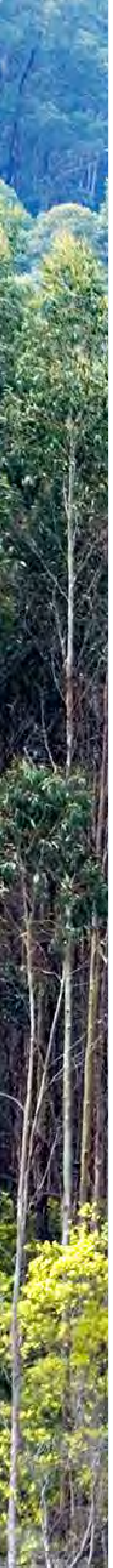
AUSTRALIAN FOREST PRODUCTS ASSOCIATION

TREES | WOOD | PAPER

ANNUAL REPORT

2017-2018

AUSTRALIAN FOREST PRODUCTS ASSOCIATION



OBJECTS OF THE ASSOCIATION

- Be a vehicle for effective and efficient communication between various sectors within the industry.
- Shape and drive industry and government policy development for the benefit of industry.
- Secure the best outcomes for the industry in important policy development through effective lobbying and other targeted representation.
- Raise the profile of the industry with community opinion leaders, for the purpose of making the industry relevant, profitable and sustainable.
- Encourage and facilitate education on issues relevant to the sustainable growth of the industry.
- Develop and maintain cohesive and positive working relationships with other bodies within the industry.

CONTENTS

AFPA MEMBERS

INCLUDES SA AND ASSOCIATE MEMBERS

African Mahogany Australia
Allied Natural Wood Exports
Allied Timber Products
Altus Renewables
Appita
Associated Kiln Driers (AKD Softwoods)
Australian Forest Contractors Association
Australian Forest Growers
Australian Paper
Australian Sustainable Hardwoods
Auswest Timbers
Boral Timber
Carter Holt Harvey
Circa Group
CO2 Australia
Engineered Wood Products Assoc. of Australia
Fennell Forestry
Forico
Forest Industries Association of Tasmania
Forest Industries Federation WA
Forest Products Commission WA
Forestry Corporation of NSW
ForestrySA
Global Forest Partners Group:

- Australian Bluegum Plantations,
- Hume Forests,
- Green Triangle Forest Products

HQPlantations
HVP Plantations
Hyne Timber
Institute of Foresters of Australia
Kangaroo Island Plantation Timbers
Kimberly-Clark Australia
Koppers Australia
Lonza Wood Protection
Midway
New Forests Asset Management
NF McDonnell & Sons
Norske Skog Australasia
OneFortyOne Plantations
Pentarch Forest Products
PF Olsen
Porthaul
Roundwood Solutions
Softwoods Working Group
South East Pine Sales
Sustainable Timber Tasmania
Tabeel Trading
Timberlands Pacific
Timber NSW
Timber Queensland
Timberlink
Van Schaik's Bio Gro
VicForests
Victorian Association of Forest Industries
Visy Industries
WA Blue Gum Limited
WA Plantation Resources
Weathertex
Wesbeam
Wespine Industries
Whiteheads Timber Sales

CHAIR REPORT

I am very pleased to report on another strong year for our industry association and our industry more broadly. As I speak to members around Australia right across the value chain I gain a strong sense of optimism. We have some positive tailwinds.

The dollar has receded against the greenback from its global business-killing heights of two years ago. There is strong demand for forest products and I am observing some of the traditionally non-economic values we are so proud of, such as the inherent renewability of the product increasingly influencing buying decisions. It could be that after many years of explaining the virtues of forest industries; the inherently renewable and environmentally friendly nature of what we do, we may be approaching a tipping point into acceptance of those arguments.

We are already starting to see more retail companies agreeing that proven sustainable management practices and chain of custody is important to the end user. We have seen in the last year a handful of plantation projects successfully bid into the Federal Government’s Emissions Reduction Fund and be recognised for their ability to store carbon and contribute to Australia’s greenhouse gas reduction targets.

