

2001 Financial Statements

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The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2001 and their financial performance and cash flows for that year.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and all relevant reporting and accounting standards have been followed.

The directors believe that they have ensured that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the Financial Statements of Evergreen Forests Limited for the year ended 30 June 2001.

P D Wilson
DIRECTOR

S N Hurley
DIRECTOR

For and on behalf of the Board of Directors who authorised these financial statements for issue on 22 August 2001.

Auditors' Report

For the year ended 30 June 2001



To the Shareholders of Evergreen Forests Limited

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We have audited the financial statements on pages 21 to 33. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2001 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 24 to 26.

DIRECTORS' RESPONSIBILITIES

The Company's Directors are responsible for the preparation and presentation of financial statements which give a true and fair view of the financial position of the Company and the Group as at 30 June 2001 and their financial performance and cash flows for the year ended on that date.

AUDITORS' RESPONSIBILITIES

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We have conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or its subsidiaries other than in our capacities as auditors and consultants.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- b) the financial statements on pages 21 to 33:
 - (i) comply with generally accepted accounting practice in New Zealand, and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2001 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 22 August 2001 and our unqualified opinion is expressed as at that date.

Chartered Accountants

Auckland

Statements of Financial Performance

For the year ended 30 June 2001

IN \$NZ 000'S	NOTES	GROUP		COMPANY	
		2001	2000	2001	2000
CONTINUING ACTIVITIES					
Operating revenue	1	33,101	19,606	8,856	12,167
Operating expenses	1	(26,593)	(14,447)	(10,950)	(11,920)
Net operating surplus		6,508	5,159	(2,094)	247
Nuhaka Farm Forestry Fund Investment	9	(1,465)	-	(1,465)	-
Net operating surplus (deficit) before taxation		5,043	5,159	(3,559)	247
Taxation	2	-	-	-	-
Net operating surplus (deficit) after taxation		5,043	5,159	(3,559)	247
Minority interest in surplus of subsidiary	3	1	(7)	-	-
Net surplus (deficit) for the year		5,044	5,152	(3,559)	247

Statements of Movements In Equity

For the year ended 30 June 2001

IN \$NZ 000'S	NOTES	GROUP		COMPANY	
		2001	2000	2001	2000
Equity at the beginning of the year		104,941	99,281	98,814	98,567
Total recognised revenue and expenses for the year - net surplus (deficit)		5,044	5,152	(3,559)	247
Shares issued during the year		4,870	-	4,870	-
Movements in minority interests	3	(508)	508	-	-
Equity at end of the year		114,347	104,941	100,125	98,814

Statements of Financial Position

As at 30 June 2001

IN \$NZ 000'S	NOTES	GROUP		COMPANY	
		2001	2000	2001	2000
EQUITY					
Attributable to parent company shareholders	3	114,347	104,433	100,125	98,814
Attributable to minority interests	3	-	508	-	-
Total equity		114,347	104,941	100,125	98,814
CONVERTIBLE NOTES					
Ten year zero coupon convertible notes	4/16	32,320	30,040	32,320	30,040
NON CURRENT LIABILITIES					
Borrowings	5	47,282	48,320	47,282	48,320
CURRENT LIABILITIES					
Payables and accruals	6	3,527	3,921	1,805	1,302
Borrowings	5	2,000	-	2,000	-
		5,527	3,921	3,805	1,302
Total liabilities and equity		199,476	187,222	183,532	178,476
NON CURRENT ASSETS					
Land	7	27,402	27,090	24,686	24,374
Roading and land improvements	7	2,229	2,332	2,225	2,327
Forests	7	151,650	140,030	99,595	98,097
Fixed assets	8	844	467	805	420
Investments	9	6,358	6,843	24,376	24,861
Advances	10	1,067	556	995	382
		189,550	177,318	152,682	150,461
CURRENT ASSETS					
Cash and short term deposits	16	5,944	528	5,454	121
Receivables, prepayments and inventories	11	3,982	9,376	25,396	27,894
		9,926	9,904	30,850	28,015
Total assets		199,476	187,222	183,532	178,476

Statements of Cash Flows

For the year ended 30 June 2001

IN \$NZ 000'S	NOTES	GROUP		COMPANY	
		2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided by (applied to):					
Receipts from customers		33,064	17,758	9,059	11,522
Payments to suppliers and employees		(24,361)	(13,390)	(7,372)	(11,811)
Interest received		110	220	64	185
Net goods & services tax		163	(304)	19	(272)
Net cash flows from operating activities	12	8,976	4,284	1,770	(376)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided by (applied to):					
Proceeds from sale of assets		23	-	20	-
Acquisition of fixed assets		(780)	(607)	(685)	(549)
Acquisition of shares in subsidiary		-	-	-	(18,018)
Acquisition and development of forests		(3,329)	(23,887)	(2,951)	(5,673)
Interest paid		(2,694)	(1,252)	(2,694)	(1,252)
Acquisition of units in Nuhaka Farm Forestry Fund		(1,037)	(964)	(1,037)	(964)
Advances & loans to subsidiary		-	-	6,653	1,332
Loans & advances		(613)	(3,192)	(613)	87
Net cash flows applied to investing activities		(8,430)	(29,902)	(1,307)	(25,037)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided by (applied to):					
Proceeds from share issues		4,870	-	4,870	-
Proceeds from term borrowings		-	2,000	-	2,000
Proceeds from vendor finance		-	14,933	-	14,933
Proceeds from convertible note issue		-	6,429	-	6,429
Proceeds from minority interests		-	501	-	-
Convertible note issue costs		-	(65)	-	(65)
Net cash flows from financing activities		4,870	23,798	4,870	23,297
NET INCREASE (DECREASE) IN CASH HELD		5,416	(1,820)	5,333	(2,116)
Add cash at beginning of year		528	2,348	121	2,237
Total cash at the end of the year		5,944	528	5,454	121

Statement Of Significant Accounting Policies

For the year ended 30 June 2001

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A] BASIS OF PREPARATION

Reporting Entity

Evergreen Forests Limited, registered under the New Zealand Companies Act 1993, is listed on the New Zealand Stock Exchange and is an issuer in terms of the Securities Act 1978. The financial statements are prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. The financial statements presented are those for Evergreen Forests Limited (the Company) and the Evergreen Forests Group (the Group). The Group consists of the Company and its subsidiaries.

