Australian Securities & Investments Commission

Doc. Number: 028890672

0 9 MAY 2014

Form 388
Corporations Act 2001
294, 294B, 295, 298-301, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08, 2M.3.01, 2M.3.03

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
NIPPON PAPER RESOURCES AUSTRALIA PTY LTD

ACN/ARSN/PIN/ABN
070 211 004

Lodgement details

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

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation
NIPPON PAPER RESOURCES AUSTRALIA PTY LTD

Contact name/position description
NOBUYA ASAHINA (DIRECTOR)

Telephone number (during business hours)
(03) 8540 2599

Email address (optional)

Postal address
307 Ferntree Gully Rd

Suburb/City
Mt Waverley

State/Territory
Vic

Postcode
3149

1 Reason for lodgement of statement and reports

Tick appropriate box.

- [ ] A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- [ ] A Tier 2 public company limited by guarantee (L) — See Guide for definition of Tier 2 public company limited by guarantee
- [ ] A registered scheme (B)
- [ ] Amendment of financial statements or directors' report (company) (C)
- [ ] Amendment of financial statements or directors' report (registered scheme) (D)
- [ ] A large proprietary company that is not a disclosing entity (H) — See Guide for definition of large proprietary company
- [x] 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
- [ ] A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- [ ] A prescribed interest undertaking that is a disclosing entity (K)

Dates on which financial year begins and ends

Financial year begins 01/01/13 [D D] [M M] [Y Y] to Financial year ends 31/12/13 [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?

- [x] 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 Institute of Public 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
- [x] No

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

- [x] 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)*

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)
Advantage Advisors Audit Partnership

Office, unit, level
Level 7

Street number and Street name
114 William St

Suburb/City
Melbourne

State/Territory
Vic

Postcode
3000

Country (if not Australia)

Date of appointment
04/11/04
[D D] [M M] [Y 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)*

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia

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 ( ) are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

Motoki Aono

Signature

青野 基

Capacity

☐ Director

☑ Company secretary

Date signed

0 8 / 0 4 / 1 4
[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.

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.

For more information

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

NIPPON PAPER RESOURCES AUSTRALIA PTY LTD
ACN 070 211 004

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NIPPON PAPER RESOURCES AUSTRALIA PTY LTD
ACN 070 211 004

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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2013.

Directors
The names of the directors in office at any time during or since the end of the financial year are:

Nobuya Asahina
Shigeru Inoue
Masayuki Akiyama (resigned 1/4/2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activity
The principal activity of the company during the financial year consisted of participation in Afforestation Joint Ventures.

No significant change in the nature of these activities occurred during the year.

Operating Results
The profit/(loss) of the company for the financial year after providing for income tax amounted to ($1,653,659) (2012: $2,214,651).

Review of Operations
A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs
No significant changes in the state of affairs of the company occurred during the financial year.

Events After the Reporting Date
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments
The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues
The company engages in a number of forestry activities in Victoria and Western Australia and is committed to managing their forest resource in a sustainable manner. In so doing it is required to comply with all relevant legislation, codes of practice and other non-legislative requirements detailed under AS4708 Australian Forestry Certification Scheme – Sustainable Forest Management.

Based on its performance reports, no non conformances were identified in relation to its operating activities during the financial year under review.

Dividends Paid or Recommended
No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share Options
No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

DIRECTORS' REPORT (Continued)

Indemnification of Officer or Auditor
No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 of the Financial Report.

Signed in accordance with a resolution of the Company of Directors:

N. Asahina

Dated this 21st day of March 2014

ADVANTAGE ADVISORS
Chartered Accountants & Advisors

Advantage Advisors Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street
Melbourne VIC 3000
Australia

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Melbourne VIC 3001
Australia

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T +61 3 9274 0600

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audit@advantageadvisors.com.au

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NIPPON PAPER RESOURCES AUSTRALIA PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Advantage Advisors

