

## CHH Result

The impact of the Asian economic crisis is clearly reflected in the substantial drop in earnings by Carter Holt Harvey in the nine months ended 31 December 1998. The company reported that earnings for the period, before restructuring changes, were \$51 million compared to \$129 million. Net consolidated earnings were \$25 million compared to \$127 million for the same period last year, while net sales for the nine months were \$2,092 million compared to \$2,282 million a year earlier.

CHH chief executive officer, John Faraci said that earnings for the year to date had been "severely impacted by the Asian economic crisis and weak domestic markets resulting in low prices for the company's logs, timber, pulp and paper products."

However, he noted that the earnings before interest and tax (EBIT) in the third quarter had improved when compared to the previous quarter, the first quarter of improvement since the Asian crisis started to impact the company back in January 1998.

CHH Forests' earnings for the year to date had been negatively affected by volume and price declines. However, export log sales continued to improve during the third quarter with sales of 384,000 tonnes, 61 per cent ahead of the preceding quarter. The increased export log volumes were the result of the continuing improvement in the Korean economy.

## An Evergreen Profit

Evergreen Forests Limited has announced its first operating profit and announced an innovative capital issue. The listed forestry owner, is to raise \$21.9 million through an innovative zero coupon convertible note issue.

Evergreen also announced its first operating profit from harvesting activities, for the six months to 31<sup>st</sup> December 1998, of \$890,000 (1997 half year loss of \$186,000), following the commencement of harvesting in Northland late last year.

Total operating revenue for the six months reached \$2.393 million (1997 \$222,000). Chief Executive, Mark Bogle, said that although pruned log prices had eased slightly in recent months, this was regarded as a temporary situation and demand for

unpruned sawlogs was recovering in traditional Korean and Japanese markets. There was also encouraging news of improved access to the US market, he said. The issue of \$21.9 million will be fully underwritten by Hambrecht and Quist Guaranty Finance (HQGF), a subsidiary of the large United States investment bank, Hambrecht and Quist. Chairman, Peter Wilson, said the one-for-six renounceable pro-rata issue of convertible notes of \$1.00 each will have a ten-year term but with the ability to convert into shares at the investors option at any time before the redemption date.

Interest on the notes will accrue and on redemption after 10 years the noteholders who have not converted, will receive a cash return of \$2.00 per note for the \$1.00 investment, equivalent to a compounding annual pre-tax return of 7.18 per cent.

Describing the notes as an "innovative concept", Mr Wilson said the advantage of the notes was that they provided investors an opportunity to invest at a low point in the forestry cycle, with downside protection through the secured fixed return.

## ISO certification for Timberlands West Coast

Timberlands West Coast Ltd has been awarded a Green Dove ISO 14001 environmental management certification for the company's forestry management methods. Following months of extensive analysis and auditing of the company's environmental management systems by numerous organisations and bodies, culminating with the world's largest standards certification organisation, SGS International Certification Pty Ltd; Timberlands' exotic and indigenous forest management was certified as meeting the international requirements and awarded ISO 14001:1996.

"We are delighted to receive this certification which acknowledges the hard work and determination of the company to meet these internationally recognised and environmentally aware standards," says Warren Young, chairman, Timberlands West Coast.

"The ISO 14001 award is a significant achievement in Timberlands' history and, indeed, for New Zealand indigenous forestry generally. Timberlands is also well on the way towards meeting the requirements for Forest Stewardship Certification - the ultimate

in sustainable forestry management standards."

State Owned Enterprises Minister Tony Ryall said that as the first New Zealand forestry company to receive this environmental management award for indigenous forest practices, Timberlands is helping to position this country as an important player in the global requirement for sustainable use of resources.

The International Organisation for Standardisation (ISO) developed ISO 14001 as the international benchmark for environmental management systems.

"Timberlands' work ethic is of low impact environmentally sensitive best practice," said the company's Chief Executive Dave Hilliard.

"The epitome of this is illustrated by our leading edge sustainable indigenous forestry management system. To receive global recognition for this and our overall forestry practice through the ISO 14001 certification endorses our strengths in this field."

The ISO 14001 standard sets out requirements to ensure that an organisation complies with its own environmental policy.

## Rural-Urban split on West Coast Beech Issue

A clear rural-urban split emerged in submissions on plans prepared by Timberlands West Coast Limited (TWC) for the sustainable management of Crown-owned beech forests in North Westland.

Submissions were made to the Ministry of Agriculture and Forestry and, although the process did not have a statutory basis it enabled MAF to gauge the views of interested parties on the management provisions in the TWC Plans. MAF subsequently released a report covering the range of concerns identified by submitters, with details as follows below:

An independent consultant categorised 36 submissions as "substantive" (i.e., they contain well informed comment on a range of issues relevant to the Plans, underpinned by scientific or other reasoning). These substantive submissions were evenly divided on the issue of support for, or opposition to, the Plans: 15 in support, 15 in opposition; and 6 neutral.

A further 5214 submissions also contain some thoughtful analysis. All issues raised