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The 2001-2002 financial year was the first full year of operations for the Commission. We are pleased to advise that the Commission was able to return good operating profits for the year, despite difficult trading conditions.

The Commission's financial results for the year and financial position as at 30th June 2002 are summarised below. The summary of financial performance and ratios in this overview reflect the results after adjusting for matters detailed in Note 4 to the Financial Statements.

| | 2002 | 2001 (33 weeks) |
|--|----------------|--------------------|
| | (\$'000) | (\$'000) |
| Summary of financial performance: | | |
| Total revenue from ordinary activities | 113,892 | 80,921 |
| Profit after income tax equivalents | 3,105 | 7,790 |
| Summary of financial position: | | |
| | 2002 | 2001 |
| | (\$'000) | (\$'000) |
| Current assets | 31,462 | 25,531 |
| Non current assets | 308,460 | 302,529 |
| Total Assets | 339,922 | 328,060 |
| Current liabilities | 20,207 | 24,355 |
| Non current liabilities | 79,930 | 78,958 |
| Total liabilities | 100,137 | 103,313 |
| Net assets/total equity | 239,785 | 224,747 |

The following ratios reflect the financial performance of the Commission:

| | 2002 | 2001 |
|--|--------|--------|
| Return on equity after adjustments noted above | 1.29% | 3.47% |
| Return on assets after adjustments noted above | 3.43% | 4.47% |
| Debt to equity | 34.36% | 34.26% |

Natural resource assets:

The net carrying value of the Commission's natural resource assets has decreased by \$1.2m this year. This is mainly attributable to a decrease in the valuation of the plantation reforestation program due to a change in accounting methodology. This decrease has been offset by an increase in native forest's valuation, due to a decrease in costs previously attributed to the Commission.

Debt to equity:

The debt to equity ratio continues to be adversely affected by \$75m interest-bearing liabilities transferred to the Commission from the Department of Conservation and Land Management on the Commission's inception in 2000, for which the Commission received no compensating assets. Showing a compensating increase in assets for these liabilities improves the Commission's debt to equity ratio to 26%. Negotiations are underway with the department for the transfer of these assets.