ADVANTAGE ADVISORS AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

James Ridley

JAMES RIDLEY
PARTNER

Dated in Melbourne on this 21st day of March 2014.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $	2012 $
Continuing operations			
Sale revenue	2	14,864,440	17,862,554
Cost of sales	3	(13,834,607)	(16,194,775)
Gross profit		**1,029,833**	**1,667,779**
Other revenue	2	2,507,031	4,129,457
Decrement in market value of biological assets	3	(3,897,622)	-
Finance costs	3	(17)	-
Project establishment and maintenance costs		(136,447)	(124,046)
Employee benefits expense		(1,139,516)	(1,335,505)
Depreciation expense	3	(33,886)	(67,203)
Travel and related expenses		(101,069)	(82,036)
Administration expenses		(178,944)	(191,580)
Professional fees		(177,611)	(109,886)
Other expenses		(431,151)	(534,206)
(Loss)/Profit before income tax		**(2,559,399)**	**3,352,774**
Income tax benefit/(expense)	4	905,740	(1,138,123)
(Loss)/Profit for the year		**(1,653,659)**	**2,214,651**
Total comprehensive income for the year		**(1,653,659)**	**2,214,651**
(Loss)/Profit attributable to:			
Owners of the company		(1,653,659)	2,214,651
(Loss)/Profit for the year		**(1,653,659)**	**2,214,651**
Total comprehensive income attributable to:			
Owners of the company		(1,653,659)	2,214,651
Total comprehensive income for the year		**(1,653,659)**	**2,214,651**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	5	9,171,847	6,160,804
Trade and other receivables	6	5,804,324	5,575,531
Inventories	7	1,755,061	639,566
Other current assets	8	240,620	158,405
TOTAL CURRENT ASSETS		**16,971,852**	**12,534,306**
NON-CURRENT ASSETS			
Property, plant and equipment	9	20,443,605	21,340,976
Deferred tax assets		3,831	6,678
Biological assets	10	10,364,634	17,683,900
TOTAL NON-CURRENT ASSETS		**30,812,070**	**39,031,554**
TOTAL ASSETS		**47,783,922**	**51,565,860**
CURRENT LIABILITIES			
Trade and other payables	11	921,183	1,225,561
Current tax liability		521,248	271,651
Short term provisions	12	-	-
TOTAL CURRENT LIABILITIES		**1,442,431**	**1,497,212**
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,298,348	5,371,846
TOTAL NON-CURRENT LIABILITIES		**3,298,648**	**5,371,846**
TOTAL LIABILITIES		**4,740,779**	**6,869,058**
NET ASSETS		**43,043,143**	**44,696,802**
EQUITY			
Issued capital	13	26,500,000	26,500,000
Retained earnings		16,543,143	18,196,802
TOTAL EQUITY		**43,043,143**	**44,696,802**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2013

	Note	Issued capital $	Retained earnings $	Total attributable to equity holders of the company $
Balance at 1 January 2012		26,500,000	15,982,151	42,482,151
Profit for the year		-	2,214,651	2,214,651
Total comprehensive income for the year		-	2,214,651	2,214,651
Balance at 31 December 2012		**26,500,000**	**18,196,802**	**44,696,802**
Balance at 1 January 2013		26,500,000	18,196,802	44,696,802
(Loss)/Profit for the year		-	(1,653,659)	(1,653,659)
Total comprehensive income for the year		-	(1,653,659)	(1,653,659)
Balance at 31 December 2013		**26,500,000**	**16,543,143**	**43,043,143**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $	2012 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		16,245,945	20,428,798
Payments to suppliers and employees		(13,082,555)	(13,970,115)
Interest received		374,363	355,939
Interest paid		(17)	-
Income tax paid		(915,314)	(2,083,540)
Net cash provided by operating activities	16	**2,622,421**	**4,731,082**
CASH FLOW FROM INVESTING ACTIVITIES			
Loan advanced to related party		-	(2,000,000)
Payments for regenerative assets		(703,418)	(759,569)
Proceeds from sale of property, plant and equipment		1,168,861	989
Payments for property, plant and equipment		(76,821)	(10,438)
Net cash provided by/(used in) investing activities		**388,622**	**(2,769,018)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net cash used in financing activities		**-**	**-**
Net increase in cash and cash equivalents		3,011,043	1,962,064
Cash and cash equivalents at beginning of financial year		6,160,804	4,198,740
Cash and cash equivalents at end of financial year	5,16	**9,171,847**	**6,160,804**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The financial statements cover Nippon Paper Resources Australia Pty Ltd as an individual entity. Nippon Paper Resources Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework
The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

Statement of Compliance
The financial statements have been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, 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.*

Basis of Preparation
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

(a) Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer and can be measured reliably. Risks and rewards are considered as having passed to the buyer at the time of delivery of goods to the customer.

