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financial statements



DIRECTORS' RESPONSIBILITY STATEMENT

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 2002 and their financial performance and cash flows for that year.

The directors consider that the financial statements of the Company and 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 2002.

A handwritten signature in black ink, appearing to read "P D Wilson".

P D Wilson
DIRECTOR

A handwritten signature in black ink, appearing to read "W J Falconer".

W J Falconer
DIRECTOR

For and on behalf of the Board of Directors who authorised these financial statements for issue on 22 August 2002.

AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2002

**To the Shareholders Evergreen Forests Limited**

We have audited the financial statements on pages 17 to 29. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2002 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 20 to 22.

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 Group as at 30 June 2002 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 any of its subsidiaries other than in our capacities as auditors under the Companies Act 1993 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 17 to 29:
 - (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 2002 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 22 August 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants

Auckland

STATEMENTS OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)	NOTE	2002	2001	2002	2001
CONTINUING ACTIVITIES					
Operating revenue	1	21,755	33,101	40,505	8,856
Operating expenses	1	(14,787)	(26,593)	(40,992)	(10,950)
Net operating surplus (deficit)		6,968	6,508	(487)	(2,094)
Nuhaka Farm Forestry Fund Investment	10	(222)	(1,465)	(222)	(1,465)
Net surplus (deficit) before taxation		6,746	5,043	(709)	(3,559)
Taxation	2	–	–	–	–
Net surplus (deficit) after taxation		6,746	5,043	(709)	(3,559)
Minority interest in surplus of subsidiary		–	1	–	–
Net surplus (deficit) for the year		6,746	5,044	(709)	(3,559)
STATEMENTS OF MOVEMENTS IN EQUITY					
FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)	NOTE	2002	2001	2002	2001
Equity at the beginning of the year		114,347	104,941	100,125	98,814
Net surplus (deficit) for the year		6,746	5,044	(709)	(3,559)
Movement in minority interests		–	(508)	–	–
Total recognised revenues & expenses		6,746	4,536	(709)	(3,559)
Distributions to owners					
Repurchase of shares	3	(343)	–	(343)	–
Contributions by owners					
Shares issued	3	2,790	4,870	2,790	4,870
Net change in equity		9,193	9,406	1,738	1,311
Equity at the end of the year		123,540	114,347	101,863	100,125

STATEMENTS OF FINANCIAL POSITION					
AS AT 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)	NOTE	2002	2001	2002	2001
EQUITY					
Attributable to parent company shareholders	3	123,540	114,347	101,863	100,125
Total equity		123,540	114,347	101,863	100,125
CONVERTIBLE INSTRUMENTS					
Convertible redeemable preference shares	4	1,070	–	1,070	–
Ten year zero coupon convertible notes	5	26,579	32,320	26,579	32,320
NON CURRENT LIABILITIES					
Borrowings	6	49,716	47,282	48,906	47,282
CURRENT LIABILITIES					
Payables & accruals	7	2,802	3,527	2,278	1,805
Borrowings	6	4,000	2,000	4,000	2,000
		6,802	5,527	6,278	3,805
Total liabilities & equity		207,707	199,476	184,696	183,532
NON CURRENT ASSETS					
Land	8	27,400	27,402	24,684	24,686
Roading and land improvements	8	2,716	2,229	2,702	2,225
Forests	8	161,277	151,650	67,922	99,595
Fixed assets	9	1,285	844	439	805
Investments	10	5,952	6,358	23,970	24,376
Advances	11	2,216	1,067	1,995	995
		200,846	189,550	121,712	152,682
CURRENT ASSETS					
Cash and short term deposits		2,799	5,944	1,843	5,454
Receivables, prepayments and inventories	12	4,062	3,982	61,141	25,396
		6,861	9,926	62,984	30,850
Total assets		207,707	199,476	184,696	183,532

