

## Log Production

### PF Olsen Group Scheme FSC SW-FM/COC-000190

### PF Olsen West Coast Forests FSC SGS-FM/COC-000763

Aggregate log production is reported annually to the Y.E June year in tonnes.

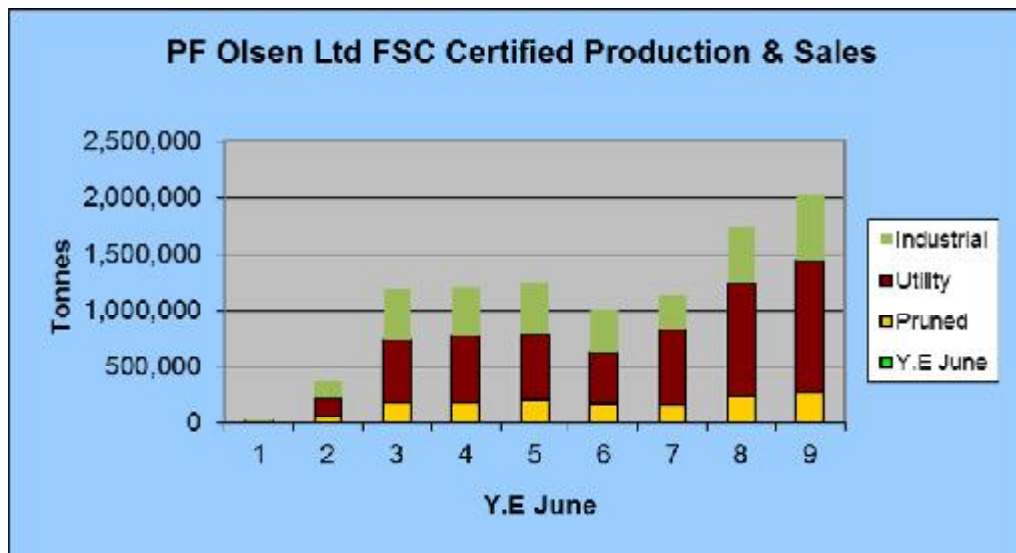
Production is reported in aggregated log categories representing a range of log grades that conform to a general form of value or enduse.

The aggregates are;

- Pruned Logs – all fully or partly pruned logs – usually of higher value and destined for domestic or export markets utilising solid finishing timbers.
- Utility Logs – Knotty and high stiffness logs destined for structural and semi-structural use in domestic and internationally based construction markets.
- Industrial Logs – Lower grade logs and residues used in the manufacture of wood pulp, paper and fibreboard products as well as roundwood for agricultural posts & poles.



Production statistics for the past years are listed and graphed below. Reflecting the rapid increase in the Group Scheme membership, there was a rapid rise in the production from eligible forests, checked in the 2007/08 year by a marked market contraction following the US housing crisis and slowing economic conditions domestically and in many key markets.



*Note – includes West Coast Forest production totals also*

This trend persisted into 2009 following the world financial crisis despite further new producing members coming into the group scheme and pushing totals back slightly upward.

The current year has shown a strong growth on the back of the more healthy Asian economic market conditions and expanding harvests from maturing FSC client forests.

<b>PF Olsen Ltd FSC Log Production Summary</b>									
<b>Y.E June</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Pruned</b>	98	47,798	186,156	188,691	203,469	176,252	165,731	236,664	270,088
<b>Utility</b>	12,033	166,903	555,875	585,755	584,192	446,873	663,985	998,553	1,171,198
<b>Industrial</b>	4,471	155,997	447,704	430,083	460,818	388,484	311,864	505,319	583,091
<b>Total Tonnes</b>	16,601	370,698	1,189,735	1,204,529	1,248,478	1,011,609	1,141,580	1,740,536	2,024,377

Uptake of the FSC certified product into requiring markets remains inconsistent around the country depending upon customer requirements, but that lack of consistency is diminishing and in some areas demand for certified products is exceeding current supply.