Rendering of Services
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(b) Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax (Continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost less any provision for impairment of uncollectible amounts. Current trade and term receivables are generally within 30-day terms.

Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. Bad debts are written off when identified.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land is shown at cost.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment including capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	7.5%-50%
Leasehold Improvements	12.5%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(g) Biological Assets

Biological assets include the trees and plantations owned by the company. Biological assets are measured on initial recognition and each reporting date at fair value less estimated sale costs by using the net present value method except when the fair value cannot be measured reliably. In this instance the biological asset is measured as its cost less any accumulated depreciation and any accumulated impairment losses until such time as its fair value can be reliably measured.

Agricultural produce is the harvested product of a biological asset and includes logs and is measured at its fair value less sale costs at the point of harvest.

Net gains or losses in fair value less estimated point of sale costs of biological assets are included in the statement of profit or loss and other comprehensive income for the period they arise.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

(i) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Loans and Borrowings

Loans and borrowings (excluding financial guarantees) are initially recognised at fair value, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans and borrowings are subsequently measured at amortised cost.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(l) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(m) Interests in Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of the company. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for on a proportional consolidation basis such that the company recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly).

The company accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Details of the company's interests in joint arrangements are shown in Note 15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases

Lease payments under operating leases, where substantially all the risk and benefits remain with the lessor, are charged to profit or loss on a straight-line basis over the period of the lease.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in respect of plant and equipment for the year ended 31 December 2013.

Key estimates — Biological Assets

The company at each reporting date uses the net present value method to determine the net market value of the Biological Assets held. The company makes specific assumptions to perform this calculation. These assumptions are described in Note 10(a).

(r) Adoption of New and Revised Accounting Standards

During the current year, the Company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions.

Application of these standards has not resulted in a material impact on the preparation and presentation of the financial statements of the Company.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

(s) New Accounting Standards for Application in Future Periods (Continued)

- AASB 9: Financial Instruments (January 2015) and the relevant amending standards (applicable for annual reporting periods commencing on or after 30 June 2016).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:
  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in statement of comprehensive income and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in statement of comprehensive income.

  The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

  AASB 13 requires:
  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

  These Standards are not expected to significantly impact the company.

(s) New Accounting Standards for Application in Future Periods (Continued)

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

  AASB 119 (September 2011) also includes changes to:
  (a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
  (b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
    (i) where for an offer that may be withdrawn – when the employee accepts;
    (ii) where for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
    (iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

The company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 2: REVENUE AND OTHER INCOME			
Sales Revenue			
- sale of goods		14,864,440	17,862,554
Other revenue			
- agent service fees		1,058,981	1,715,678
- plantation management fees		760,079	811,095
- interest income – other persons		374,363	355,939
- Profit on disposal of non-current assets		228,554	-
- Other revenue		85,053	233,859
- Net increments in the net market value of SGARA's		-	1,012,886
		2,507,030	4,129,457
Total revenue and other income		17,371,470	21,992,011
NOTE 3: PROFIT/(LOSS) FOR THE YEAR			
Profit/(Loss) for the year has been determined after:			
(a) Expenses:			
Cost of sales		13,834,607	16,194,775
Finance costs		17	-
Net decrements in the net market value of SGARA's		3,897,622	-
Loss on disposal of non-current asset		-	10,783
Depreciation of non-current assets			
- Leasehold improvements		-	45,579
- Plant and equipment		33,886	21,624
		33,886	67,203
Remuneration of the auditors for:			
- audit or review services		23,950	29,200
- taxation and other services		39,590	36,845
		63,540	66,045
NOTE 4: INCOME TAX EXPENSE/(BENEFIT)			
(a) The components of tax expense/(benefit)comprise:			
Current tax			
- Current tax charge		1,303,740	1,552,826
- Under/(over) provision in respect of prior years		(138,829)	129,806
		1,164,911	1,682,632
Deferred tax			
- Deferred tax (credit)/charge		(2,070,651)	(544,509)
		(905,740)	1,138,123