STATEMENTS OF CASH FLOWS					
FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)	NOTE	2002	2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided by (applied to):					
Receipts from customers		21,428	33,227	881	9,078
Payments to suppliers and employees		(14,968)	(24,361)	(319)	(7,372)
Interest received		194	110	147	64
Interest paid		(102)	–	(102)	–
Net cash flows from operating activities	14	6,552	8,976	607	1,770
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided by (applied to):					
Proceeds from sale of assets		97	23	457	20
Acquisition of fixed assets		(1,236)	(780)	(766)	(685)
Acquisition and development of forests		(4,481)	(3,329)	(4,481)	(2,951)
Interest paid		(2,235)	(2,694)	(2,235)	(2,694)
Acquisition of units in Nuhaka Farm Forestry Fund		–	(1,037)	–	(1,037)
Advances and loans to subsidiaries		–	–	3,679	6,653
Loans and advances		(1,149)	(613)	(1,000)	(613)
Sale of forests		–	–	1,631	–
Nuhaka distributions – capital		184	–	184	–
Net cash flows from investing activities		(8,820)	(8,430)	(2,531)	(1,307)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided by (applied to):					
Proceeds from term borrowings		3,410	–	2,600	–
Proceeds from convertible preference shares		1,070	–	1,070	–
Proceeds from share issues		–	4,870	–	4,870
Share repurchases		(343)	–	(343)	–
Convertible notes buy back		(5,014)	–	(5,014)	–
Net cash flows from financing activities		(877)	4,870	(1,687)	4,870
NET INCREASE (DECREASE) IN CASH HELD		(3,145)	5,416	(3,611)	5,333
Add cash at beginning of year		5,944	528	5,454	121
Total cash at the end of the year		2,799	5,944	1,843	5,454

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2002

(A) BASIS OF PREPARATION

Reporting Entity

Evergreen Forests Limited, registered under the 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. The Charging Group consists of the Company and all its subsidiaries excluding Forestry New Zealand Limited.

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2002

(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**

Production 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.

- **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. Distributions of a capital nature are applied to reduce the carrying value of investments.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2002

(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 timing differences between accounting and taxable income expected to reverse in the foreseeable future is recognised as a deferred tax liability or asset. This is the partial 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.

(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 rate 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 exposures are recognised on the same basis as the 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 notes on a yield to maturity basis.