Measurement Base

The financial statements are prepared on the basis of historical cost.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

B] BASIS OF RECOGNISING COMPONENTS OF THE FINANCIAL STATEMENTS

The following general accounting policies are adopted:

Assets

A transaction results in an asset being recognised in the statement of financial position when it will probably give rise to ongoing benefits, and those benefits can be measured with reliability.

Liabilities

A transaction results in a liability being recognised in the statement of financial position when it will probably give rise to the need to realise assets in the future, and those realisations can be measured with reliability.

Revenue

Revenue is recognised in the statement of financial performance when a transaction gives rise to an increase in the value of net assets, and the increase can be measured with reliability.

Expenses

An expense is recognised in the statement of financial performance when a transaction results in a decrease in the value of net assets, and that decrease can be measured with reliability.

Classification of assets and liabilities between current and non-current

An amount is classified as current when it is expected to be settled or extinguished within one year of the date of the financial statements. All other amounts are classified as non-current.

C] BASIS OF PREPARING GROUP FINANCIAL STATEMENTS

The Group financial statements consolidate the financial statements of subsidiaries, using the purchase method.

All intercompany balances and transactions are eliminated on consolidation. Unrealised gains or losses resulting from intercompany transactions are eliminated on consolidation.

All Group companies have a 30 June balance date.

D] VALUATION OF ASSETS

Land, permanent roading, land improvements and other fixed assets

Land is recorded at cost. Permanent roading, land improvements, and other fixed assets are recorded at cost less depreciation.

Forest Assets

Forests are classified as development forests or production forests. Development forests are those which have yet to undergo their first substantial harvest. Once the first substantial harvest takes place the forest is reclassified as a production forest. Separate blocks of forestry are aggregated and classified as a single forest if they are in one geographic region, supported by a common logging infrastructure, and have reasonably similar growth maturity profiles.

- **Development Forests**

All costs incurred in acquiring, establishing, cultivating and financing development forests are recognised as a forest asset. The cultivation costs include fertiliser, disease and weed control, thinning and pruning.

- **Production Forests**

Productions forests are managed on a sustainable yield basis. Once a forest has been classified as a production forest all costs including harvesting, re-establishment and cultivation of subsequent rotations are recognised as an expense in the current year.

- **Financing costs**

The amount of interest capitalised to development forests is based on the avoidable funding costs to the Group of the development forest crop. Avoidable funding is the extent to which Group debt could be avoided by the sale of the development forest crop. Other financing costs are recognised as an expense in the current year.

- **Valuation**

The directors obtain an independent valuation at the end of each financial year based on the net present value of the collective forest crop. Where this value is lower than the carrying amount the difference is recognised as an expense in the current year.

Depreciation

Depreciation is provided on a straight-line basis on fixed assets other than forests and freehold land, at rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives.

The major classes of fixed assets and estimated useful lives are:

- | | |
|---|---------------|
| • Permanent roading and land improvements | 5 - 25 years |
| • Buildings | 50 years |
| • Plant and machinery | 10 - 25 years |
| • Office equipment | 5 - 15 years |

Disposal of fixed assets

Where a fixed asset is disposed of, the profit recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying value of the fixed asset adjusted for depreciation.

Accounts Receivable

Accounts receivable are valued at estimated realisable value.

Inventories

Inventories are recognised at the lower of cost, determined on a first-in first-out basis, and net realisable value.

Investments

Investments in subsidiaries and other investments are stated at cost. Where the estimated recoverable amount of the investment is less than its carrying amount, the investment is written down. The impairment loss is recognised in the statement of financial performance.

Statement Of Significant Accounting Policies

For the year ended 30 June 2001

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E] TAXATION

The tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.

F] LEASE COSTS

Payments made under operating leases are recognised in the statement of financial performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.

G] FOREIGN CURRENCY

Transactions covered by short term forward exchange contracts are translated and reported at the exchange rates specified in the contract.

Other foreign currency transactions are translated to New Zealand currency at the exchange rates ruling at the dates of the transactions. At balance date amounts receivable and payable in foreign currencies are translated at the exchange rate ruling at that date. Exchange differences arising on the translation of amounts payable and receivable in foreign currencies are recognised in the statement of financial performance.

H] DERIVATIVE FINANCIAL INSTRUMENTS

The group can use derivative financial instruments such as forwards, swaps, options and futures to reduce its exposure to fluctuations in foreign currency exchange rates and interest rates.

Financial instruments that are designated as hedges of specific items or economic exposures are recognised on the same basis as the underlying hedged items. The net differential paid or received on swaps is recognised as a component of interest expense or revenue over the period of the agreement. Premiums paid on options, and net settlements of other derivatives, are amortised over the life of the underlying hedged item or the period hedged.

Derivative financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.

Where a derivative financial instrument, which is a hedge of an anticipated transaction, is terminated early but the anticipated transaction is still expected to occur, the deferred gain or loss that arose prior to termination continues to be deferred and is recognised as part of the transaction when it occurs. If the transaction is no longer expected to occur, the deferred gain or loss is recognised in the statement of financial performance.

I] EMPLOYEE BENEFITS

A liability for annual leave accruing to employees is recognised in the statement of financial position.

J] ISSUE COSTS

Costs associated with the issue of convertible notes are amortised over the life of the convertible note on a yield to maturity basis.

Notes To The Financial Statements

For the year ended 30 June 2001

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		GROUP		COMPANY	
IN \$NZ 000'S		2001	2000	2001	2000
1	OPERATING REVENUE AND EXPENSES				
	Operating revenue includes:				
	Forest revenue	32,815	19,330	895	689
	Interest income	110	220	63	185
	Nuhaka distribution received	44	-	44	-
	Other revenue	132	56	97	352
	Sale of forestry rights	-	-	7,757	10,941
		33,101	19,606	8,856	12,167
	Operating expenses includes:				
	Cost of forests sold	-	-	8,875	10,083
	Depreciation	277	185	250	179
	Increase in provision doubtful debts	17	-	-	-
	Interest expense	50	-	46	-
	Foreign exchange loss	74	-	86	-
	Rental expenses	122	74	122	74
	Operating lease expenses	107	67	101	64
	Amounts paid to auditors:				
	• for audit services	32	26	22	19
	• other services	18	3	18	3
	Directors' fees	127	127	127	127
	Other operating expenses	25,769	13,965	1,303	1,371
		26,593	14,447	10,950	11,920
2	TAXATION				
	a] Income tax expense				
	Net operating surplus (deficit) before taxation	5,043	5,159	(3,559)	247
	Prima facie income tax expense calculated at 33% (2000: 33%) on the surplus (deficit) before taxation	1,664	1,702	(1,174)	82
	Adjusted for the tax effect of:				
	Permanent differences:				
	Cost of timber	(1,814)	(661)	1,277	1,179
	Development costs	(3,101)	(2,262)	(2,690)	(2,262)
	Investment write-down	484	-	484	-
	Timing differences not recognised	24	26	(9)	26
	Prior year adjustments	(331)	(51)	(113)	(51)
	Tax effect of losses not recognised	3,074	1,246	2,225	1,026
		-	-	-	-
	b] Imputation credits				
	Nil				
	c] Tax losses				
	Unrecognised tax losses available for set off against future assessable income:				
	- Tax losses	28,705	19,392	25,021	18,278
	Tax savings thereon	9,473	6,399	8,257	6,032