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 4: INCOME TAX EXPENSE/(BENEFIT) (continued)			
(b) The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax payable on profit before income tax at 30% (2012: 30%)		(767,820)	1,005,832
Add:			
Tax effect of:			
- other non-allowable items		909	2,485
- under/(over) provision for income tax for prior years		(138,829)	129,806
Income tax expense/(benefit) attributable to entity		(905,740)	1,138,123
The applicable weighted average effective tax rates are as follows:		(35.4%)	33.9%

In accordance with the probability criteria referred to in the income tax accounting policy, both the capitalised expenditure and market value portion of the plantation asset have been taken into account in the deferred tax calculation.

NOTE 5: CASH AND CASH EQUIVALENTS

	Note	2013 $	2012 $
Cash at bank		9,171,847	6,160,804

The effective interest rate on deposits at call was 3.11% (2012: 4.23%); these deposits have an average maturity of 90 days.

NOTE 6: TRADE AND OTHER RECEIVABLES

	Note	2013 $	2012 $
Current			
Trade and other receivables		804,324	575,531
Unsecured loans to related party	(i)	5,000,000	5,000,000
		5,804,324	5,575,531

(i) The loan to Paper Australia Pty Ltd, a fellow subsidiary of Nippon Paper Industries Co., Ltd, comprises of a $5,000,000 loan at an interest rate of 3.05% per annum receivable on 31 January 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 7: INVENTORIES			
Current			
Inventory at cost		1,755,061	639,566
NOTE 8: OTHER ASSETS			
Current			
GST receivable		119,809	50,781
Security deposits		9,059	14,704
Prepayments		111,752	92,920
		240,620	158,405
NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
(a) Land			
At cost		20,333,125	21,245,661
(b) Leasehold Improvements			
At cost		-	53,194
Less accumulated depreciation		-	(47,380)
		-	5,814
(c) Plant and equipment			
At cost		295,183	341,261
Less accumulated depreciation		(184,703)	(251,760)
		110,480	89,501
Total property, plant and equipment		20,443,605	21,340,976

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Land $	Leasehold Improvements $	Plant & equipment $	Total $
Carrying value at 1 January 2013	21,245,661	5,814	89,501	21,340,976
Additions	-	-	76,821	76,821
Disposals	(912,536)	(5,814)	(21,956)	(940,306)
Depreciation expense	-	-	(33,886)	(33,886)
Carrying value at 31 December 2013	20,333,125	-	110,480	20,443,605

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 10: BIOLOGICAL ASSETS			
Forest holdings consist of the following:			
Direct plantation costs – joint venture costs		7,264,022	9,183,943
Net market value – joint venture		3,091,381	8,490,614
Total forest holdings	10(a)	10,355,403	17,674,557
Livestock		9,231	9,343
		10,364,634	17,683,900

(a) Forest Holdings	At Cost $	Market Value $	Total $
Balance at 1 January 2012	10,572,268	8,401,163	18,973,431
Additions	759,569	-	759,569
Transfer to cost of sales	(2,147,894)	(923,435)	(3,071,329)
Market value increment	-	1,012,886	1,012,886
Balance at 31 December 2012	9,183,943	8,490,614	17,674,557
Additions	703,418	-	703,418
Transfer to cost of sales	(2,623,339)	(1,501,611)	(4,124,950)
Market value decrement	-	(3,897,622)	(3,897,622)
Balance at 31 December 2013	7,264,022	3,091,381	10,355,403
Market value			
As at 31 December 2012	9,183,943	8,490,614	17,674,557
As at 31 December 2013	7,264,022	3,091,381	10,355,403

	At Cost Ha	Market Value Ha	Total Ha
Number of Hectares Held			
As at 31 December 2012	4,388	5,171	9,559
As at 31 December 2013	4,693	4,519	9,212

Significant assumptions made in using Net Present Value method to determine the net market value of the trees are:

(i) Forests are valued based on expected volumes that could be obtained from existing stands, given current management strategies
(ii) Only trees that are 6 years and older are valued using the net present value methodology
(iii) The cost of growing the trees is deducted in determining the net cash flows
(iv) The main cost categories are development, maintenance, lease and overhead costs
(v) The valuation assumes the continuation of existing practices with regard to silviculture and harvesting
(vi) The valuation has been prepared in real terms with no adjustment for inflation
(vii) A pre-tax discount rate of 10% per annum is applied to the estimated cash flows. This discount rate takes into account the risk associated with future cash flows
(viii) The accumulated cost table shows the net book value for the plantations at cost and the plantations at market value. The plantations at cost balance reflects the capitalised costs since inception for all plantations, regardless of their age, and the plantations at market value reflects only the re-valuation movements for plantations 6 years and older.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 11: TRADE AND OTHER PAYABLES			
Current			
Trade and accrued expenses		624,717	813,465
Unearned revenue		283,700	400,355
Other payables		-	14
Annual leave liability		12,766	11,727
		921,183	1,225,561
NOTE 12: PROVISIONS			
Current			
Employee benefits- Long Service Leave		-	-
NOTE 13: ISSUED CAPITAL			
26,500,000 (2012: 26,500,000) fully paid ordinary shares		26,500,000	26,500,000

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

NOTE 14: CAPITAL AND LEASING COMMITMENTS

(a) *Operating lease commitments*

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2013 $	2012 $
Payable		
- not later than one year	354,737	401,960
- later than one year and not later than five years	1,297,212	1,868,247
- later than five years	2,581,974	2,811,607
	4,233,923	5,081,814

The above commitments include lease expenditure commitments relating to the following joint ventures:

	2013 $	2012 $
- Bunbury Treefarm Project Joint Venture	4,160,867	4,349,432
- Victoria Treefarm Project Joint Venture	17,423	725,027
	4,178,290	5,074,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 15: JOINT VENTURE INTERESTS

The company has entered into four joint venture arrangements to develop afforestation operations- the Bunbury Treefarm Project Joint Venture, the Portland Treefarm Project, the Victoria Treefarm Project Joint Venture and the Green Triangle Treefarm Project Joint Venture.

The company has assessed each of these joint venture arrangements and classified them all as joint operations in accordance with *AASB 11: Joint Arrangements* and have accounted for them accordingly.

(a) Bunbury Treefarm Project Joint Venture

The company has a 70% participating interest in the Bunbury Treefarm Project Joint Venture. The company's share of the net assets of the joint venture is included in the statement of financial position under the following classifications.

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents		138,404	321,932
Receivables		99,268	91,877
Other current assets		75,002	71,026
Inventories		1,755,062	639,566
Total Current Assets		2,067,736	1,124,401
Non-Current Assets			
Regenerative assets - forest holdings		8,112,850	13,973,471
Property, plant and equipment		18,795,279	19,690,314
Total Non-Current Assets		26,908,129	33,663,785
Total Assets		28,975,865	34,788,186
Current Liabilities			
Unearned revenue		262,626	303,130
Payables		194,371	192,228
Total Current Liabilities		456,997	495,358
Share of net assets employed in joint venture		28,518,868	34,292,828

The company's share of the expenditure commitments relating to the joint venture is disclosed in Note 14(a).

The joint venture is not a separate legal entity. A contractual arrangement exists between the participants for the sharing of costs and outputs.

(b) Victorian Treefarm Project Joint Venture

The company has a 33.33% participating interest in the Victoria Treefarm Project Joint Venture. The company's share of the net assets of the joint venture is included in the statement of financial position under the following classifications.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 15: JOINT VENTURE INTERESTS (continued)

(b) Victorian Treefarm Project Joint Venture (continued)

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents		16,047	128,007
Receivables		31,045	95,164
Other current assets		1,028	3,921
Total Current Assets		48,120	227,092
Non-Current Assets			
Regenerative assets - forest holdings		123,784	828,991
Total Non-Current Assets		123,784	828,991
Total Assets		171,904	1,056,083
Current Liabilities			
Unearned revenue		21,074	107,941
Payables		9,971	36,664
Total Current Liabilities		31,045	144,605
Share of net assets employed in joint venture		140,859	911,478

The company's share of the expenditure commitments relating to the joint venture is disclosed in Note 14(a).

The joint venture is not a separate legal entity. A contractual arrangement exists between the participants for the sharing of costs and output.