(K) COMPARATIVES

Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)		2002	2001	2002	2001
1	OPERATING REVENUE AND EXPENSES				
	Operating revenue includes:				
	Forest revenue – owned estate	20,391	16,640	1,237	895
	Third party trading revenue	858	16,175	–	–
	Interest	194	110	147	63
	Dividend	–	44	–	44
	Net surplus on sale of assets	53	–	53	–
	Other revenue	259	132	240	97
	Sale of forestry rights	–	–	38,828	7,757
		21,755	33,101	40,505	8,856
	Operating expenses include:				
	Fees paid to parent company auditors:				
	Audit	43	32	33	22
	Other services	3	18	3	18
	Increase (decrease) in provision for doubtful debts	(17)	17	–	–
	Depreciation	266	277	253	250
	Directors' fees	123	127	123	127
	Foreign exchange loss/(gain)	(350)	74	(345)	86
	Interest	102	50	102	46
	Rental expenses	98	122	98	122
	Operating lease expenses	102	107	102	101
	Cost of forest sold	–	–	39,669	8,875
	Other operating expenses	14,417	25,769	954	1,303
		14,787	26,593	40,992	10,950
2	TAXATION				
	(a) Income tax expense				
	Surplus (deficit) before taxation	6,746	5,043	(709)	(3,559)
	Prima facie income tax expense calculated at 33% (2001:33%) on the surplus (deficit) before taxation	2,226	1,664	(234)	(1,174)
	Adjusted for the tax effect of:				
	Permanent differences:				
	Cost of timber	632	(1,814)	3,988	1,277
	Development costs	(3,235)	(3,101)	(2,697)	(2,690)
	Investment write-down	73	484	73	484
	Other	27	–	27	–
	Timing differences not recognised	(76)	24	30	(9)
	Prior year adjustments	485	(331)	485	(113)
	Tax effect of losses not recognised	(132)	3,074	(1,672)	2,225
	Total Tax Charge Reported	–	–	–	–
	(b) Imputation credits – Nil				
	(c) Tax Losses				
	Unrecognised tax losses available for set off against future assessable income:				
	– Tax losses	28,307	28,705	19,955	25,021
	Tax savings thereon	9,341	9,473	6,585	8,257
	The ability to utilise these tax losses depends on the generation of sufficient assessable income in future years and shareholder continuity.				
	(d) Deferred Taxation				
	In respect of the forest assets, there is a net deferred tax liability amounting to approximately \$20.1 million (2001: \$17.5 million) for the group and \$8 million (2001: \$7.7 million) for the company, which would crystallise if all the forest assets were disposed of for their carrying value. This liability has not been recognised in the financial statements.				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)		2002	2001	2002	2001
3 EQUITY					
Share capital		104,570	102,123	104,570	102,123
Retained earnings (accumulated losses)		18,970	12,224	(2,707)	(1,998)
Balance at end of year		123,540	114,347	101,863	100,125
<p>Share capital comprises 145,807,541 fully paid ordinary shares (2001: 140,734,372). During the year the company issued 5,073,169 shares at \$0.55 per share as a result of conversion of convertible notes. In 2001 the company issued 9,300,000 shares at \$0.525 per share.</p>					
Options					
<p>At year end 1,278,000 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. At 30 June 2002 150,000 options maturing on 30 June 2005 and 326,000 options maturing on 30 June 2006 are exercisable. 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:</p>					
Number of options (in 000's)					
Balance at the beginning of the year		2,118	4,294	2,118	4,294
Cancelled during the year		(840)	(2,176)	(840)	(2,176)
Balance at end of year		1,278	2,118	1,278	2,118
Maturity profile					
Expiry date	Exercise price				
30 June 2002	\$0.75	–	840	–	840
30 June 2005	\$0.55	300	300	300	300
30 June 2006	\$0.55	978	978	978	978
Balance at end of year		1,278	2,118	1,278	2,118
Repurchase of shares					
<p>On 22 August 2001 the company announced that it would repurchase up to 2,814,687 shares over the following twelve months. During the year ending 30 June 2002 the company has repurchased 662,470 shares at an average price of \$0.518 per share as part of this buy back programme. The shares are held by the company as Treasury Stock. Following these repurchases, and at 30 June 2002 the number of ordinary shares comprise:</p>					
Shares issued to the shareholders				145,145,071	140,734,372
Shares held as treasury stock				662,470	–
Total				145,807,541	140,734,372
<p>All ordinary shares rank equally with one vote attached to each ordinary share with the exception of shares held as treasury stock for which rights and obligations are suspended until reissue.</p>					
4 CONVERTIBLE REDEEMABLE PREFERENCE SHARES					
1,390,000 shares at \$0.77 per share		1,070	–	1,070	–
		1,070	–	1,070	–
<p>In November 2001 shareholders approved an issue of up to 2,000,000 convertible redeemable preference shares (CRPS) at \$0.77 per share to employees and the Chairman of the company. During the year 1,390,000 CRPSs were issued. In accordance with shareholder approvals, the company provided the participants with interest free loans equivalent to the subscription price of the shares. A preference dividend of \$0.11 per CRPS will be paid annually and this dividend less tax must be applied by the participants in repayment of the company loan. CRPSs rank ahead of ordinary shares in the company on a liquidation of the company for an amount equal to their subscription price. Each CRPS can be converted into one ordinary share at any time prior to 9 November 2011 at the option of the participant. A participant must elect between converting or redeeming his or her CRPSs for cash should he or she leave the company.</p>					