If we can keep this momentum going I can see a day coming when timber is the clear environmental choice over steel in houseframing, for example, or fibre-based packaging ousting plastics from supermarket shelves. And, policy changes may hasten those outcomes. But of course it is not all positive news.

There remain serious challenges from vocal minorities to our sustainable use of native forests who misuse ‘half truth’ science to drive political outcomes which cost us dearly. Energy costs are also too high and a major handbrake on our ability to grow and reinvest.

Dumping of products below cost or below our standards remains a serious issue, especially in the paper and tissue area and in plywood. The biggest challenge is gaining access to more resource.

Growing our plantation estate has been the number one goal of AFPA for the last several years. AFPA was successful in coaxing the Federal Government into announcing a new National Forest Industries Plan and it is my expectation that when this is delivered it will be the catalyst for a new era of resource growth in this country.

As we have said so often, we must ensure we have the right trees, in the right places, at the right scale.

As ever I thank you for your continued support of our association.

Greg McCormack

AFPA Chair

CEO REPORT

The Australian Forest Products Association has had a strong year, growing in membership, capacity, capability and influence. As the membership list in this annual report illustrates, AFPA has gained the support of the vast majority of the companies operating right across the forest industry value chain.

The principal reason for companies making this voluntary commitment is because AFPA remains focused on making the biggest difference possible for member companies. AFPA staff are professionals who are completely determined to ensure that forest industries face the least amount of policy negatives and the most potential upsides through proper recognition of all the attributes of our renewable products.

The long battle to have rotational forestry accepted into the Emissions Reduction Fund is a good example of this resoluteness. Policy change of any note is a difficult process, requiring perseverance, determination and demanding an association deploy all the elements of policy making.

Another example of the AFPA model succeeding is the success we have had in ensuring that both major political parties have agreed that RFAs will continue to cover our native forest operations and that five yearly reviews will ensure they effectively become ‘rolling RFAs’.

In financial terms AFPA is in a sound position meeting all our obligations to the satisfaction of our auditors. The AFPA Board meets four times a year and provides enormously valuable oversight and guidance to our operations. The change last year to the AFPA Constitution to enable the four AFPA Chambers to each offer up two participants, to a vote at the AGM has strengthened the Board’s diversity and representational structure.

It was a seminal moment to have the Prime Minister announce that the Government would implement a new National Forest Industries Plan to compliment the two guiding documents which were both produced last century; the National Forest Policy Statement of 1992 and the Plantations Visions 2020 document of 1997. That plan will be delivered shortly.

AFPA will then have the large task of ensuring that maximum positive structural change occurs for our industries and that our momentum continues regardless of the outcome of the upcoming Federal Election.

Thank you for your continued support.

Ross Hampton
Chief Executive Officer

AFPA BOARD

2017-2018 AFPA BOARD

Greg McCormack (Chair) (Midway)
Gus Carfi (Visy Industries) - To Sept 2017
Jerome Coleman (ForestrySA) - To Sept 2017
Craig Dunn (Australian Paper)
Geoff Harris (Carter Holt Harvey)
Jon Kleinschmidt (Hyne Timber)
Andrew Leighton (Norske Skog) - To March 2018
Cameron MacDonald (HVP Plantations) - To Dec 2017
James Malone (Wesbeam)
Paul Michael (Weathertex)
Jean-Yves Nouaze (Visy Industries) - From Oct 2017
Glen Rivers (OneFortyOne Plantations) - From Sept 2017
Mark Rogers (New Forests) - From Jan 2018
Ian Telfer (WA Plantation Resources)
Ian Tyson (Timberlink Australia)

Left to Right: Jon Kleinschmidt, James Malone , Craig Dunn, Paul Michael , Jean-Yves Nouaze, Ian Telfer, Greg McCormack, Glen Rivers, Ian Tyson, Mark Rogers.

