



Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details	Company/scheme name	WA PLANTATION RESOURCES PTY LTD
	ACN/ARSN/PIN/ABN	094 151 792

Lodgement details	Who should ASIC contact if there is a query about this form?		
	ASIC registered agent number (if applicable)		
	Firm/organisation		
	Contact name/position description		Telephone number (during business hours)
	Email address (optional)		
	Postal address		
	Suburb/City	State/Territory	Postcode

An image of this form will be available as part of the public register.

24 APR 2012
 BC

1 Reason for lodgement of statement and reports

Tick appropriate box.	<input type="checkbox"/>	A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking	(A)
See Guide for definition of Tier 2 public company limited by guarantee	<input type="checkbox"/>	A Tier 2 public company limited by guarantee	(L)
	<input type="checkbox"/>	A registered scheme	(B)
	<input type="checkbox"/>	Amendment of financial statements or directors' report (company)	(C)
	<input type="checkbox"/>	Amendment of financial statements or directors' report (registered scheme)	(D)
See Guide for definition of large proprietary company	<input checked="" type="checkbox"/>	A large proprietary company that is not a disclosing entity	(H)
	<input type="checkbox"/>	A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity	(I)
See Guide for definition of small proprietary company	<input type="checkbox"/>	A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports	(J)
	<input type="checkbox"/>	A prescribed interest undertaking that is a disclosing entity	(K)
Dates on which financial year begins and ends	Financial year begins	to	Financial year ends
	01/01/11		31/12/11
	[D] [D] [M] [M] [Y] [Y]		[D] [D] [M] [M] [Y] [Y]

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's or reviewer's report

Tick one box and complete relevant section(s)

Were the financial statements audited or reviewed?

Audited - complete B only

Reviewed - complete A and B

No

If no, is there a class or other order exemption current for audit/review relief?

Yes

No

A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or National Institute of Accountants and holds a practising certificate issued by one of those bodies?

Yes

No

B. Audited or Reviewed

Is the opinion/conclusion in the report:

Modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

Yes

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

No

4 Details of current auditor or auditors

Notes:

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number (for individual auditor or authorised audit company)		
<input type="text"/>		
Family name	Given name	
<input type="text"/>	<input type="text"/>	
or		
Company name		
<input type="text"/>		
ACN/ABN		
<input type="text"/>		
or		
Firm name (if applicable)		
<input type="text" value="ERNST & YOUNG"/>		
Office, unit, level		
<input type="text" value="4"/>		
Street number and Street name		
<input type="text" value="11 MOUNTS BAY ROAD"/>		
Suburb/City	State/Territory	Postcode
<input type="text" value="PERTH"/>	<input type="text" value="WA"/>	<input type="text" value="6000"/>
Country (if not Australia)		
<input type="text"/>		
Date of appointment		
<input type="text" value="3"/>	<input type="text" value="1"/>	<input type="text" value="05, 05"/>
[D]	[M]	[Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)		
<input type="text"/>		
Family name	Given name	
<input type="text"/>	<input type="text"/>	
or		
Company name		
<input type="text"/>		
ACN/ABN		
<input type="text"/>		
or		
Firm name (if applicable)		
<input type="text"/>		
Office, unit, level		
<input type="text"/>		
Street number and Street name		
<input type="text"/>		
Suburb/City	State/Territory	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Country (if not Australia)		
<input type="text"/>		

5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

OR

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

Signature

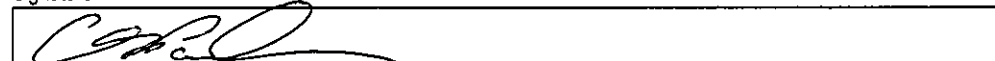
See Guide for details of signatory.

I certify that the attached documents marked (A) are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

CHRISTOPHER JOHN PALMER

Signature



Capacity

- Director
 Company secretary

Date signed

18 / 04 / 12
[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

For more information

Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.