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)	2002	2001	2002	2001	
5 CONVERTIBLE NOTES					
21,957,483 \$ 1.00 notes (2001: 28,500,000)	21,957	28,500	21,957	28,500	
Interest accrued at 7.18%	5,623	4,891	5,623	4,891	
Convertible value of notes on issue	27,580	33,391	27,580	33,391	
Issue costs – net of amortisation	(1,001)	(1,071)	(1,001)	(1,071)	
	26,579	32,320	26,579	32,320	

During the year the company repurchased 4,275,000 convertible notes at \$1.1716 per note pursuant to a pro rata offer to all noteholders. Holders of 2,267,517 convertible notes exercised their option to convert the notes into shares. Refer note 3 on equity.

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 10 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.

6 BORROWINGS				
Bank	36,310	32,900	35,500	32,900
Other	17,406	16,382	17,406	16,382
	53,716	49,282	52,906	49,282
The term borrowings are repayable as follows:				
Less than one year	4,000	2,000	4,000	2,000
Between one and two years	32,310	4,000	31,500	4,000
Between two and five years	17,406	43,282	17,406	43,282
	53,716	49,282	52,906	49,282

Bank Borrowings

As at 30 June 2002 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 for these borrowings is not fixed but the company has a one year interest rate swap for \$36.3 million (2001: 32.9 million) at 7.40% (2001: 6.84%) expiring on 30 June 2003.

Other Borrowings

Vendor finance was obtained for the purchase of two forest properties in 1999. These borrowings are secured by a first registered mortgage over the properties purchased. Interest at 6.25% is added to the principal outstanding and is payable on maturity – 22 December 2004.

Post Balance Date Event

Subsequent to the balance date the Group has refinanced its bank borrowings. The total loan facilities available to the group are to a maximum level of \$65 million. The first repayment of \$1.25 million is due in January 2005. Total repayments due between 2 to 5 years amount to \$6.25 million. The loan matures on 31 July 2007.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002		GROUP		COMPANY	
(IN \$NZ 000'S)		2002	2001	2002	2001
7	PAYABLES AND ACCRUALS				
	Trade payables	2,172	2,505	1,878	1,496
	Accrual for standing timber	–	139	–	–
	Other accruals	480	793	250	219
	Employee benefits	150	90	150	90
		2,802	3,527	2,278	1,805
8	LAND AND FORESTS				
	Freehold land				
	At cost	27,400	27,402	24,684	24,686
	Roading and land improvements				
	At cost	4,360	3,586	4,345	3,581
	Accumulated depreciation	(1,644)	(1,357)	(1,643)	(1,356)
		2,716	2,229	2,702	2,225
	Forests – at cost				
	At beginning of year	151,650	140,030	99,595	98,097
	Development costs capitalised during the year	4,481	3,463	3,874	3,081
	Interest costs capitalised during the year	5,322	5,937	4,298	5,071
	Forests acquired/(sold) during the year		2,307	(39,669)	(6,567)
	Amortisation	(176)	(87)	(176)	(87)
	At end of year	161,277	151,650	67,922	99,595
	Based on the most recent government valuations, the value of land and improvements is \$26 million (2001: \$25.9 million). Valuation dates range from 1 September 1999 to 9 January 2001. The latest independent valuation of forests as at 30 June 2002 is \$162.4 million (2001: \$157.4 million). Forest fire and wind damage insurance is carried for all forests.				
9	FIXED ASSETS				
	Buildings				
	At cost	382	458	382	458
	Accumulated depreciation	(168)	(189)	(168)	(189)
		214	269	214	269
	Plant and machinery				
	At cost	267	210	219	165
	Accumulated depreciation	(87)	(63)	(68)	(57)
		180	147	151	108
	Office equipment				
	At cost	203	152	203	152
	Accumulated depreciation	(129)	(84)	(129)	(84)
		74	68	74	68
	Capital work-in-progress				
		817	360	–	360
	Total fixed assets	1,285	844	439	805