ABOUT AFPA

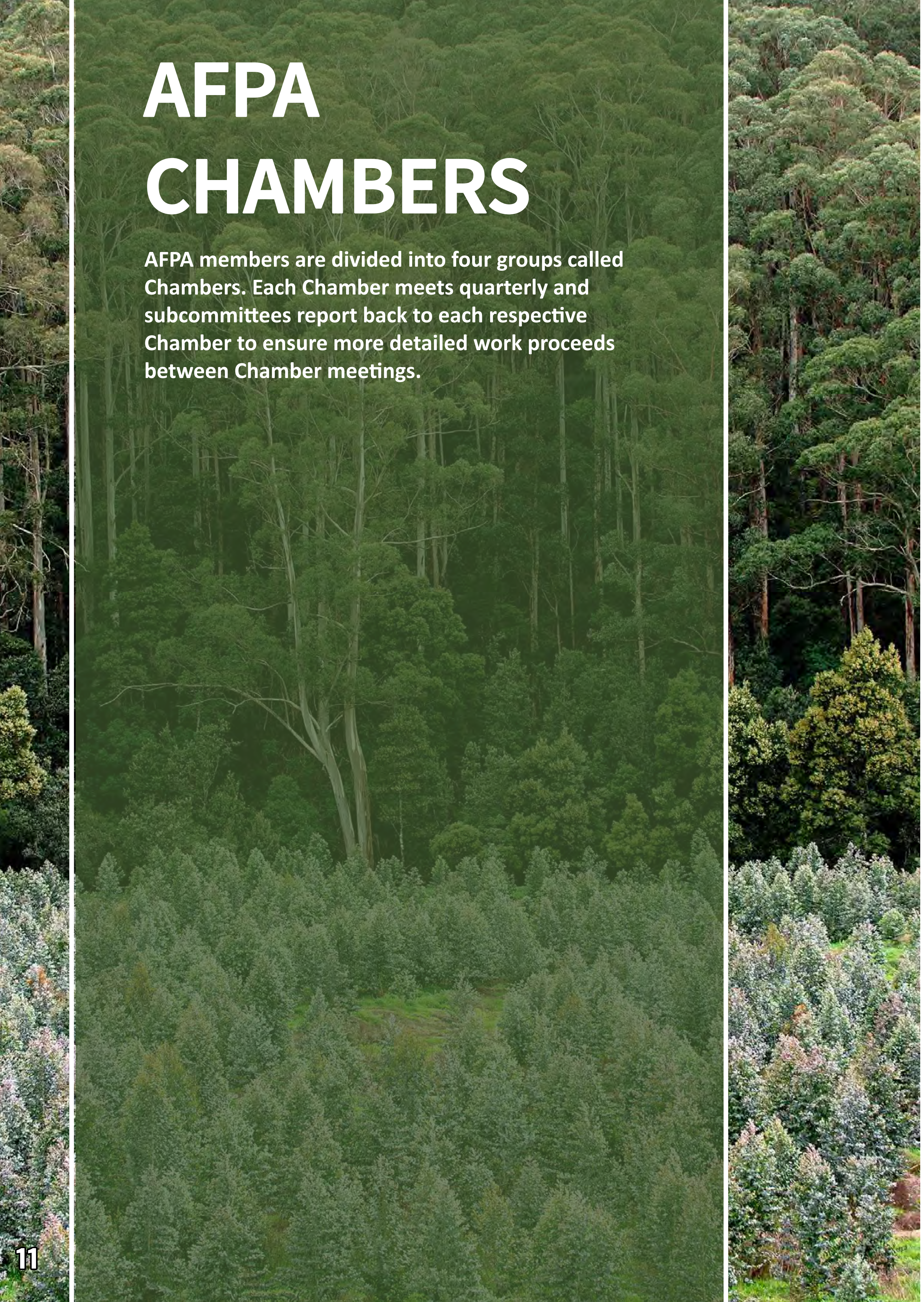
The Australian Forest Products Association (AFPA) based in Canberra, is the nation's leading industry group representing the full value chain of forest industries.

From the growers and managers of Australia's plantations and native forests, to the timber processors and various manufacturers of forest related products, all are represented by AFPA.

Whether it's member companies or organisations, or the tens of thousands of Australians who work across the value chain, AFPA is the body to fight for the interests of those involved in forest industries.