WA PLANTATION RESOURCES PTY LTD

FINANCIAL REPORT

for the Financial Year Ended

31 December 2011

ABN: 98 094 151 792

ACN: 094 151 792

*THIS IS ANNEXURE A OF 29 PAGES
REFERRED TO IN FORM 388 - COPY OF
FINANCIAL STATEMENTS & REPORTS.*

[Signature] 18/12/12

A1/29

WA Plantation Resources Pty Ltd

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WA Plantation Resources Pty Ltd

General Information

Directors

Mr M. Akiyama
Mr S. Shimoda
Mr M. Watanabe
Mr H. Fujisawa
Mr S. Tomita
Mr N. Asahina

Registered office

53 Victoria Street
Bunbury, WA 6230

Auditors

Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

WA Plantation Resources Pty Ltd

Directors' Report

The directors of WA Plantation Resources Pty Ltd present the annual financial report for the financial year ended 31 December 2011. In accordance with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Mr M. Akiyama
Mr S. Shimoda
Mr M. Watanabe
Mr H. Fujisawa
Mr S. Tomita
Mr N. Asahina

Principal Activities

The consolidated entity's principal activities in the course of the financial year were the manufacture and export of woodchips, the provision of plantation management services and the development and maintenance of its plantation estate.

Review of Operations

Trading in woodchip exports was profitable and satisfactory having regard to continued subdued sales volume. The forecast reduction in the FOB price for 2012 has meant a significant downward revaluation of the plantation estate at December 2011, resulting in a combined after tax loss of \$4,860,000 compared to an after profit tax of \$6,230,000 in 2010.

Change in State of Affairs

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than as referred to in the financial statements or notes thereto.

Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

WA Chip & Pulp Co. Pty Ltd (a subsidiary) holds a licence issued by the Department of Environmental Protection to operate at the Bunbury Port facility as per the conditions of the Environmental Protection Act 1986. During the year under review all conditions relating to the licence were met.

WA Plantation Resources Pty Ltd

Directors' Report (continued)

Dividends

In respect of the financial year ended 31 December 2010, a final dividend of 5.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 28 September 2011.

In respect of the financial year ended 31 December 2011, a final dividend of 5.0 cents per share franked to 100% at 30% corporate income tax rate will be paid to the holders of fully paid ordinary shares prior to 30 September 2012. This has been provided for in the accounts of WA Plantation Resources Pty Ltd.

Share Options

No employee, executive or director share options were granted or were in place in the year ended 31 December 2011.

Indemnification of Officers and Auditors

The company has not, during or since the year ended 31 December 2011, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as an officer or auditor as such.

The company has paid a premium in respect of a contract insuring against a liability incurred by an officer. The premium paid was \$7,000. The company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 28 and forms part of the Directors' Report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



M. Watanabe

WA Plantation Resources Pty Ltd

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	CONSOLIDATED		COMPANY	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue					
Sale of goods	3(a)	84,540	95,826	-	-
Cost of sales		(73,830)	(83,606)	-	-
Gross profit on sale of goods		10,710	12,220	-	-
Plantation services	3(a)	9,703	8,608	-	-
Cost of services		(7,395)	(6,629)	-	-
Gross profit on services		2,308	1,979	-	-
Increase/(decrease) in value of plantations		(3,622)	11,416	-	-
Plantation costs		(11,057)	(11,211)	-	-
Gross profit/(loss) on plantations		(14,679)	205	-	-
Total gross profit/(loss)		(1,661)	14,404	-	-
Other revenue	3(a)	829	230	2,190	2,190
Administration expenses		(6,130)	(5,835)	-	(1)
Borrowing expenses	3(b)	(148)	(105)	-	-
Other expenses	3(b)	(4)	(8)	-	-
Profit before income tax		(7,114)	8,686	2,190	2,189
Income tax expense	4	2,254	(2,456)	-	-
Net profit for the year		(4,860)	6,230	2,190	2,189
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(4,860)	6,230	2,190	2,189