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002				
	GROUP		COMPANY	
(IN \$NZ 000'S)	2002	2001	2002	2001
10 INVESTMENTS				
Nuhaka Farm Forestry Fund (market value at 30 June 2002 \$4,831,000 (2001: \$4,595,000))	5,952	6,358	5,952	6,358
Investment in subsidiaries	–	–	18,018	18,018
<p>The Nuhaka Forestry Fund is a Group Investment Fund listed on the New Zealand Stock Exchange. The company's holding at 30 June 2002 was 525,143 units (2001: 525,143). During the year the value of this investment has been written down by \$222,000 (2001: \$1,465,000) to reflect the Fund's reported net asset backing as at 31 March 2002. Investments have been reduced by the distribution received, \$184,000 (2001: \$57,000).</p>				
GROUP SUBSIDIARIES	PRINCIPAL ACTIVITIES		OWNERSHIP	
			2002	2001
Evergreen Forests Marketing Limited	Forest ownership and marketing		100%	100%
Rawanui Farm Limited	Forest ownership		100%	100%
Forestry New Zealand Limited	Log procurement and marketing		100%	100%
11 ADVANCES				
Executives – 2002	1,070	–	1,070	–
Executives – 2001	630	696	630	696
Executives – 1999	295	299	295	299
External advances – secured	221	72	–	–
	2,216	1,067	1,995	995
<p>During the year the company provided loans to executives to purchase convertible redeemable preference shares. These loans are secured by way of mortgage against the convertible redeemable preference shares. Refer note 4 for details of issue of convertible redeemable preference shares.</p> <p>In 2001, the company provided loans to executives to purchase 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.</p> <p>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 2002 was 6.91% (2001: 6.63%). Loans are repayable in full if the executives cease to be employed by the company.</p>				
12 RECEIVABLES, PREPAYMENTS AND INVENTORIES				
Trade receivables	2,048	2,451	1	19
Other receivables and prepayments	1,105	503	694	80
Inventories	909	1,028	–	–
Intercompany advances	–	–	60,446	25,297
	4,062	3,982	61,141	25,396
<p>Inventories include wharf stocks, lumber stocks and the value of standing timber under short term purchase agreements.</p>				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

GROUP

COMPANY

(IN \$NZ 000'S)

2002

2001

2002

2001

13 RELATED PARTIES

During the year the Company sold a forestry right at an assessed value of \$38.8 million to its wholly owned subsidiary Evergreen Forests Marketing Limited. This transaction was financed by an intercompany loan. Refer notes 4 and 12 for advances to/from related parties.

Guaranty Finance Management, LLC, a party related to Substantial Security Holder Hambrecht & Quist Guaranty Finance, LLC, was paid \$43,000 (2001: Nil) relating to investment advisory services.

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 OPERATING CASH FLOW RECONCILIATION

Surplus (deficit) after taxation	6,746	5,044	(709)	(3,559)
Adjusted for non cash items:				
Depreciation	266	277	253	250
Write-down of Nuhaka investment	222	1,465	222	1,465
Amortisation	176	144	176	144
Surplus on disposal of assets	(53)	–	(53)	–
Loss on sale of forestry right to subsidiary	–	–	841	1,118
Minority interest	–	(1)	–	–
Adjusted for movements in working capital:				
Accounts payable	(725)	(393)	473	503
Accounts receivable	(80)	1,840	(596)	1,849
Inventories	–	600	–	–
Net cash flows from operating activities	6,552	8,976	607	1,770

15 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 twelve 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 the balance date are:

Foreign currency forward exchange contracts	14,886	4,443	14,804	4,443
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(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 6.8% (2001: 7.4%).

At balance date the Group held interest rate swaps of \$36.3 million (2001: \$32.9 million) at an interest rate of 7.4% (2001: 6.84%) for the duration of one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

GROUP

COMPANY

(IN \$NZ 000'S)

2002

2001

2002

2001

15 FINANCIAL INSTRUMENTS

(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 41% (2001: 18%) of trade receivables at 30 June 2002 owing from one customer. Full payment was received in the normal course of business from this customer subsequent to balance date. 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 \$53,000 loss (2001: nil).