The ability to utilise these tax losses depends on the generation of sufficient assessable income in future years and shareholder continuity.

Notes To The Financial Statements

For the year ended 30 June 2001

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IN \$NZ 000'S	GROUP		COMPANY	
	2001	2000	2001	2000
3 EQUITY				
Share capital	102,123	97,253	102,123	97,253
Retained earnings (accumulated losses)	12,224	7,180	(1,998)	1,561
	114,347	104,433	100,125	98,814
Equity attributable to minority shareholders	-	508	-	-
Total equity	114,347	104,941	100,125	98,814

Share capital comprises 140,734,372 full paid ordinary shares (2000: 131,434,372). During the year the Company issued 9,300,000 ordinary shares at \$0.525 per share.

Options

At year end 2,118,000 ordinary share options were on issue, pursuant to the executive share option scheme. The number of options that may be exercised will vary depending on the performance of the Company. The options do not carry dividend or voting rights, or rights to attend meetings of the Company. Entitlements to bonus and rights issues accumulate during the option period. The number of options on issue at 30 June is as follows:

IN 000'S					
Number of options:					
Balance at beginning of year		4,294	3,295	4,294	3,295
Issued during the year		-	1,905	-	1,905
Cancelled during the year		(2,176)	(906)	(2,176)	(906)
Balance at end of year		2,118	4,294	2,118	4,294
Maturity profile:					
Expiry date	Exercise Price				
30 June 2001	\$0.75	-	780	-	780
30 June 2002	\$0.75	840	990	840	990
30 June 2005	\$0.55	300	1,000	300	1,000
30 June 2006	\$0.55	978	1,524	978	1,524
Balance at end of year		2,118	4,294	2,118	4,294

IN \$NZ 000'S					
4 CONVERTIBLE NOTES					
28,500,000 \$1.00 Notes (2000: 28,500,000)		28,500	28,500	28,500	28,500
Interest accrued at 7.18%		4,891	2,656	4,891	2,656
Convertible value of notes on issue		33,391	31,156	33,391	31,156
Issue costs - net of amortisation		(1,071)	(1,116)	(1,071)	(1,116)
		32,320	30,040	32,320	30,040

The Ten Year Zero Coupon Convertible Notes accrue interest at the rate of 7.18% per annum and are secured by a second ranking floating charge over the assets of the Company and its charging subsidiaries (Charging Group). Each convertible note is redeemable in cash after ten years (19 March 2009) for \$2.00 each. Noteholders can elect to convert the notes (principal plus accrued interest less any withholding taxes) into shares at any time prior to redemption at a fixed conversion price of \$0.55. Noteholders may reimburse the Company for withholding taxes, enabling the noteholders to obtain full conversion. The Company has the right to give twenty days notice of early redemption at any time, if after 19 March 2002 the share price is above \$1.10.

The notes are constituted under a trust deed dated 2 February 1999. Incorporated in this trust deed are a number of covenants including the following summarised covenants:

- The Charging Group will not allow total secured liabilities (which includes the convertible notes, but based on a sliding scale if the ordinary share price is greater than \$0.55) to exceed 60% of freehold land plus 40% of forestry assets.
- The Charging Group will not allow its secured liabilities falling due for payment within 12, 24 and 36 months to exceed the value of its forest trees which are, respectively, at least 25, 24 and 23 years of age.

The notes do not carry voting rights in the meetings of shareholders.

IN \$NZ 000'S	GROUP		COMPANY	
	2001	2000	2001	2000
5	BORROWINGS			
Bank	32,900	32,900	32,900	32,900
Other	16,382	15,420	16,382	15,420
Term borrowings	49,282	48,320	49,282	48,320

Bank Borrowings

The Company has a facility agreement with Westpac Banking Corporation to a maximum level of \$45.9 million. The bank borrowings are secured by way of a debenture trust deed over the assets of the Charging Group. Pursuant to the loan agreements the Charging Group has given undertakings as to the nature and conduct of its business. One of the principal undertakings is to ensure that the ratio of earnings (EBITDA) to bank interest will not be less than 1.5 times.

The interest rate at 30 June 2001 was 6.81% (2000: 7.57%). The interest rate for these borrowings is not fixed but the Company has a one year interest rate swap for \$32.9 million at 6.84%.

Other Borrowings

Vendor finance was obtained for the purchase of two forest properties. These borrowings are secured by a first registered mortgage over the properties. Interest at 6.25% is added to the principal outstanding and is payable on maturity – 22 December 2004.

The term borrowings are repayable as follows:				
Less than one year	2,000	-	2,000	-
Between one and two years	4,000	2,000	4,000	2,000
Between two and five years	43,282	46,320	43,282	46,320
	49,282	48,320	49,282	48,320
6	PAYABLES AND ACCRUALS			
Trade payables	2,505	2,257	1,496	1,022
Accrual for standing timber	139	1,175	-	-
Other accruals	793	423	219	214
Employee benefits	90	66	90	66
	3,527	3,921	1,805	1,302