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

WA Plantation Resources Pty Ltd

Statement of Financial Position

AS AT 31 DECEMBER 2011

	Notes	CONSOLIDATED		COMPANY	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current Assets					
Cash assets	6	807	806	4	4
Short term deposits	7	-	-	-	-
Trade and other receivables	8	2,539	3,726	4,577	5,228
Inventories	9	12,574	8,343	-	-
Prepayments		4,128	3,721	-	-
Current Tax Asset		-	-	-	-
Total Current Assets		20,048	16,596	4,581	5,232
Non-current Assets					
Investments	10	-	-	39,462	39,462
Deferred income tax asset	4	-	-	2,576	1,924
Plantations	11	61,876	66,861	-	-
Property, plant and equipment	12	24,395	26,675	-	-
Total Non-current Assets		86,271	93,536	42,038	41,386
TOTAL ASSETS		106,319	110,132	46,619	46,618
LIABILITIES					
Current Liabilities					
Interest bearing loans & borrowings	13	7,396	589	-	-
Employee entitlements	14	963	839	-	-
Trade and other payables	15	8,138	9,568	-	-
Provisions	16	2,189	2,189	2,189	2,189
Total Current Liabilities		18,686	13,185	2,189	2,189
Non-current Liabilities					
Employee entitlements	14	92	102	-	-
Deferred income tax liabilities	4	16,236	18,490	-	-
Total Non-current Liabilities		16,328	18,592	-	-
TOTAL LIABILITIES		35,014	31,777	2,189	2,189
NET ASSETS		71,305	78,355	44,430	44,429
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	17	43,771	43,771	43,771	43,771
Retained earnings	18	27,534	34,584	659	658
TOTAL EQUITY		71,305	78,355	44,430	44,429

The above statement of financial position should be read in conjunction with the accompanying notes.

WA Plantation Resources Pty Ltd

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
		<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cash flows from operating activities					
Receipts from customers		97,066	113,252	-	-
Payments to suppliers and employees		(101,590)	(108,244)	-	-
Interest received		181	195	1	1
Income tax refund/(paid)		66	637	66	637
Interest paid		(148)	(105)	-	-
Dividends received		-	-	2,189	2,189
Net cash flows from operating activities	6	<u>(4,425)</u>	<u>5,735</u>	<u>2,256</u>	<u>2,827</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		551	133	-	-
Purchase of property, plant and equipment		(743)	(689)	-	-
Net cash flows used in investing activities		<u>(192)</u>	<u>(556)</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities					
(Loans repaid)/proceeds from borrowings		6,807	(2,364)	-	-
(Increase) /decrease in deposits		-	-	-	-
Borrowings from related parties		-	-	(67)	(641)
Dividends paid:					
- members of the parent entity	5	(2,189)	(2,189)	(2,189)	(2,189)
Net cash flows from/(used in) financing activities		<u>4,618</u>	<u>(4,553)</u>	<u>(2,256)</u>	<u>(2,830)</u>
Net increase/ (decrease) in cash and cash equivalents		1	626	0	(3)
Cash and cash equivalents at beginning of period		806	180	4	7
Cash and cash equivalents at end of period	6	<u>807</u>	<u>806</u>	<u>4</u>	<u>4</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

WA Plantation Resources Pty Ltd

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Attributable to equity holders of the company</i>		<i>Total equity</i>
	<i>Issued Capital</i> \$'000	<i>Retained Earnings</i> \$'000	\$'000
CONSOLIDATED			
At 1 January 2010	43,771	30,542	74,313
Profit/(loss) for the year	-	6,230	6,230
Total comprehensive income for the year	-	6,230	6,230
Transactions with owners in their capacity as owners:			
Equity dividends	-	(2,189)	(2,189)
At 31 December 2010	43,771	34,584	78,355
Profit/(loss) for the year	-	(4,860)	-
Total comprehensive income for the year	-	(4,860)	-
Transactions with owners in their capacity as owners:			
Equity dividends	-	(2,189)	-
At 31 December 2011	43,711	27,534	78,355
COMPANY			
At 1 January 2010	43,771	657	44,428
Profit/(loss) for the year	-	2,189	2,189
Total comprehensive income for the year	-	2,189	2,189
Transactions with owners in their capacity as owners:			
Equity dividends	-	(2,189)	(2,189)
At 31 December 2010	43,771	658	44,429
Profit/(loss) for the year	-	2,190	2,190
Total comprehensive income for the year	-	2,190	2,190
Transactions with owners in their capacity as owners:			
Equity dividends	-	(2,189)	(2,189)
At 31 December 2011	43,771	659	44,430