Unexercised forward foreign exchange contracts would have had a fair value gain of \$1.3 million (2001: \$81,000 loss) as at balance date.

16 LEASE COMMITMENTS

Not later than one year	80	95	80	95
Later than one, but not later than two years	80	80	80	80
Later than two but not later than five years	200	160	200	160
Later than 5 years	–	120	–	120
	360	455	360	455
Commitments under forestry rights arrangements – per annum	40	35	40	35

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

	AS AT 30 JUNE 2002		AS AT 30 JUNE 2001	
	BENEFICIALLY HELD	HELD BY ASSOCIATED PERSONS	BENEFICIALLY HELD	HELD BY ASSOCIATED PERSONS
DIRECTORS' SHAREHOLDING				
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	–	*652,762
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	277,136	571,818	201,485

* 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 22 August 2002 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	39.07%
Arnhold & S Bleichroeder, Inc.	8,508,815	5.09%
DIP - Danske civil-og akademiingeniorers Pensionskasse (The Danish Pension Fund for Engineers)	14,255,541	8.53%
Laerernes Pension A/S (Teachers Pension and Life)	14,255,541	8.53%
Hambrecht & Quist Guaranty Finance, LLC	9,898,172	5.92%
Cynthia Douglas	}	
James E Douglas & Jean A Douglas	}	
Kevin Douglas & Michelle Douglas	}	8,962,833
James Douglas III	}	5.36%

As at 22 August 2002, the Company had on issue 167,086,554 voting securities (as defined by the Securities Amendment Act 1988) being 145,129,071 fully paid ordinary shares and 21,957,483 convertible notes.

STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2002

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	Guaranty Finance Management, LLC, chief executive (which acts as manager of Hambrecht & Quist Guaranty Finance, LLC). 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. Kiwifruit International Limited, chairman. New Zealand Stock Exchange Market Surveillance Panel, chairman. New Zealand Meat Industry Association, chairman. Westfield Management Limited, director.
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. Wenita Forest Products Limited, 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 (Mexico), director. Wenita Forest Products Limited, director.
J K McLay	J.K. McLay Limited and associated companies, director. Macquarie New Zealand Limited and associated companies, executive chairman. Unichem Chemists Limited and associated companies, chairman. Neuronz Limited, director. Abyssinian Holdings Limited, director.

Subsequent to balance date, Xylem Fund I L.P. has changed its fund manager. As a result Messrs S N Hurley and R M McCluskey resigned from the Board on 6 September 2002 and 7 August 2002 respectively.

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	3,383	Convertible Notes	\$3,626	12-Jul-01
D M CAMPBELL	2,000	Convertible Notes	\$2,526	13-Jul-01
D M CAMPBELL	100	Convertible Notes	\$109	24-Aug-01
D M CAMPBELL	834	Convertible Notes	\$964	5-Nov-01
D M CAMPBELL	28,166	Convertible Notes	\$32,553	14-Nov-01
D M CAMPBELL	950	Convertible Notes	\$1,132	22-Nov-01
D M CAMPBELL	258	Convertible Notes	\$307	23-Nov-01
D M CAMPBELL	40,000	Convertible Notes	\$50,000	16-May-02

STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2002

DIRECTORS' REMUNERATION

Directors remuneration paid in the year ended 30 June 2002 were as follows:

Directors fees (In NZ \$):

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

122,500

Special remuneration:*

P D Wilson	55,572
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Total **178,072**

* 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 840,000 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 ownership benefits)	No. of Employees
\$120,000 - \$130,000	1
\$130,000 - \$140,000	1
\$180,000 - \$190,000	1
\$250,000 - \$260,000	1

AUDITORS' REMUNERATION

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

(IN \$NZ 000)	2002	2001
Audit	43	32
Other services	3	18

DONATIONS

During the year the Company made donations to Northland Agricultural Field Days Inc. of \$500.

