysoxylum	1.16	Syzygium		1.12
8.	Dracontomelum	1.06	Cryptocarya		1.16
9.	Albizzia	.91	Dracontomelum		.97
10.	Buchanania	.84	Vitex		.93
11.	Others	<u>18.61</u>	Others		<u>14.47</u>
TOTAL		64.37	TOTAL		46.53

RAICOAST T.R.P. RESOURCES SUMMARY

Gross Area: 59,885 hectares

Net Area: 23,995 hectares

BLOCK 1	=	9,271 ha
BLOCK 2	=	4,380 ha
BLOCK 3	=	3,980 ha
BLOCK 4	=	<u>6,324 ha</u>
TOTAL	=	23,995 ha

Average Volume (Net): 50 cm+

BLOCK 1	=	63.75 m3/ha
BLOCK 2	=	49.27 m3/ha
BLOCK 3	=	64.37 m3/ha
BLOCK 4	=	46.53 m3/ha

SPECIES COMPOSITION

<u>BLOCK I</u>	vol./ha(m3)	<u>BLOCK II</u>	vol./ha(m3)
1. Pometia	15.84	Pometia	14.94
2. Celtis	7.53	Celtis	3.98
3. Terminalia	3.26	Intsia	3.98
4. Intsia	2.91	Vitex	3.02
5. Spondias	1.89	Elaeocarpus	1.88
6. Vitex	1.28	Antiaris	1.73
7. Dysoxylum	1.03	Homalium	1.19
8. Dracontomelum	1.01	Dysoxylum	.94
9. Syzygium	.95	Terminalia	.92
10. Palaquium	.77	Nauclea	.92
11. Others	27.15	Others	<u>15.77</u>
TOTAL	43.75	TOTAL	49.27

TOTAL NET HARVESTABLE VOLUME = 814,364 m3

Our group is prepared to set up and operate the sawmill under an arrangement whereby it can obtain the required logs, about 20,000 cu m per annum from the appointed logging contractor, under an agreed price arrangement.

The infrastructure required by the Government, such as roads, bridges and township buildings, was all very well documented in our tender report to the Forests Office, (extracts from this report are enclosed)

However, since that report was completed and, since successfully obtaining the right to undertake the development, we have negotiated with the Government to delete the major road construction requirement of the original Government specification.

This reduces the infrastructure requirements to the two wharves, a township and upgrading of the feeder logging roads, when no longer used for logging, so that said feeder roads can be connected to a proposed Government built road, to be constructed further inland.

We are prepared to limit the cost of the upgrading of feeder road infrastructure and the township requirements, to the set figure of USD 2.00 per cu m, as stated as the required estimate of the total costs of the infrastructure.

This work can be carried out by the appointed logging contractor completing the works and crediting their account with us for the sum of USD 2.00, or, by payment of the said USD 2.00 into a trust account for the purpose, which will permit the landowners to carry out the works with their own equipment.

We strongly urge this line of thinking, as it will assist the landowners to generate employment in the area.

On the basis of extracting 120,000 cu. metres per annum, (100,000 export, 20,000 sawmilling), this payment will be in the order of USD 240,000 per annum.

No follow up work is required after logging, as the landowners will carry out their own rural projects by investment of their royalty income.

The appointed logging contractor would be expected to construct the main access road and feeder roads into the timber area, by following the route of the future feeder roads required to be constructed, unless some unforeseen issue prevents this.

The cost of the construction to upgrade these log roads up to the standards required by the Government, will be satisfied by the above stated USD2.00 per cu. m.

The main road shown in the report, following the coast, will now not be required and, instead, the Government will construct a road further inland, that will link the two extremities of the concession area.

The concession area has a total area of 75,346 hectares, (186,104 acres), of which about 24,000 hectares, (59,300 acres), are suitable for production of logs.

The concession area has been divided up into four blocks and each has frontage to the coast.

An important item to be addressed is the timber density, the various species and, the price likely to be achieved for each species.

I have prepared the following chart on page 5, from the Forest Office figures, which are annexed to this report.

Using these figures and applying to the total known extractable volume of 1,200,000 cubic metres, I have determined the volume of each species and averaged this out over the four blocks.

Perhaps if you could have your logging contractor apponition an FOB price to each of the species listed, that logging contractor could then determine a weighted average price and, a total figure for the expected revenue.

In the mean time, I have later in this report estimated a revenue figure, based on my own knowledge of current prices, to give you some guidance.

If your logging party could give you update current figures as stated above, he could assess the returns more accurately.

Naturally, when assessing the profitability of the proposal, one needs to assume an acceptable price to declare 'on shore' in P.N.G. and, the actual FOB price paid for the logs.

I deal with this issue a little later, which is based on my current local knowledge, but we can work together with your logger or banker, to pool our knowledge to arrive at a suitable figure.