The above Statement of Changes of Equity should be read in conjunction with the accompanying notes.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This special purpose financial report has been prepared for distribution to the members of the company to fulfil the directors' financial reporting requirements under the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 10 April 2012. The accounting policies used in the preparation of this report, as described below, are, in the opinion of the directors, appropriate to meet the needs of the members.

The requirements of Australian Accounting Standards do not have mandatory applicability to WA Plantation Resources Pty Ltd because it is not a "reporting entity". However, the directors have determined that in order for the financial report to give a true and fair view of the company's financial position and performance, the requirements of Australian Accounting Standards relating to the recognition, measurement and classification of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the directors have prepared the financial report in accordance with the Corporations Act 2001, the recognition, measurement and classification requirements of Australian Accounting Standards and the disclosure requirements of Accounting Standards *AASB 101 Presentation of Financial Statements*, *AASB 107 Cash Flow Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The full disclosure requirements of the other accounting standards may not have been complied with.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies. WA Plantations Resources Pty Ltd is a company limited by shares incorporated in Australia. The nature of the operations and principal activities of the group are described in the Director's Report.

(b) Statement of compliance

The financial report has been prepared in accordance with the Corporations Act 2001, and the basis of accounting and disclosure requirements specified by all Australian Accounting Standards and Interpretations. Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2011. The directors have assessed the impact of these standards and interpretations and it is not expected they will require any changes to the Group's accounting policies nor have any impact on the Group.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of WA Plantation Resources Pty Ltd and its subsidiaries as at 31 December each year ('the consolidated entity').

All intercompany balances and transactions, including unrealised profits arising from intra-consolidated entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

(d) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by directors.

(f) Property, plant and equipment

Plant and equipment and buildings are stated at cost less accumulated depreciation and any impairment in value.

Land is held at cost less any impairment in value.

Depreciation is calculated on a straight line basis over the estimated life of the assets as follows:

Buildings – 20 to 30 years

Plant and equipment – 5 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Derecognition & Disposal

An item of Property, Plant & Equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred. WA Plantation Resources Pty Ltd does not hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing & temporary investment income earned on the borrowing).

(h) Recoverable amount of assets

At each reporting date, the Consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or consolidated entity's of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Investments

Investments in controlled entities are recorded at cost.

(j) Plantations

Plantations are valued at estimated fair market value in accordance with accounting standard AASB 141 "Agriculture".

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

(l) Trade and other receivables

Trade receivables, which generally have 7 to 30 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

(n) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the fair value of the consideration received net of issue costs associated with the borrowing.

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Interest

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Key accounting judgments, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Valuation of plantations

The basis of the plantation valuation, together with the judgments, estimates and assumptions used, is set out in note 10.

Operating lease commitments

The Group has entered into commercial property leases. The Group has classified the leases as operating leases because the landowner retains all the significant risks and rewards of ownership of these properties.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

2 GOING CONCERN

At 31 December 2011, the group had a bank bill business loan borrowing of \$6,750,000 under its borrowing facilities with its banker. The borrowings are included as current liabilities as the facilities have a current expiry date of 30 June 2012. Based on cash flow forecasts, the group requires borrowing facilities past the current expiry date in order to ensure that it has sufficient funding available to meet working capital requirements.