AFPA MEMBERS FORUM

The AFPA Members Forum is the consultative body made up of all AFPA members across our four industry Chambers. The Forum meets quarterly to hear from politicians, experts, senior public servants and to discuss policy positions.



AFPA CHAMBERS

AFPA members are divided into four groups called Chambers. Each Chamber meets quarterly and subcommittees report back to each respective Chamber to ensure more detailed work proceeds between Chamber meetings.

GROWERS CHAMBER

Chair: Islay Robertson

The Growers Chamber includes the major plantation owners and government business enterprises managing native forests, as well as leading plantation management services companies and environmental services. Combined, the Growers Chamber members own or manage over 80 per cent of Australia's plantation resource, and a similar proportion of the multiple-use public forests.

HARDWOOD PROCESSING CHAMBER

Chair: Tony Price

The Hardwood Processing Chamber represents hardwood sawmillers, timber processors, producers of engineered wood products, exporters of hardwood logs and woodchip, and state associations. Hardwood processors use timber sourced from public forests as well as hardwood plantations and use the latest technology and research to ensure the forest environment is sustainably managed.

PULP, PAPER AND BIOPRODUCTS CHAMBER

Chair: Andrew Leighton - To March 2018 - Rotating Chair from March 2018

The Pulp, Paper and Bioproducts Chamber covers a diverse sector producing a range of paper and paperboard products, including tissue, printing and writing papers, newsprint and packaging papers. The paper industry directly employs 18,000 people with an annual sales income of over $10 billion from a total production of over three million tonnes.

SOFTWOOD MANUFACTURING CHAMBER

Chair: Ian Tyson

The Softwood Manufacturing Chamber includes softwood sawmillers and processors, producers of engineered wood products, and exporters of softwood timber products. From our forest plantations, softwood manufacturing industries provide renewable products for housing, construction, fibre and energy.

THE AFPA OFFICE

AFPA members own Forest Industries House in Deakin, ACT, just a few kilometres from Australia's Parliament House. AFPA staff occupy the ground floor of this building, whilst the first floor provides rental income. Since its formation in 2010, AFPA has proven it is one of the most effective industry advocacy organisations, zealously championing issues affecting the full forest industries value chain and delivering outcomes for members. AFPA is staffed by a team of professionals dedicated to advancing the interests of all members. In 2016 AFPA established a branch office in South Australia to fill a void in industry advocacy in that state.

STAFF AS AT PUBLICATION

Ross Hampton	Chief Executive Officer
Elesha Goodwin	Company Secretary & Bookkeeper
Natalie Heazlewood	Policy Manager
Beth Lebo	EA & Office Manager
Gavin Matthew	Senior Policy Manager
Kevin Peachey	Policy Manager
Fairlie Pearce	Digital & Design Officer
Joe Prevedello	Communications Manager
Leon Rademeyer	SA Branch Manager
Victor Violante	Senior Policy Manager
Yosh Willis	Digital Campaigner

INDUSTRY SNAPSHOT

120,000 EMPLOYED ACROSS THE FULL VALUE CHAIN

INDUSTRY WORTH = $23.7 BILLION

AFPA HIGHLIGHTS 2017 - 2018

GALA DINNER

In September 2017 AFPA hosted a biennial Gala Dinner in the Great Hall of Parliament House in Canberra. It was here, in front of hundreds of people involved in Australia's forest industries that Prime Minister Malcolm Turnbull announced the development of a future National Forest Industries Plan.

This was a major development, given the last blueprints for forestry were delivered more than two decades ago in 1997 and 1992. Excellence in industry was also recognised, with award winners announced across different parts of the sector.

KEY ASKS

Following the Prime Minister's announcement at the Gala Dinner, AFPA developed a new document "Towards a National Forest Industries Plan – Key Industry Asks" to guide the Federal Government in developing the new national blueprint. It included five key building blocks.