Notes To The Financial Statements

For the year ended 30 June 2001

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IN \$NZ 000'S	GROUP		COMPANY	
	2001	2000	2001	2000
7 LAND AND FORESTS				
Freehold land				
At cost	27,402	27,090	24,686	24,374
Roading and Land Improvements				
At cost	3,586	3,384	3,581	3,379
Accumulated depreciation	(1,357)	(1,052)	(1,356)	(1,052)
	2,229	2,332	2,225	2,327
Forests - at cost				
At beginning of year	140,030	116,063	98,097	100,200
Development costs capitalised during the year	3,463	3,075	3,081	2,878
Interest costs capitalised during the year	5,937	4,466	5,071	3,979
Forests acquired/(sold) during the year	2,307	16,484	(6,567)	(8,902)
Amortisation of prepaid rental costs	(87)	(58)	(87)	(58)
At end of year	151,650	140,030	99,595	98,097
Based on the most recent government valuations, the value of land and improvements is \$25.9 million. Valuation dates range from 30 September 1998 to 30 September 2000. The latest independent valuation of forests as at 30 June 2001 is \$157.4 million. Forest fire and wind damage insurance is carried for all forests.				
8 FIXED ASSETS				
Buildings				
At cost	458	420	458	420
Accumulated depreciation	(189)	(170)	(189)	(170)
	269	250	269	250
Plant & machinery				
At cost	210	158	165	158
Accumulated depreciation	(63)	(47)	(57)	(47)
	147	111	108	111
Office equipment				
At cost	152	163	152	110
Accumulated depreciation	(84)	(57)	(84)	(51)
	68	106	68	59
Capital work in progress	360	-	360	-
Total fixed assets	844	467	805	420
9 INVESTMENTS				
Nuhaka Farm Forestry Fund (market value at 30 June 2001 \$4,595,000)	6,358	6,843	6,358	6,843
Investment in subsidiaries	-	-	18,018	18,018
	6,358	6,843	24,376	24,861

During the year the company acquired further units in the Nuhaka Farm Forestry Fund, a Group Investment Fund listed on the New Zealand Stock Exchange. The total holding at 30 June was 29.62%, represented by 525,143 units (2000: 25.18%; 446,402 units). During the year the value of this investment has been written down by \$1,465,000 to reflect the Fund's reported net asset backing as at 31 March 2001.

On the 22 December 1999 the company purchased the shares of Rawanui Farm Limited comprising land and forests.

Forestry New Zealand Limited, a subsidiary of Evergreen Forests Marketing Limited, was incorporated on 14 January 2000. On 29 June 2001 Evergreen Forests Marketing Limited purchased for cash the minority shares in Forestry New Zealand Limited. The consideration of \$494,000 approximated the fair value of the net assets acquired.

Group subsidiaries	Principal activities	Ownership	
		2001	2000
Evergreen Forests Marketing Limited	Forest ownership & marketing	100%	100%
Rawanui Farm Limited	Forest ownership	100%	100%
Forestry New Zealand Limited	Log procurement & marketing	100%	70%

IN \$NZ 000'S	GROUP		COMPANY		
	2001	2000	2001	2000	
10	ADVANCES				
	Executives - 2001	696	-	696	-
	Executives - 1999	299	382	299	382
	Other	72	174	-	-
		1,067	556	995	382

During the year the company provided loans to executives to purchase existing convertible notes. The loans are secured by way of a mortgage against the notes and interest accrues at 7.18% per annum. The loans are repayable in full if the executives cease to be employed and in any event no later than 5 years after the date of the advance. Downside protection is provided to the executives, as the Company will compensate the executives at the time the loans are repaid in the event that the value of the notes acquired with the loans is less than the amount outstanding under the loans.

In 1999 the Company provided loans to executives enabling them to take up their entitlement to convertible notes under the executive share option plan. The loans are secured by way of a mortgage against the notes, and the interest rate is set annually at a market rate equivalent to the company's cost of debt. The annual interest rate set at 19 March 2001 was 6.63% (2000: 7.81%). Loans are repayable in full if the executives cease to be employed by the Company.

11	RECEIVABLES, PREPAYMENTS AND INVENTORIES				
	Trade receivables	2,451	2,606	19	142
	Other receivables and prepayments	503	2,037	80	1,805
	Inventories	1,028	1,629	-	-
	Forest woodlot advance	-	3,104	-	-
	Intercompany advances	-	-	25,297	25,947
		3,982	9,376	25,396	27,894

Inventories include wharf stocks, lumber stocks and the value of standing timber under short term purchase agreements.

Notes To The Financial Statements

For the year ended 30 June 2001

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IN \$NZ 000'S	GROUP		COMPANY	
	2001	2000	2001	2000
12 NET CASH FLOW FROM OPERATING ACTIVITIES				
The following is reconciliation between the surplus (deficit) after taxation shown in the statement of financial performance and the net cash flow from operating activities.				
Operating surplus (deficit) after taxation	5,044	5,152	(3,559)	247
Less items classified as investing activities:				
Gain on sale of assets	-	-	-	-
Add non-cash items:				
Amortisation of prepaid rent	87	58	87	58
Amortisation of Nuhaka investment	57	-	57	-
Depreciation	277	185	250	179
Loss(gain) on sale of forestry right to wholly owned subsidiary	-	-	1,118	(857)
Minority interests	(1)	7	-	-
Write-down of investment in Nuhaka	1,465	-	1,465	-
Add/(less) movements in working capital:				
Accounts receivable	1,840	(1,923)	1,849	(322)
Inventories	600	(1,581)	-	48
Accounts payable	(393)	2,386	503	271
Net cash provided by operating activities	8,976	4,284	1,770	(376)

13 RELATED PARTIES

During the year the Company sold a Forestry Right at an assessed value of \$7.8 million to its wholly owned subsidiary Evergreen Forests Marketing Limited. This transaction was financed by an intercompany loan.

Loans and advances to/from related parties – refer note 11.

There have been no other significant related party transactions during the year. No related party debts have been written off or forgiven during the year.

14 FINANCIAL INSTRUMENTS

Exposure to currency, interest rate and credit risk arises in the normal course of the company's business. Off-balance sheet instruments are available to be used as a means of reducing exposure to fluctuations in interest rates and foreign currency. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

a] Foreign currency risk

The Group incurs foreign currency risk as a result of the export of logs. Where exposures are certain it is the Group's policy to hedge these transactions as they arise. For those exposures less certain in their timing and extent, such as future sales, it is the Group's normal policy to cover a minimum of three months of anticipated exposures and a maximum of six months forward.

The Group uses foreign currency forward exchange contracts and options to manage these exposures.