The group is presently in negotiations with its bankers to extend the present facilities. Whilst the directors are confident that the facilities will be renewed until this occurs, there is uncertainty that the group and the company will continue as going concerns. Should the group and the company not be able to continue as going concerns, there is significant uncertainty as to whether the group and the company will be able to realise their assets and extinguish their liabilities in the ordinary course of business and at the amounts stated in this financial report. This financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the group and the company not be able to continue as going concerns.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

3 REVENUES AND EXPENSES

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Sales revenue:				
Sale of woodchips	84,303	95,826	-	-
Sale of logs	237	-	-	-
	<u>84,540</u>	<u>95,826</u>	-	-
Plantation services				
Contract services	8,385	7,445	-	-
Nursery sales	1,318	1,163	-	-
	<u>9,703</u>	<u>8,608</u>	-	-
Total revenue	<u>94,243</u>	<u>104,434</u>	-	-
Other revenue and income				
Interest revenue (other entities)	181	195	1	1
Gain on disposal of land	278	-	-	-
Gain on disposal of assets	31	26	-	-
Bad debts recovered	-	4	-	-
Miscellaneous income	339	5	-	-
	<u>829</u>	<u>230</u>	<u>1</u>	<u>1</u>
Dividends:				
Wholly-owned controlled entities-				
2010 Final	-	-	-	2,189
2011 Final	-	-	2,189	-
	-	-	<u>2,189</u>	<u>2,189</u>
Total revenue and other income	<u>95,072</u>	<u>104,664</u>	<u>2,190</u>	<u>2,190</u>
(b) Expenses				
Borrowing costs				
Interest:				
Other entities	148	105	-	-
Depreciation of non-current assets:				
Property, plant and equipment	2747	2,913	-	-
Buildings	33	34	-	-
	<u>2,780</u>	<u>2,947</u>	-	-
Net transfers to provisions:				
Employee entitlements	114	(30)	-	-
Other expenses				
Bad Debts	-	-	-	-
Miscellaneous expenses	4	8	-	-
	<u>4</u>	<u>8</u>	-	-

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

4 INCOME TAX

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

Major components of income tax expense for the years ended 31 December 2011 and 2010 are:

Income Statement

Current income tax

Current income tax charge	(647)	(25)	-	-
Adjustments in respect of current income tax of previous years	(5)	(30)	-	-

Deferred income tax

Relating to origination and reversal of temporary differences	(1,602)	2,511	-	-
Income tax expense reported in income statement	2,254	2,456	-	-

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated entity's effective income tax rate for the years ended 31 December 2011 and 2010 is as follows:

Accounting profit/loss before tax	(7,114)	8,686	2,190	2,189
At the statutory income tax rate of 30% (2010: 30%)	(2,134)	2,606	657	657
Adjustments in respect of current income tax of previous years	(5)	(30)	-	-
Expenditure not allowable for income tax purposes	10	10	-	-
Research & development deductions	(121)	(129)	-	-
Other	(4)	(1)	-	-
Dividends from subsidiaries	-	-	(657)	(657)
At effective income tax rate of 31.7% (2010: 28.3%)	(2,254)	2,456	-	-
Income tax expense reported in income statement	(2,254)	2,456	-	-

Deferred income tax

Deferred income tax at 31 December relates to the following:

BALANCE SHEET

Deferred income tax liabilities

Sundry Debtors (Diesel Fuel Rebate)	(3)	(4)	-	-
Consumables	(335)	(259)	-	-
Prepayments	(337)	(452)	-	-
Plantations	(18,563)	(20,058)	-	-
Property, Plant & Equipment	-	-	-	-
Gross deferred income tax liabilities	(19,238)	(20,773)	-	-

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

4 INCOME TAX (continued)

CONSOLIDATED		COMPANY	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000

BALANCE SHEET (continued)

Deferred income tax assets

Property, Plant & Equipment	84	52	-	-
Sundry Accruals	26	25	-	-
Employee Entitlements	316	282	-	-
Tax Loss	2,576	1,924	2,576	1,924
Gross deferred income tax assets	3,002	2,283	2,576	1,924
Net deferred income tax	(16,236)	(18,490)	2,576	1,924

Tax consolidation

WA Plantation Resources Pty Ltd and its 100% owned subsidiaries are members of a consolidated tax group. All members of the consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the consolidated tax group is WA Plantation Resources Pty Ltd.