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 five Board meetings, two Audit Committee meetings, five Executive Committee meetings, and two Remuneration Committee meetings. 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	5	5	2	2	5	5		
D M Campbell	5	5			5	5	2	2
W J Falconer	5	5	2	2			2	2
S N Hurley	5	5			5	5		
R M McCluskey	5	5			5	5		
J K McLay	5	5	2	2			2	2

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, 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.

MAILING LIST & RECEIVING NEWS RELEASES BY EMAIL

If you wish to be added to the mailing list for annual and half-yearly reports and other items sent to all shareholders and convertible noteholders, contact the corporate office at the address listed in the corporate directory. If you wish to be added to the mailing list for distribution of news releases, please email us at info@evergreen.co.nz

FINANCIAL TIMETABLE

Please refer to the corporate directory on the inside back cover of this annual report.

HOLDER INFORMATION – TWENTY LARGEST SHAREHOLDERS

AS AT 20 SEPTEMBER 2002

SHAREHOLDERS	SHARES	PERCENTAGE
SHAREHOLDERS		
WESTPAC BANKING CORPORATION - CLIENT ASSETS NO 2 - NZCSD A/C	65,276,236	45.0%
ANZ NOMINEES LIMITED - A/C NZCSD	33,505,248	23.1%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - A/C NZCSD	10,191,134	7.0%
HENDRY NOMINEES LIMITED	5,475,267	3.8%
NATIONAL NOMINEES NEW ZEALAND LIMITED - A/C NZCSD	5,417,556	3.7%
STERLING NOMINEES LIMITED - NO 5 ACCOUNT	1,290,500	0.9%
DONALD M CAMPBELL	1,198,800	0.8%
LA GROUW HOLDINGS LIMITED	1,030,029	0.7%
HAMBRECHT & QUIST GUARANTY FINANCE	877,601	0.6%
DANIELL CASE 111	787,496	0.5%
PAKIHI INVESTMENTS LIMITED	700,000	0.5%
CHIU-HING CHAN	660,000	0.5%
DANIEL H CASE	512,504	0.4%
MING CHOW & FOOK KOM WONG	309,692	0.2%
JOHN HALL	300,000	0.2%
THE TRUSTEES EXECUTORS AND AGENCY COMPANY OF NEW ZEALAND - A/C NZCSD	300,000	0.2%
WAI CHUN SO	300,000	0.2%
SELWYN WALTER SKUDDER	210,300	0.1%
FORBAR CUSTODIANS LIMITED	165,450	0.1%
JOHN GERRARD MURPHY	161,500	0.1%

HOLDER INFORMATION – SPREAD OF SHAREHOLDING BY SIZE

AS AT 20 SEPTEMBER 2002

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
SIZE OF HOLDING				
1 to 999	142	7.19%	60,628	0.04%
1,000 to 4,999	860	43.52%	2,002,491	1.38%
5,000 to 9,999	416	21.05%	2,429,000	1.67%
10,000 to 49,999	487	24.65%	7,890,103	5.44%
50,000 to 99,999	33	1.67%	2,011,477	1.39%
100,000 to 499,999	25	1.27%	3,813,001	2.63%
500,000 to 999,999	5	0.25%	3,537,601	2.44%
1,000,000+	8	0.40%	123,384,770	85.02%
	1,976	100.00%	145,129,071	100.00%