Unrecognised balances

The foreign currency forward exchange contracts outstanding at balance date are:

IN \$NZ 000'S	GROUP		COMPANY	
	2001	2000	2001	2000
Foreign currency forward exchange contracts	4,443	5,122	4,443	5,122

b] Interest rate risk

The Group uses interest rate swaps and options to manage its interest rate risk for its floating interest rate borrowings. The effective interest rate on term borrowings during the year was 7.4% (2000: 6.45%).

At balance date the Group held interest rate swaps of \$32.9 million (2000: interest rate option \$32.9 million) at an interest rate of 6.84% (2000: 8.125%) for the duration of one year.

c] Credit risk

The Group incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business.

The Group has 18% (2000: 33%) of trade receivables at 30 June 2001 owing from one customer. There are no other significant concentrations of credit risk in relation to trade receivables. Trade receivables are unsecured.

The counterparties used for banking and finance activities are financial institutions with high credit ratings. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

d] Fair values

The carrying amount is considered to be the fair value of each class of the following financial instruments: cash and short term deposits, receivables, advances, borrowings and payables. The interest rate swaps have a fair value of nil. Unexercised forward foreign exchange contracts would have had a fair value loss of \$81,000 as at balance date.

15	COMMITMENTS				
	Non-cancellable operating lease rentals are payable as follows:				
	Not later than one year	95	117	95	117
	Later than one, but not later than two years	80	70	80	70
	Later than two, but not later than five years	160	164	160	164
	Later than five years	120	82	120	82
		455	433	455	433
	Commitments under forestry right arrangements - per annum	35	16	35	16
	Commitments under 'pay as you cut' contracts	-	285	-	-

16 EVENTS SUBSEQUENT TO BALANCE DATE

On the 31 July 2001 the Company purchased for cash 4,275,000 convertible notes from note holders at face value of \$1.1716 per note, amounting to \$5,008,590.

17 OTHER MATTERS

The company operates only in the forestry industry and all operations are carried out within New Zealand. No significant capital commitments or contingencies exist at balance date.

Shareholder Information

For the year ended 30 June 2001

DIRECTORS' SHAREHOLDING	AS AT 30 JUNE 2001		AS AT 30 JUNE 2000	
	Beneficially held	Held by associated persons	Beneficially held	Held by associated persons
Ordinary Shares				
P D Wilson	70,000	15,000	70,000	15,000
W J Falconer	85,000	-	85,000	-
S N Hurley*	-	*652,762	-	*643,526
J K McLay	8,000	-	8,000	-
R M McCluskey	-	-	-	-
D M Campbell	1,763,800	260,000	1,763,800	260,000
Convertible Notes				
P D Wilson	90,000	-	90,000	-
W J Falconer	14,168	-	14,168	-
S N Hurley	-	-	-	-
J K McLay	1,334	-	1,334	-
R M McCluskey	-	-	-	-
D M Campbell	571,818	201,485	334,967	31,667

* S N Hurley is a partner in Xylem Investments, GP which holds a 1% interest in Xylem Fund I, L.P. representing 652,762 Evergreen Forests Limited ordinary shares.

SUBSTANTIAL SECURITY HOLDERS

The following information is given pursuant to section 26 of the Securities Amendment Act 1988.

The following were registered by the Company as at 20 August 2001 as substantial security holders, having declared their relevant interest in voting securities in terms of Section 25 of the Securities Amendment Act 1988:

NAME	VOTING SECURITIES	
	NUMBER	%
Xylem Fund I, L.P.	65,276,236	39.5
Laerernes Pension A/S (Teachers Pension and Life)	14,242,041	8.6
DIP - Danske Civil og Akademiingenioerers Pensionskasse (The Danish Pension Fund for Engineers)	14,242,041	8.6
Hambrecht & Quist Guaranty Finance, LLC	12,427,500	7.5

As at 20 August 2001, the Company had on issue 164,959,372 voting securities (as defined by the Securities Amendment Act 1988) being 140,734,372 fully paid ordinary shares and 24,225,000 convertible notes.

Statutory Information

For the year ended 30 June 2001

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DIRECTORS' INTERESTS

The following directors have declared that they are to be regarded as having an interest in any contract that may be made with the entities listed below by virtue of their membership or directorship of those entities:

Director	Entity
P D Wilson	Port of Napier Limited, chairman. The Colonial Motor Company Limited, director. WestpacTrust Investments Limited, director.
D M Campbell	Hambrecht & Quist Guaranty Finance, Chief Executive. New Zealand Investment Trust, chairman. Moneda Chile Fund, director. Goodrich Petroleum Corporation, director. Miller & Paine, director.
W J Falconer	Hellaby Holdings Limited, chairman. Westgate Transport Limited, chairman. Restaurant Brands Limited, chairman. Oyster Bay Marlborough Vineyards Limited, chairman. Kiwifriut International Limited, chairman. New Zealand Stock Exchange Market Surveillance Panel, chairman. New Zealand Meat Industry Association, chairman.
S N Hurley	The Xylem Group Inc, director and partner. Xylem Investments Inc, director and partner. Xylem Fund I L.P, shareholder. Xylem Fund II L.P, shareholder. Forestal Tornagaleones, S.A. (Chile), director. Forestal Argentina, S.A., director. Britannic Group PLC, director. Grupo Forestal Soledad, C.A. (Venezuelan), director. Wenita Forest Products Limited, director. Fletcher Challenge Forests, director.
R M McCluskey	Xylem Investments Inc, Vice President. Xylem Fund II L.P, shareholder. Forestal Tornagaleones, S.A. (Chile), alternate director. Forestal Argentina, S.A., alternate director. Grupo Forestal Integradora (Mexican), director. Wenita Forest Products Limited, director.
J K McLay	J.K. McLay Limited and associated companies, director. Omniport Napier Limited, chairman. Macquarie New Zealand Limited and associated companies, executive chairman. Westfield New Zealand Limited, advisory board member. Pharmalliance New Zealand Limited, chairman.

DISCLOSURE OF INTERESTS BY DIRECTORS

Since the date of the last report, there have been no transactions disclosed in which a director has an interest (as that term is defined in section 139 of the Companies Act 1993).