5 DIVIDENDS PAID AND PROPOSED

CONSOLIDATED		COMPANY	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000

Declared and paid during the year:

Dividends on ordinary shares:

Final franked dividend for 2010: 5.0 cents (2009: 5.0 cents)	2,189	2,189	2,189	2,189
	2,189	2,189	2,189	2,189

Declared and not paid during the year:

Dividends on ordinary shares:

Final franked dividend for 2011: 5.0 cents (2010: 5.0 cents)	2,189	2,189	2,189	2,189
	2,189	2,189	2,189	2,189

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- franking account balance as at the end of the financial year at 30% (2010: 30%)	9,398	10,402	366	366
	9,398	10,402	366	366

The amount of franking credits available for future reporting periods:

	9,398	10,402	366	366
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The tax rate at which paid dividends have been franked is 30% (2010: 30%)

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank and in hand	807	806	4	4

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents is \$807,000 (2010: \$806,000).

Reconciliation from the net profit after tax to the net cash flows from operations

Net profit	(4,860)	6,230	2,190	2,189
<i>Adjustments for:</i>				
Depreciation	2,781	2,947	-	-
(Profit) /loss on sale of non-current asset	(309)	(26)	-	-
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in inventories	(4,231)	(2,472)	-	-
(Increase)/decrease in trade and other receivables	1,187	6,127	-	-
(Increase)/decrease in prepayments	(407)	(135)	-	-
(Increase)/decrease in plantations	4,985	(8,736)	-	-
Increase/(decrease) in tax liabilities	66	637	2,320	(1,819)
(Decrease)/increase in deferred income tax liabilities	(2,254)	2,456	(2,254)	2,456
(Decrease)/increase in employee entitlements	114	(30)	-	-
(Decrease)/increase in trade and other payables	(782)	(1,546)	-	1
(Decrease)/increase in unearned income	(648)	283	-	-
Net cash from operating activities	(4,425)	5,735	2,256	2,827

7 SHORT TERM DEPOSITS

WA Plantation Resources Pty Ltd makes use of the deposit facility with Marubeni Australia Ltd when excess funds are available. Marubeni Australia Ltd is a fellow subsidiary of Marubeni Corporation (the ultimate parent entity).

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WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
8 TRADE AND OTHER RECEIVABLES (CURRENT)				
Trade receivables	1,397	2,468	-	66
Provision for doubtful debts	-	-	-	-
	1,397	2,468	-	66
Related party receivables:				
Marubeni	18	-	-	-
Subsidiaries	-	-	4,577	5,162
GST recoverable	1,124	1,258	-	-
	2,539	3,726	4,577	5,228

Trade receivables are non-interest bearing and are generally on 7 to 30 day terms. Other related party receivables are intercompany receivables and are interest free and payable on demand. The net of GST receivable and GST payable is recovered from the appropriate tax body on a monthly basis.

9 INVENTORIES

Raw materials (at cost)	1,823	1,491	-	-
Finished goods (at lower of cost and net realisable value)	10,751	6,852	-	-
Total inventories at lower of cost and net realisable value	12,574	8,343	-	-

10 INVESTMENTS

Unlisted investments (Controlled Entities South West Forest Holdings Pty Ltd and WA Chip & Pulp Co Pty Ltd).	-	-	39,462	39,462
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11 PLANTATIONS

Net market value	61,876	66,861	-	-
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The plantation estate consists of 23,970 hectares of Eucalyptus (average age of 5 years), 122 hectares of Pinus Radiata (average age of 30 years), and 200 hectares of Native (average age of 100 years).