As predicted, there has been a rapid rise in interest in FSC certification, a ripple effect as all corporate estates become certified and processing operations, especially pulp and paper seek FSC feedstock.

On-sales of FSC logs through export markets mean that from 2006 it was no longer possible to provide reliable data on the total proportion of volume from FSC forests that ends up utilised in FSC labelled timber manufacturing or processing operations. In past years this had approximated 50-60% of total FSC log production while in 2005/06 year 28% of total FSC sourced production was used in FSC Certified domestic NZ based processing.

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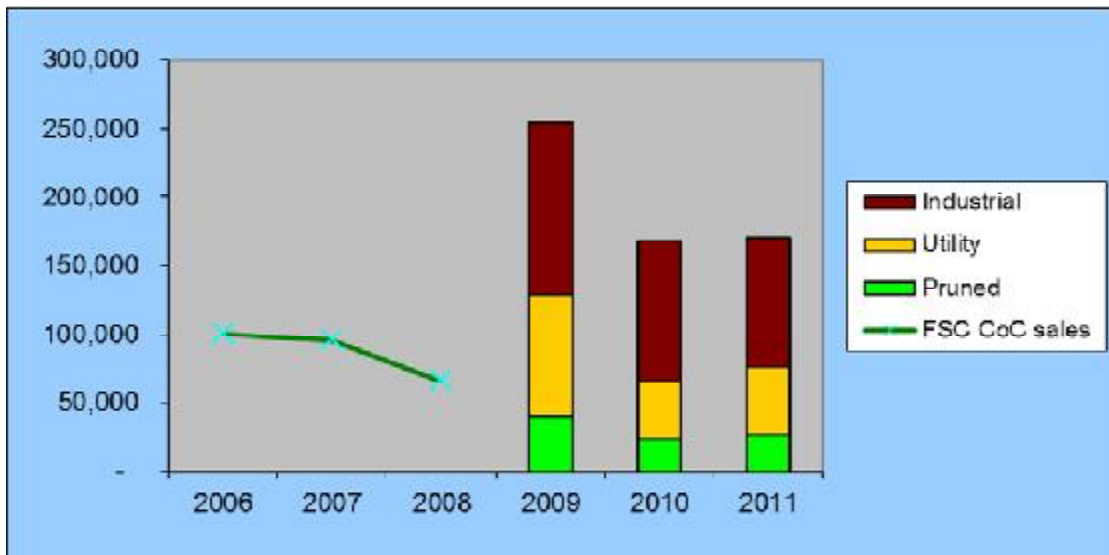
### PF Olsen West Coast Forests FSC SGS-FM/COC-000763

From the 1st of January 2009, PF Olsen Ltd took over management of the West Coast Forests estate. All log sale transactions are now handled through the PF Olsen “Woodtrack” system.

All the forests on the West Coast come under one original FSC certificate and all resulting sales are of “FSC certified” logs albeit the processor to whom the logs are sold may choose not to maintain the chain of custody(CoC) and sell the resulting processed material as non-certified material. The total volume sold from the West Coast forests for the period 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009 is represented below.

In past years, the forests under this certificate have reported their sales of logs to FSC certified “chain of custody” processors and this has been done on a December year basis. That historical record is represented below on the “FSC CoC” line.

#### West Coast Forests Total Production – 1<sup>st</sup> July to 30<sup>th</sup> June AND Historical sales to FSC Certified Customers 1<sup>st</sup> January to 31<sup>st</sup> December.



PF Olsen Ltd FSC West Coast Forests Log Production Summary									
Y.E June	2003	2004	2005	2006	2007	2008	2009	2010	2011
Pruned	-	-	-	-	-	-	40,399	23,621	26,145
Utility	-	-	-	-	-	-	89,018	42,459	50,048
Industrial	-	-	-	-	-	-	125,347	100,931	93,974
Total Tonni	-	-	-	-	-	-	254,764	167,011	170,167
<b>FSC CoC Log Sales</b>									
FSC				100,563.00	95876	66129	0	0	0