SECURITY DEALINGS BY DIRECTORS

The following dealings by directors in securities of the Company were disclosed to the board:

DIRECTOR	NUMBER OF SHARES ACQUIRED (DISPOSED)	CLASS	CONSIDERATION	DATE
D M CAMPBELL	500	Convertible Notes	533	3/07/2000
D M CAMPBELL	5,500	Convertible Notes	5,914	6/07/2000
D M CAMPBELL	3,334	Convertible Notes	3,552	7/07/2000
D M CAMPBELL	3,750	Convertible Notes	3,995	14/07/2000
D M CAMPBELL	1,000	Convertible Notes	1,079	2/08/2000
D M CAMPBELL	38,800	Convertible Notes	42,630	7/08/2000
D M CAMPBELL	767	Convertible Notes	827	8/08/2000
D M CAMPBELL	1500	Convertible Notes	1,605	8/08/2000
D M CAMPBELL	5,100	Convertible Notes	5,603	28/08/2000
D M CAMPBELL	12,000	Convertible Notes	12,600	29/09/2000
D M CAMPBELL	14,600	Convertible Notes	15,476	3/09/2000
D M CAMPBELL	150,000	Convertible Notes	152,409	26/09/2000
D M CAMPBELL	120,000	Convertible Notes	121,927	26/09/2000
D M CAMPBELL	7,734	Convertible Notes	8,511	14/12/2000
D M CAMPBELL	1,000	Convertible Notes	1,109	19/12/2000
D M CAMPBELL	18,500	Convertible Notes	19,619	27/12/2000
D M CAMPBELL	12,667	Convertible Notes	14,045	31/12/2000
D M CAMPBELL	5,000	Convertible Notes	5,530	19/01/2001
D M CAMPBELL	617	Convertible Notes	659	30/03/2001
D M CAMPBELL	4,300	Convertible Notes	4,931	27/06/2001

Statutory Information

For the year ended 30 June 2001

DIRECTORS' REMUNERATION

Directors remuneration paid in the year ended 30 June 2001 were as follows:

IN NZ \$	
Directors fees:	
P D Wilson	35,000
D M Campbell	17,500
W J Falconer	17,500
S N Hurley	17,500
R M McCluskey	17,500
J K McLay	17,500
	<u>122,200</u>
Special remuneration*:	
P D Wilson	44,432
Total	<u>166,632</u>

*During the year special remuneration was paid for management services provided in a personal capacity by P D Wilson. These services were provided at normal commercial rates.

Directors are reimbursed all travelling, accommodation and other expenses properly incurred by them in connection with the business of the Company.

DIRECTORS' INDEMNITY AND INSURANCE

In accordance with the Company's constitution, the Company may grant indemnities and effect insurance for directors and employees to the extent permitted by the Companies Act 1993. The Company has granted indemnities to directors in respect of costs and liabilities arising from acts or omissions in their capacity as directors, and has effected directors' and officers' liability insurance to cover risks normally covered by such policies arising out of acts and omissions of directors and officers in their capacity as such.

OPTIONS

During the year the Company cancelled 2,176,000 ordinary share options pursuant to the Company's executive share option scheme.

INFORMATION USED BY DIRECTORS

During the year the Board received no notices from directors of the Company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

EXECUTIVE EMPLOYEES' REMUNERATION

During the year the number of employees or former employees of the Company who received remuneration and other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum was as follows:

Remuneration (including share options)	Number of Employees
\$120,000 - \$130,000	1
\$140,000 - \$150,000	1
\$230,000 - \$240,000	1

AUDITORS' REMUNERATION

During the year the following amounts were payable to the auditors of the Company:

	2001 \$'000	2000 \$'000
Audit	32	26
Other services	18	3

DONATIONS

During the year the Company made donations to Westpac Rescue Helicopter of \$1,000 and 'UBY's' School Road Safety Programme of \$295.

Corporate Governance Statement

This statement gives readers an overview of the Company's main corporate governance practices.

ROLE OF THE BOARD OF DIRECTORS

The Directors are responsible for the proper direction and control of the Company's activities. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and reporting to shareholders.

BOARD COMMITTEES

The Board has a formally constituted Audit Committee, Executive Committee, and Remuneration Committee.

The role of the **Audit Committee** is to review the Company's financial statements and announcements, to liaise with the external auditors on behalf of the board of directors and to review the Company's accounting policies, internal controls and related matters.

The role of the **Executive Committee** is to review business proposals, monthly management information and make recommendations thereon to the Board.

The role of the **Remuneration Committee** is to review remuneration structures for the Company's senior executives.

LEGISLATIVE COMPLIANCE

The Board has policies in place requiring the quarterly reporting of legislative compliance. This includes compliance with securities, environmental, resource management and human resources related legislation.

MEETING ATTENDANCE

During the year there have been 6 Board meetings, 2 Audit Committee meetings, 6 Executive Committee meetings, and 1 Remuneration Committee meeting. The table of attendance for these meetings is shown below:

	BOARD MEETINGS		AUDIT COMMITTEE		EXECUTIVE COMMITTEE		REMUNERATION COMMITTEE	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
P D Wilson	6	6	2	2	6	6		
D M Campbell	6	6			6	6	1	1
W J Falconer	6	6	2	2			1	1
S N Hurley	6	6			6	6		
R M McCluskey	6	5			6	5		
J K McLay	6	6	2	2			1	1

Disclosure Policy

OBJECTIVES

Evergreen aims to provide the information investors need to make informed decisions.

INFORMATION DISSEMINATION

To that end, we release, widely and promptly, any information that can reasonably be expected to affect the market value of Evergreen's stock, or investors' attitudes to it. This is accomplished initially through release to the New Zealand Stock Exchange and Australian Stock Exchange, followed by news release and annual and half-yearly reports, meetings with shareholders, convertible noteholders, investment analysts and news media. We also answer reasonable questions of a non-material nature from these groups within the limits of confidentiality. When we do answer such queries, we do not feel obliged to pass on the information to others who have not specifically asked for it.

CONTACTS FOR INFORMATION

The Chief Executive and the Chairman are authorised to speak directly with investors, investment analysts and reporters.

PROJECTIONS

We do not usually make earnings forecasts, but we make projections when something happens that seems likely to materially affect results previously expected. We will update these projections as needed in the affected period. We will not normally comment on the estimates of others, but we may comment on the assumptions they have used if these assumptions differ markedly from our own.