Net market value less cost to sell is determined by reference to (1) cost for young plantations and (2) net present value methodology with a discount rate considered appropriate to the term and risk of the assets for the remainder. Expected revenues are calculated from most recent yield forecasts and anticipated future log prices, net of future expenditure estimates with prices being based on current market conditions. Future plantation expenditures are based on known lease costs and estimated plantation management costs.

No value is placed on the native forest due to uncertainty regarding obtaining government permission to harvest. Harvesting value represents the proceeds of harvesting undertaken during the year.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

11 PLANTATIONS (continued)

Plantations	Area Hectares	2011			2010			Harvest Value \$'000
		Net mkt value \$'000	Change in NMV \$'000	Harvest Value \$'000	Area Hectares	Net mkt value \$'000	Change in NMV \$'000	
Eucalyptus	23,970	61,360	(3,776)	(1,125)	20,519	66,261	11,356	(2,681)
Pine	122	516	154	(238)	147	600	60	-
Native	200	-	-	-	200	-	-	-
Total	24,292	61,876	(3,622)	(1,363)	20,866	66,861	11,416	(2,681)

Plantations with a carrying amount of consolidated \$7,391,000 are subject to a first charge mortgage for a bank loan as disclosed in note 13.

12 PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold Land \$'000</i>	<i>Buildings \$'000</i>	<i>Plant and Equipment \$'000</i>	<i>Work in Progress \$'000</i>	<i>Total \$'000</i>
Consolidated					
Year ended 31 December 2011					
At 1 January 2011, net of accumulated depreciation	9,467	608	16,558	42	26,675
Additions	-	46	672	22	740
Disposals – Asset	(205)	-	(200)	-	(405)
Disposals – Accumulated Depreciation	-	-	165	-	165
Depreciation charge for the year	-	(33)	(2,747)	-	(2,780)
Net of accumulated depreciation	9,262	621	14,448	64	24,395
At 31 December 2010					
Cost or fair value	9,467	988	37,664	42	48,161
Accumulated depreciation and impairment	-	(380)	(21,106)	-	(21,486)
Net carrying amount	9,467	608	16,558	42	26,675
At 31 December 2011					
Cost or fair value	9,262	1,034	38,136	64	48,496
Accumulated depreciation and impairment	-	(413)	(23,688)	-	(24,101)
Net carrying amount	9,262	621	14,448	64	24,395

Freehold land with a carrying amount of consolidated \$9,090,000 are subject to a first charge mortgage for a bank loan as disclosed in note 13.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

13 INTEREST BEARING LOANS & BORROWINGS

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Bank Bill Business Loan	6,750	-	-	-
Westpac Insurance Premium Finance	646	589	-	-
	<u>7,396</u>	<u>589</u>	<u>-</u>	<u>-</u>

The consolidated entity has a bank business loan facility of \$15,000,000 that is secured by a fixed and floating charge over all the assets of WA Chip & Pulp Co Pty Ltd and WACAP Treefarms Pty Ltd, and mortgages on freehold land and plantations with book values of consolidated \$9,090,000 and consolidated \$7,391,000 respectively. The loan is subject to an annual review and will expire on 30/06/2012. Interest is charged at the bank bill business rate plus margin rate of 1.4%, and is payable monthly in arrears.

The consolidated entity has a premium funding facility with Westpac which is secured to the extent of any refund payable on the cancellation of the insurance policy for which the loan was sought. The monthly amount repayable is \$84,043. Total finance costs associated with the funding facility are \$32,321.

At 31 December 2011 the consolidated entity was in breach of the interest cover covenant under the bank bill business loan facility as a result of the loss caused by the downward revaluation of plantations. The bank has agreed to forbear and continue the facility and arrangement under existing terms and conditions.