HOLDER INFORMATION – TWENTY LARGEST NOTEHOLDERS

AS AT 20 SEPTEMBER 2002

NOTEHOLDERS	NOTES	PERCENTAGE
NOTEHOLDERS		
NATIONAL NOMINEES NEW ZEALAND LIMITED - A/C NZCSD	6,436,573	29.3%
HAMBRECHT & QUIST GUARANTY FINANCE	5,299,939	24.1%
ALPS INVESTMENT LLC	2,533,333	11.5%
MICHAEL D FULTON & KATHERYN E COLE	2,306,401	10.5%
HENDRY NOMINEES LIMITED	1,318,007	6.0%
WESTPAC NOMINEES (NZ) LIMITED - A/C NZCSD	1,095,604	5.0%
MARK STAFFORD BOGLE	571,234	2.6%
DELAWARE CHARTER GUARANTY & TRUST	375,000	1.7%
DAVID EDWARD SAYER	225,967	1.0%
DONALD M CAMPBELL	199,800	0.9%
PETER DAVID WILSON	90,000	0.4%
NEW ZEALAND METHODIST TRUST ASSOCIATION	60,000	0.3%
THE TRUSTEES EXECUTORS AND AGENCY COMPANY OF NEW ZEALAND - A/C NZCSD	50,000	0.2%
CRAIG JOHN THOMPSON	50,000	0.2%
BARRY GLEN HERBISON	43,419	0.2%
ASB NOMINEES LIMITED	38,334	0.2%
DANIEL H CASE	37,398	0.2%
DONALD THOMAS BRASH	35,000	0.2%
GATOR PROPERTIES LIMITED	32,052	0.1%
ANDREWS FAMILY NOMINEES LIMITED	28,500	0.1%

HOLDER INFORMATION – SPREAD OF NOTEHOLDING BY SIZE

AS AT 20 SEPTEMBER 2002

SIZE OF HOLDING	NUMBER OF NOTEHOLDERS	% OF NOTEHOLDERS	NUMBER OF NOTES	% OF NOTES
SIZE OF HOLDING				
1 to 999	228	44.36%	123,675	0.56%
1,000 to 4,999	213	41.44%	396,616	1.81%
5,000 to 9,999	19	3.70%	114,394	0.52%
10,000 to 49,999	40	7.78%	710,940	3.24%
50,000 to 99,999	4	0.78%	250,000	1.14%
100,000 to 499,999	3	0.58%	800,767	3.65%
500,000 to 999,999	1	0.19%	571,234	2.60%
1,000,000+	6	1.17%	18,989,857	86.48%
	514	100.00%	21,957,483	100.00%

BOARD OF DIRECTORS

PETER D. WILSON

Aged 61, 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.

JAMES K. MCLAY

Aged 57, 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 Unichem Chemists Limited and associated companies and Executive Chairman of Macquarie New Zealand Limited and associated companies. He is a Director of Neuronz Limited and of Abyssinian Holdings Limited. He received the Queen's Service Order (QSO), and has obtained a Bachelor of Law (LLB) degree from Auckland University.

WILLIAM J. FALCONER

Aged 63, 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. He is a Director of Westfield Management 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 63, 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 Guaranty Finance Management, LLC, which serves as manager 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 guarantees. 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.

CORPORATE DIRECTORY

AS AT 20 SEPTEMBER 2002

DIRECTORS

Peter D. Wilson, CA, Chairman

Resident: Wellington, New Zealand

Donald M. Campbell, BSc (Highest Distinction)
(Nebraska), MBA (Stanford)

Resident: San Francisco, California, USA

William J. Falconer, CNZM, LLB

Resident: Cambridge, New Zealand

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, CFIP

Treasurer

Vivek Singh, BCom, CA

Chief Financial Officer

FINANCIAL TIMETABLE

The following is Evergreen's timetable for the scheduled release on information:

Annual result announcement	Third week in August
Annual report distributed	First week in October
Annual general meeting	First week in November
Half year result announced	Second week in February
Half year report distributed	First week in March

DIRECTORY

Registered Office

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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 64-9-488 8700 Fax 64-9-488 8787

Auditors

PricewaterhouseCoopers, Auckland

ADR Depositary 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"). 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	USA
Ordinary Shares	EVF	—
Convertible Notes	EVFGA	—
ADRs	—	EVFSY