Holder Information

as at 20 August 2001

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TWENTY LARGEST SHAREHOLDERS

SHAREHOLDERS	SHARES	PERCENTAGE
WESTPAC BANKING CORPORATION - STATE STREET - NZCSD A/C	66,476,236	47.2%
ANZ NOMINEES LIMITED - A/C NZCSD	21,862,082	15.5%
DIP - DANSKE CIVIL OG AKADEMIINGENIOERERS PENSIONS KASSE	4,650,000	3.3%
LAERERNES PENSION	4,650,000	3.3%
NATIONAL NOMINEES NEW ZEALAND LIMITED - A/C NZCSD	4,510,081	3.2%
HENDRY NOMINEES LIMITED A/C 596	4,119,200	2.9%
HAMBRECHT & QUIST GUARANTY FINANCE	2,127,600	1.5%
INGALLS & SNYDER LLC	2,000,000	1.4%
STERLING NOMINEES LIMITED - NO 5 ACCOUNT	1,290,500	0.9%
LA GROUW OPERATIONS LIMITED	1,210,029	0.9%
DONALD M CAMPBELL	1,198,800	0.9%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - A/C NZCSD	1,198,301	0.9%
HENDRY NOMINEES LIMITED	1,000,000	0.7%
DANIELL CASE 111	800,000	0.6%
CHIU-HING CHAN	720,200	0.5%
PAKIHI INVESTMENTS LIMITED	700,000	0.5%
DANIEL H CASE	500,000	0.4%
HENDRY NOMINEES LIMITED - A/C 608	401,000	0.3%
JAMES IAN URQUHART	400,000	0.3%
HENDRY NOMINEES LIMITED A/C 631	373,000	0.3%

SPREAD OF SHAREHOLDING BY SIZE

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF HOLDING
1 to 199	142	6.6%	61,084	0.0%
1,000 to 4,999	933	43.5%	2,170,150	1.5%
5,000 to 9,999	444	20.7%	2,602,744	1.8%
10,000 to 49,999	538	25.1%	8,708,492	6.2%
50,000 to 99,999	40	1.9%	2,434,065	1.7%
100,000 to 499,999	33	1.5%	6,002,714	4.3%
500,000 to 999,999	4	0.2%	2,681,200	1.9%
1,000,000+	12	0.6%	116,073,923	82.5%
	2,146	100.0%	140,734,372	100.0%

TWENTY LARGEST NOTEHOLDERS

NOTEHOLDER	SHARES	PERCENTAGE
HAMBRECHT & QUIST GUARANTY FINANCE	6,084,376	25.11
NATIONAL NOMINEES NEW ZEALAND LIMITED - A/C NZCSD	5,936,912	24.5
ALPS INVESTMENT LLC	2,533,333	10.45
MICHAEL D FULTON & KATHERYN E COLE	2,530,123	10.44
WESTPAC NOMINEES (NZ) LIMITED - A/C NZCSD	1,095,604	4.52
MARK STAFFORD BOGLE	571,234	2.35
LIONEL P BOISSIERE	387,034	1.59
DELAWARE CHARTER GUARANTY & TRUST	375,000	1.54
HENDRY NOMINEES LIMITED	330,000	1.36
PALLISER NOMINEES LIMITED	270,000	1.11
KENNETH A GOLDMAN & SUSAN VALERIOTE	261,477	1.07
HOWARD ORINGER & JANICE EILEEN ORINGER	236,732	0.97
LAURENCE B SIMON	235,176	0.97
DAVID EDWARD SAYER	225,967	0.93
DONALD M CAMPBELL	199,800	0.82
HENDRY NOMINEES LIMITED	166,667	0.68
HENDRY NOMINEES LIMITED	161,518	0.66
ACCIDENT REHABILITATION AND COMPENSATION INSURANCE CORP - A/C NZCSD	151,652	0.62
DANIELL CASE 111	133,334	0.55
WESTPAC BANKING CORPORATION - STATE STREET - NZCSD A/C	103,209	0.42

SPREAD OF NOTEHOLDING BY SIZE

SIZE OF HOLDING	NUMBER OF NOTEHOLDERS	% OF NOTEHOLDERS	NUMBER OF NOTES	% OF HOLDING
1 to 199	245	43.3%	132,027	0.5%
1,000 to 4,999	226	39.9%	416,100	1.7%
5,000 to 9,999	22	3.9%	137,728	0.6%
10,000 to 49,999	44	7.8%	840,191	3.5%
50,000 to 99,999	10	1.8%	727,612	3.0%
100,000 to 499,999	14	2.5%	3,237,566	13.4%
500,000 to 999,999	1	0.2%	571,234	2.4%
1,000,000+	4	0.7%	18,162,542	75.0%
	566	100.0%	24,225,000	100.0%

Board of Directors

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PETER D. WILSON

Aged 60, has been the Chairman of the Company since 1993.

Mr. Wilson is a business consultant based in Wellington. A former partner of Ernst & Young, Mr Wilson undertakes a range of directorships and business advisory activities. He is currently the Chairman of the Port of Napier Limited, a director of The Colonial Motor Company Limited and of WestpacTrust Investments Limited. Mr. Wilson is a member of the Institute of Chartered Accountants and the Institute of Directors.

STEPHEN N. HURLEY

Aged 58, has been a director of the Company since 1995.

Mr. Hurley is the Founder, Chairman and Chief Executive of Xylem Investments, Inc., an international forestry investment firm based in Boston, Massachusetts. Xylem specialises in making private equity placements in forest and forest-related enterprises. Prior to founding Xylem Investments, Mr. Hurley was a Principal, Director and Investment Committee Member of Resource Investments, Inc. (Rii), now known as UBS Resource Investments, a direct timber investment company. Previously, Mr. Hurley served as Senior Vice-President and Portfolio Manager at Fidelity Management Trust Company and as Portfolio Manager of the Fidelity Select Paper and Forest Products Fund and the Fidelity Select Basic Industrial Materials Fund. Prior to working at Fidelity, Mr. Hurley was Vice-President and Senior Forest Products Analyst at J P Morgan Investment Management, Inc., and Vice-President at The Boston Company, Inc. Mr. Hurley obtained an AB from Amherst College and an MBA with Honours from the Harvard University Graduate School of Business Administration. He is currently also a director of Forestal Tornagaleones S.A. (a private forest plantation company in Chile), Forestal Argentina S.A. (a private forest plantation company in Argentina), Fletcher Challenge Forests (a public NZ forestry company), Britannic Group PLC (a private UK forestry company), Grupo Forestal Soledad (a private Venezuelan forestry company), and Wenita Forest Products Limited (a private New Zealand forestry company).

JAMES K. MCLAY

Aged 56, has been a director of the Company since 1995.

