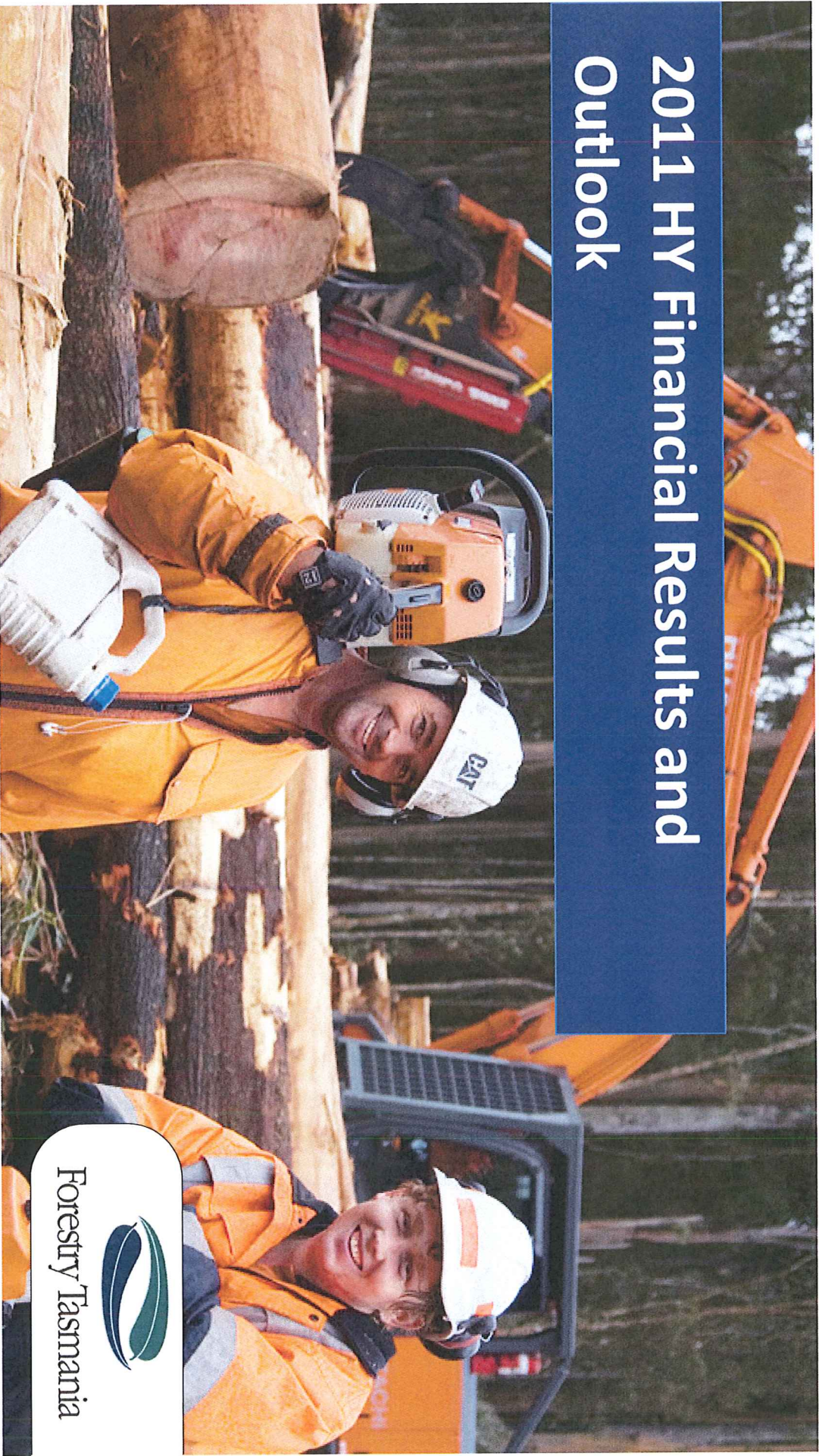


2011 HY Financial Results and Outlook



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HY11 Operating Environment

- High level of uncertainty (Forest Industry Strategy)
- Chinese demand strong – prices rising
- Strong demand for whole log exports
- Negotiations with sawmillers underway
- Short term outlook tough
- Long term outlook – rising int'l demand



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Strategic Initiatives

- Restructure and reduce operating costs
 - Amalgamation of Mersey district
 - Reduce workforce to 350 by June 30 (from 540 in 2008)
 - Seek CSO recognition
 - Negotiating higher stumpage prices
- Prepare for post Forest Industry transition
 - Assist the transition process (scenario modelling)
 - Managing Industry and ENGO expectations (Statement of Principles)
 - Managing the transition out of native forest harvesting and processing by Gunns
 - Develop high value alternatives to export woodchips
 - Broaden customer base – export strategy, new customers



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Financial Highlights

Financial Highlights (unaudited) for six months to December 31 2010	HY10	HY 11
Revenue from forest sales	\$69.860m	\$80.449m
Tourism revenue	\$0.924m	\$0.914m
Other income	\$8.027m	\$8.167m
Operating Expenses	(\$72.741m)	(\$82.512m)
Operating Profit before CSO costs	\$6.069m	\$7.018m
CSO costs	(\$4.384m)	(\$4.809m)
Operating Profit	\$1.685m	\$2.209m

Economic contribution

	HY10	HY11
Employee Salaries	\$15.216m	\$13.905m
Contractors	\$32.822m	\$39.797m
Harvest and Transport as (% sales)	46.98%	49.47%
OPEX as % revenue	92.3%	92.2%

Outlook

- Uncertainty over size of resource available for FT to sell
- Uncertainty over pulp mill and native forest timber processing
- Growing int'l demand for timber products
- Closure of Hampshire and Tamar will decrease sales revenues

Conclusion

- An operating profit of \$7m for HY11 (if FT had been paid the cost of managing reserves)
- Int'l demand continues to grow – prices also on the way up
- Industry Review underway – hard decisions need to be made
- Business focus – reposition FT to seize new emerging opportunities and assist with the transition



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end of presentation