SPECIES COMPOSITION.

Species.	Total actual Volume (cu. metres.)	Price per cu. m. (FOB)
1. Pometia	430,000 ✓	
2. Celtis	110,000 ✓	
3. Terminalia	47,400 ✓	
4. Intsia	85,000	
5. Spondias	17,000	
6. Vitex	47,000 ✓	
7. Dysoxylum	18,000	
8. Dracontomelum	17,000	
9. Syzygium	12,000	
10. Others (mixed)	417,000	
(Planchonella, Albizzia, Endospermum, Elaeocarpus, Antiaris, Mangifera, Alstonia, Cryptocaria, Dracontomelon)		

Total 1,200,000

cont '....6

The chart on page 5, is based on the total available timber of 1,200,000 cubic metres and assumes wastage of about 300,000 cu. metres, ie: 20%.(total volume 1,500,000 cu m).

In actual fact, we would attempt to use up this wastage in the saw mill, as I have a contract available to construct timber pellets for a party in Sydney.

Therefore, a value will be available to the logger, which we can determine as we proceed.

Of this total, it is expected that the Government will agree to a log export quota of 100,000 cu m per year and, saw log quota of 20,000 cu m.

On the assumption of 50 % recovery, this gives an output of 10,000 cu m of sawn timber per annum. I would expect no problem to set up our own plant to produce this fairly modest output of sawn timber.

So as requested above, if your party could put their own prices to the species above, they can adopt a mean weighted average of the selling price. (FOB).

Logging Export Financial Analysis.

As an exercise for a guide now, I would expect to average USD 150 per cu. m for the Pomelia and the celis, about USD 100 for the Terminalia, USD 80 for other minor varieties and no low as USD 55 to USD 60 for the mixed logs listed as "others".

There are some exceptions on the logs listed as "others", as some of these logs would bring higher prices than the USD 60 as stated.

The costing exercise on page 7, is based on an mean weighted average of USD 80 per cu. m.

The FOB price declared in P.N.G. would be USD 65.00 per cu. metre.

Costing Exercise for Production.

1. Production Costs to fell logs, de bark, transport to log yard and load on board ship. ...USD30
(this figure would be reasonable for a logging contractor, and would cover all costs to the point of the log yard, including access roads etc).
2. Timber Royalties to T.P. holders (land owners) and Provincial Government ...USD 4.50
3. Export duty to National Government. (the declared price will be USD 65 per cu. m, duty is 15% of this) ...USD 9.75
(we may obtain a 10% rate, i.e: USD \$6.50).
4. FLC Levy is assumed at USD 0.30 per cu. m. ...USD0.30
5. Management Fee payable to Gavenvale for project, which will cover reward for project finding and on going liaison on behalf of your logging group, with Government and landowners, including fee for assignment of timber/marketing contract.(royalty contract). ...USD7.00
6. Infrastructure development, (secondary roads, 98 km, buildings for the Office of Forests, Police, Medical post and Customs). ...USD 2.00
7. Deposit payable upon signing, (USD400,000) ...USD 0.33
NB. USD300,000 upon signing, USD100,000 after 6months.

TOTAL

...USD52.88

cont'....8

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Sale Price declared in P.N.G. (per cu. m.) ...USD 65.00

Profit of logging operation in P.N.G.(per cu m)...USD 12.12

Taxation payable in P.N.G. on log export (35%) ...USD 4.24
(this will be reduced by application of depreciation rules
on taxation and other deductions available etc.)

Profit for distribution to shareholders. ...USD 7.88
ie: USD 788,000.00

Offshore margin by virtue of Hong Company re invoice.

per cu. m....USD15.00
ie:USD 1,500,000 per annum.

Summary of Total Income.

1. On shore after tax in P.N.G.....USD 788,000.00
(this figure would be enhanced by depreciation allowances
etc).
2. Offshore profit.....USD 1,500,000.
3. Sale of 20,000 cu m per annum to sawmill
operation.(assume sale of say 10,000 rejects and 10,000
pre selected, average price therefore USD55.00 per cu m.).
.....USD340,000

TOTAL....USD2,628,000.per annum.(the project life is 10yrs).

Summary.

I commend this project to you for favourable response and
suggest you show it to your logging client as a suitable
venture to enter an agreement for the assignment of the
contract as detailed above.

cont'.....9

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Please note that a deposit of USD300,000 is payable into an agreed legal attorney's trust account, upon signing of contract, with a further USD100,000 payable in six months after commencement of operation.

However, the initial deposit funds will be held in trust by solicitors appointed until all conditions of agreement are in place to permit logging to commence.

John L. Lyons...Dip.C.E.,M.I.E.(Aust),R.P.E.Q.(Reg No 1542)
Director/Project Consultant.