Mr. McLay originally practiced as a barrister and became a Member of the New Zealand Parliament in 1975. Until his retirement in 1987 he was successively, Attorney General, Minister of Justice, Deputy Prime Minister, and on a change of Government, Leader of the Opposition. Mr. McLay is Executive Chairman of Macquarie New Zealand Limited, the principal and managing director of J K McLay Limited, business consultants, the New Zealand Commissioner on the International Whaling Commission, and has served as an adviser to the New Zealand Government in reviews of the wholesale electricity market, defence funding and financial management, accident compensation and roading reform. He is Chairman of PharmAlliance New Zealand Limited and Chairman of Omniport Napier Limited and serves on the Advisory Board of Westfield (NZ) Ltd. He received the Queen's Service Order (QSO), and has obtained a Bachelor of Law (LLB) degree from Auckland University.

WILLIAM J. FALCONER

Aged 62, has been a director of the Company since 1995.

Mr. Falconer has been successively, Deputy Secretary of the New Zealand Ministry of Energy, Managing Director of Petroleum Corporation of New Zealand and Corporate Development Director of Fletcher Challenge Limited. He is currently the Chairman of Hellaby Holdings Limited, Kiwifruit International Limited, Oyster Bay Marlborough Vineyards Limited Restaurant Brands Limited and Westgate Transport Limited. In addition he is chairman of the New Zealand Stock Exchange Market Surveillance Panel. Mr. Falconer was formerly Chairman of the Environmental Risk Management Authority and Accident Rehabilitation Insurance Corporation. He is a Companion of the New Zealand Order of Merit (CNZM), and has a Bachelor of Laws (LLB) from Victoria University.

DONALD M. CAMPBELL

Aged 62, has been a director of the Company since 1999.

Mr. Campbell is a consultant in business finance. He serves as the chief executive officer of Hambrecht & Quist Guaranty Finance LLC, an affiliate of JP Morgan Chase & Co. Hambrecht & Quist Guaranty Finance provides asset-based financing for emerging technology companies, and maintains a portfolio of marketable securities to underwrite its activities and guaranties. Mr. Campbell has extensive experience in corporate finance. Within technology companies he has been a financial analyst and a financial planner, and has served as Treasurer and Chief Financial Officer of two public companies. He has been a founder and principal of five financial companies, including Hambrecht & Quist Guaranty Finance which was founded in 1983. He is the managing general partner of a partnership which owns and operates timberland in California. Mr. Campbell is Chairman of The New Zealand Investment Trust, an investment company listed on the London and New Zealand Stock Exchanges, a director of the Moneda Chile Fund, an investment company listed on the Irish Stock Exchange, and manager of the H&Q Argentina 10/10 Fund, a joint venture investing in smaller companies listed on the Buenos Aires Stock Exchange. He is a director of Goodrich Petroleum Corporation, an oil and gas company listed on the New York Stock Exchange and a director and executive of Miller & Paine, a manager of commercial real estate in Nebraska, USA.

Mr. Campbell has obtained a BSc (Highest Distinction) from Nebraska University and an MBA from Stanford University.

ROY M. MCCLUSKEY

Aged 32, has been a director of the Company since 1999.

Mr. McCluskey is Vice President of Investments at Xylem Investments, Inc., responsible for Xylem's private equity placements in forestry enterprises worldwide. Mr. McCluskey has significant investment analysis and management experience, as well as strategic consulting experience. Prior to joining Xylem Investments, he has served on Ford Motor Company's Finance Staff, provided strategic consulting services in Eastern Europe, and worked in mergers and acquisitions for Chestnut Partners, a private equity investment firm. He is currently also a director of Grupo Forestal Integradora (a Mexican forestry company), and Wenita Forest Products Limited (a New Zealand forestry company). Mr McCluskey is an alternate director of Forestal Argentina, S.A. (a forest plantation company in Argentina) and of Forestal Tornagaleones, S.A. (a forest plantation company in Chile). Mr. McCluskey obtained an AB Economics from Stanford University.

Corporate Directory

as at 20 August 2001

Directors

Peter D. Wilson, CA, Chairman
Resident: Wellington, New Zealand

Donald M. Campbell, BSc (Highest Distinction)
(Nebraska), MBA (Stanford)
Resident: Hillsborough, California

William J. Falconer, CNZM, LLB
Resident: Auckland, New Zealand

Stephen N. Hurley, AB (Amherst College),
MBA(Hons) (Harvard University)
Resident: Boston, Massachusetts

Roy M. McCluskey, AB Economics (Stanford)
Resident: Boston, Massachusetts

The Hon. James K. McLay, QSO, LLB
Resident: Auckland, New Zealand

Management

Mark S. Bogle, MPP, CA
Chief Executive

David E. Sayer, BSc(For), MNZIF
General Manager

Gregory K. Parker, MBA, BCom
Treasurer

Vivek Singh, BCom, CA
Chief Financial Officer

David J. Paul, BForSci(Hons)
Resource Forester

Errol J Caron, BCom, CA
Financial Accountant

Directory

Registered Office

Level 15, Quay Tower
29 Customs Street West
Auckland, New Zealand

Postal Address and
Investor Enquiries

Private Bag 106 604
Downtown, Auckland
New Zealand

Tel 64-9-307 3240
Fax 64-9-307 3247
E-mail info@evergreen.co.nz

Internet Address

This and previous annual and half year reports
can be accessed on the website:
www.evergreen.co.nz

Share Registrar

Computershare Registry Services Limited
Private Bag 92 119, Auckland 1020,
New Zealand
Tel 64-9-522 0022 Fax 64-9-522 0058

Auditors

PricewaterhouseCoopers, Auckland

ADR Depository Bank

Bankers Trust Company
4 Albany Street
New York, New York 10006
Tel 1-212-250 8500 Fax 1-212-250 5644

Bankers

Westpac Banking Corporation

Solicitors

Russell McVeagh

Trustee

Perpetual Trust Limited

Listings

The Ordinary Shares and Convertible Notes are
traded on the New Zealand Stock Exchange
("NZSE") and the Australian Stock Exchange
("ASX").

The American Depositary Receipts (ADRs) are
traded on the "Pink Sheets" in the United
States of America (20 Ordinary Shares
comprise one ADR).

Codes

	N Z	AUSTRALIA	USA
Ordinary Shares	EVF	EVF	—
Convertible Notes	EVFGA	EVFG	—
ADRs	—	—	EVFSY