1. Delivery of more plantation trees.

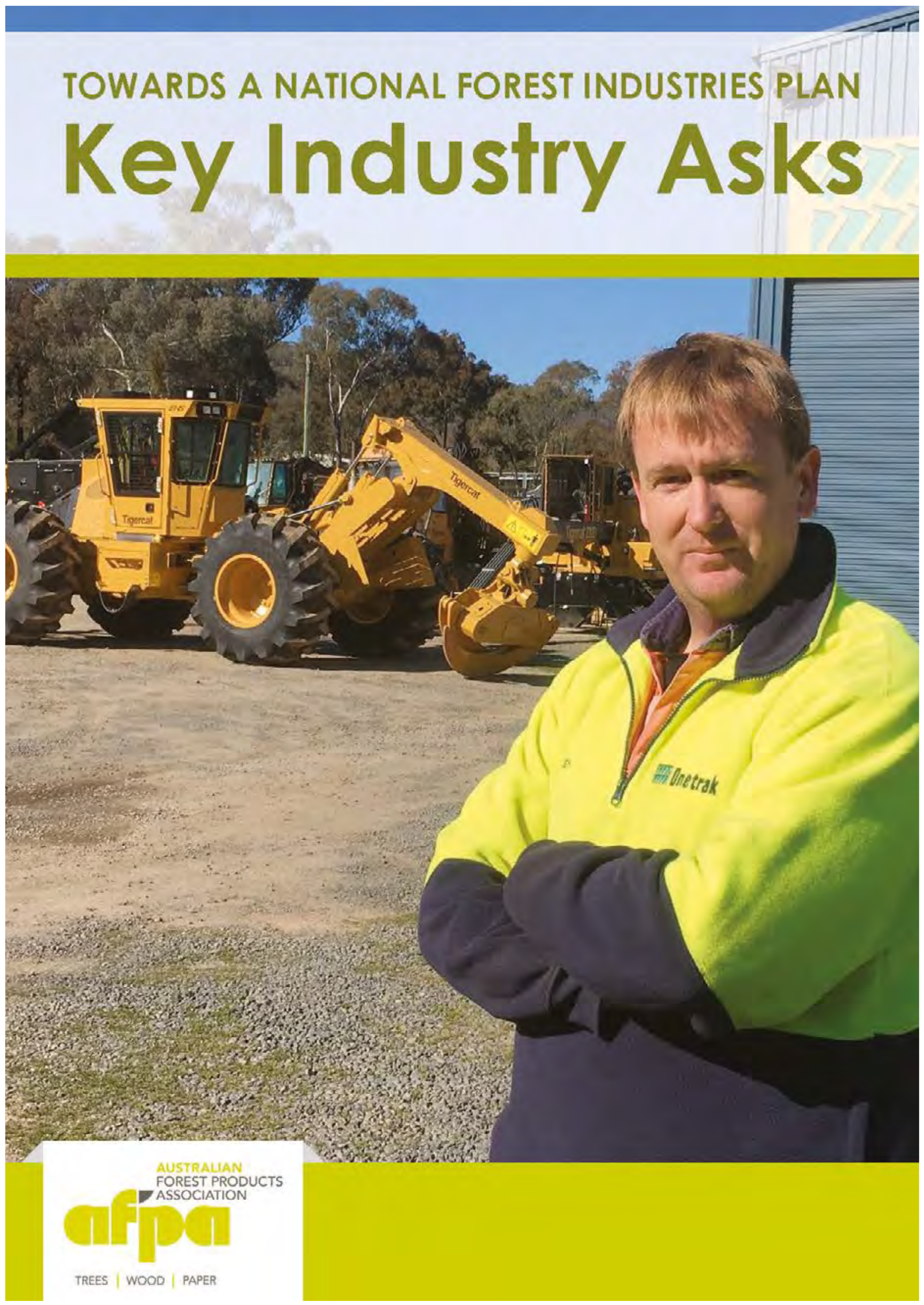
2. Security for the native forestry estate.

3. A biofutures revolution.

4. Renewed research capability.

5. Fast tracking of infrastructure and removal of red tape.

This key document contained the pitch to the Federal Government of what forest industries needed from the plan.