(c) Green Triangle Treefarm Project Joint Venture

The company has a 50% participating interest in the Green Triangle Treefarm Project Joint Venture. The company's share of the net assets of the joint venture is included in the statement of financial position under the following classifications:

	2013 $	2012 $
Non-Current Assets		
Regenerative assets - forest holdings	-	-
Total Non-Current Assets	-	-
Total Assets	-	-
Current Liabilities		
Accounts payable	-	1,365
Total Current Liabilities	-	1,365
Share of net assets/(liabilities) employed in joint venture	-	(1,365)

The joint venture is not a separate legal entity. A contractual arrangement exists between the participants for the sharing of costs and output.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

NOTE 15: JOINT VENTURE INTERESTS (continued)

(d) Portland Treefarm Project Joint Venture

The company has a 33.33% participating interest in the Portland Treefarm Project Joint Venture. The company's share of the assets of the joint venture is included in the statement of financial position under the following classifications.

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents		33,122	47,910
Receivables		237	1,422
Other current assets		8,682	6,886
Total Current Assets		42,041	56,218
Non-Current Assets			
Regenerative assets - forest holdings		2,118,769	2,881,438
Property, plant and equipment		1,592,969	1,594,938
Total Non-Current Assets		3,711,738	4,476,376
Total Assets		3,753,779	4,532,594
Current Liabilities			
Payables		9,204	2,286
Total Current Liabilities		9,204	2,286
Share of net assets employed in joint venture		3,744,575	4,530,308

The joint venture is not a separate legal entity. A contractual arrangement exists between the participants for the sharing of costs and output.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
NOTE 16: NOTES TO THE STATEMENT OF CASH FLOWS			
(a) Reconciliation of cash			
For the purpose of the statement of cash flows, cash includes cash on hand and at bank net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows and reconciled to the related items in the statement of financial position is as follows:			
Cash and deposits		9,171,847	6,160,804
(b) Reconciliation of cash flow from operations with profit after tax			
Profit after income tax		(1,653,659)	2,214,651
Decrement in merchandise stock		4,125,063	3,071,329
Loss/(profit) on disposal of non current assets		(228,554)	10,783
Depreciation		33,886	67,203
Biological asset net market value (increments)/decrements		3,897,622	(1,012,886)
Changes in assets and liabilities:			
(Increase)/Decrease in trade and other receivables		(228,793)	(194,388)
(Increase)/Decrease in other current assets		(63,383)	(27,163)
((Increase)/Decrease in inventories		(1,115,496)	1,603,566
(Decrease)/Increase in net deferred tax liability		(2,070,651)	(544,509)
(Decrease)/Increase in trade and other payables		(323,211)	(48,282)
(Decrease)/Increase in provisions		-	(8,314)
(Decrease)/Increase in current tax liability		249,597	(400,908)
Net cash from operating activities		2,622,421	4,731,082
(c) Financing Arrangements			
Total facilities:			
- Bank loan facilities		10,000,000	25,000,000
Used at reporting date:			
- Bank loan facilities		-	-
Unused at reporting date			
- Bank loan facilities		10,000,000	25,000,000

The unused bank loan facilities are guaranteed by Nippon Paper Industries Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 17: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 18: CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2013 (2012: $Nil).

NOTE 29: COMPANY DETAILS

The registered office and principal place of business of the company is:

Nippon Paper Resources Australia Pty Ltd
307 Ferntree Gully Road
Mount Waverley VIC 3149

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 24 are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the financial year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

N. Asahina

Dated this 21st day of March 2014.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NIPPON PAPER RESOURCES AUSTRALIA PTY LTD

We have audited the accompanying financial report of Nippon Paper Resources Australia Pty Ltd, being a special purpose financial report, which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 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 about 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 judgement, 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 control 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 control. 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.

ADVANTAGE ADVISORS
Chartered Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NIPPON PAPER RESOURCES AUSTRALIA PTY LTD (Continued)

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nippon Paper Resources Australia Pty Ltd on 21 March 2014, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion
In our opinion the financial report of Nippon Paper Resources Australia Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with 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.

Advantage Advisors | James Ridley

ADVANTAGE ADVISORS AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

JAMES RIDLEY
PARTNER

Dated in Melbourne on this 21st day of March 2014.