14 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:				
Provision for employee entitlements:				
Current	963	839	-	-
Non-current	92	102	-	-
	<u>1,055</u>	<u>941</u>	<u>-</u>	<u>-</u>
Number of employees at end of financial year	99	100	-	-

15 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		COMPANY	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables	6,599	7,381	-	-
Unearned income	1,538	2,187	-	-
	<u>8,138</u>	<u>9,568</u>	<u>-</u>	<u>-</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Intercompany payables are interest free and repayable on demand.

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

16 PROVISIONS

	<i>CONSOLIDATED</i> \$'000 <i>Dividend</i>	<i>COMPANY</i> \$'000 <i>Dividend</i>
Balance at 31 December 2010	2,189	2,189
Additional provisions recognised	2,189	2,189
Reductions arising from payment / other sacrifices of future economic benefits	(2,189)	(2,189)
Balance at 31 December 2011	2,189	2,189

The provision for dividends payable represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed as at reporting date, regardless of the extent to which they are expected to be paid in cash.

17 ISSUED CAPITAL AND RESERVES

	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Ordinary shares</i>				
Issued and fully paid	43,771	43,771	43,771	43,771
<i>Movement in ordinary shares on issue</i>				
At 31 December 2010	43,771	43,771	43,711	43,771
At 31 December 2011	43,771	43,771	43,711	43,771

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

18 RETAINED PROFITS

	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of financial year	34,584	30,542	658	657
Net profit attributable to members of the parent entity	(4,860)	6,230	2,190	2,189
Dividends provided for or paid	(2,189)	(2,189)	(2,189)	(2,189)
Balance at end of financial year	27,534	34,584	659	658

WA Plantation Resources Pty Ltd

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

19 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Lease commitments arise from leases that secure access to land for plantation establishment.

Future non-cancellable operating leases as at 31 December are as follows:

	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Within one year	10,136	9,346	-	-
After one year but not more than five years	31,563	30,427	-	-
More than five years	21,794	18,632	-	-
	<u>63,493</u>	<u>58,405</u>	-	-
Capital commitments				
Within one year	-	-	-	-
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 ECONOMIC DEPENDENCY

Approximately 90% (2010: 80%) of the consolidated entity's revenue is derived from the sale of woodchips to Marubeni Corporation, the ultimate parent entity, in accordance with a contract with effect from 1 January 2006.

21 EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in the future financial years.

22 AUDITOR'S REMUNERATION

	<i>CONSOLIDATED</i>		<i>COMPANY</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Amounts received or due and receivable by Ernst & Young Australia for:				
An audit or review of the financial report of the entity and any other entity in the consolidated entity	64,000	61,000	-	-
- Other services	22,000	20,000	-	-
	<u>86,000</u>	<u>81,000</u>	<u>-</u>	<u>-</u>

WA Plantation Resources Pty Ltd

Directors' Declaration

In accordance with a resolution of the directors of WA Plantation Resources Pty Ltd, I state that:

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporation's Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2011 and of their performance for the year ended on that date in accordance with the accounting policies described in note 1; and
 - (ii) complying with Accounting Standards to the extent described in note 1 and Corporations Regulations 2001; and
- (b) subject to the matters disclosed in Note 2, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors



M. Watanabe

Director

Independent auditor's report to the directors of WA Plantation Resources Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report of WA Plantation Resources Pty Ltd, which comprises the statements of financial position as at 31 December 2011, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of WA Plantation Resources Pty Ltd is in accordance with the *Corporations Act 2001*, including:

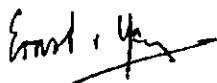
- a. giving a true and fair view of the company's and consolidated entity's financial positions as at 31 December 2011 and of their performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to the following matter. As a result of the matters described in Note 2 Going Concern to the financial report, there is significant uncertainty whether the company and the consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.



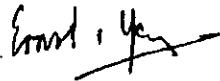
Ernst & Young



R A Kirkby
Partner
Perth
10 April 2012

Auditor's Independence Declaration to the Directors of WA Plantation Resources Pty Ltd

In relation to our audit of the financial report of WA Plantation Resources Pty Ltd for the financial year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



R A Kirkby
Partner
Perth
10 April 2012