TOWARDS A NATIONAL FOREST INDUSTRIES PLAN

Key Industry Asks

AUSTRALIAN FOREST PRODUCTS ASSOCIATION

afpa

TREES | WOOD | PAPER

SA CAMPAIGN

In March 2018, South Australia went to the polls to elect a new state government. In the weeks and months prior, the AFPA SA Branch, with the help of AFPA staff, staged an effective campaign. The campaign encouraged political parties and candidates to adopt a range of policies beneficial for forest industries, as outlined in another document "Forest Industries 2018 State Election Asks - $77 million Plan – The Building Blocks for Growth".

The campaign centred around the key forestry hub of Mount Gambier, as well as Adelaide and included media launches, polling and a candidate debate. Ultimately, the campaign resulted in the incoming Liberal Government committing to doubling the value of domestic timber manufacturing in SA by 2050.

NZ FARM FORESTRY TOUR

In April, a delegation of AFPA and National Farmers Federation (NFF) members travelled to Rotorua on New Zealand's north island to examine successful farm forestry operations. It followed the NFF President Fiona Simson's endorsment of increased farm forestry in Australia.

18 BY 2030 LAUNCH

Ahead of the Parliamentary Friends of Forestry and Forest Products June 2018 Dinner at Parliament House, AFPA launched the 18 by 2030 climate change challenge campaign, a commitment by forest industries to remove an 18 additional megatonnes of CO_2 equivalent per year from 2030.

This goal can be achieved with the right policy settings from government. AFPA produced a new document outlining how the target can be achieved, while erecting large timber figures, spelling out the phrase "18 by 2030" on the lawns of Parliament House in Canberra.

Website: www.18by2030.com.au

AUSTRALIAN FOREST PRODUCTS ASSOCIATION LIMITED

ABN: 40 008 621 510

Financial Statements
for the Year Ended 30 June 2018

Australian Forest Products Association Limited
ABN: 40 008 621 510

Contents

For the Year Ended 30 June 2018

Directors' Report

For the Year Ended 30 June 2018

The directors present their report on Australian Forest Products Association Limited for the financial year ended 30 June 2018.

Directors

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

Names	Appointed/Resigned
Gregory Henry McCormack	Appointed; 1 November 1991
Ian Tyson	Appointed: 16 September 2015
Paul Michael	Appointed: 7 September 2016
Jonathan Kleinschmidt	Appointed: 7 September 2016
James Malone	Appointed: 24 November 2016
Ian Telfer	Appointed: 24 November 2016
Geoff Harris	Appointed 24 November 2016
Craig Dunn	Appointed: 26 April 2017
Glen Rivers	Appointed: 13 September 2017
Jean -Yves Nouaze	Appointed: 17 October 2017
Mark Rogers	Appointed: 16 January 2018
David Andrew Leighton	Resigned: 14 March 2018
Cameron MacDonald	Resigned: 15 December 2017
Augustin Carfi	Resigned: 25 September 2017
Jerome Coleman	Term Ended 13 September 2017

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

Principal activities

The principal activities of Australian Forest Products Association Limited during the financial year were:

- gathering and disseminating information on commercial, environmental and political issues relating to the forest industries and their development;
- liaison with politicians and their advisers;
- liaison with various government departments on matters affecting the industries;
- development of ties with other forest based associations;
- speeches to industry gatherings,
- liaison with associated groups both within the forest industries and the wider economy, and
- liaison with media and preparation of articles for journals and newspapers.

No significant changes in the nature of the Company's activities occurred during the financial year.

Directors' Report
For the Year Ended 30 June 2018

Objectives of the company

The Company's short term objectives are to:

- be a vehicle for effective and efficient communication between various sectors with the forest industry;
- shape and drive forest industry and government policy development for the benefit of the forest industry;
- secure the best outcomes for the forest industry with important policy development through effective lobbying and other targeted representations;
- raise the profile of the forest industry with community opinion leaders, for the purpose of making the forest industry relevant, profitable and sustainable;
- develop and champion environmental, social, ethical and other standards for adoption within the forest industry;
- encourage and facilitate education on issues relevant to the sustainable growth of the forest industry; and
- develop and maintain cohesive and positive working relationships with other bodies with the forest industry.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- consulting with industry and industry representatives to identify emerging political, commercial and environmental issues;
- liaison with politicians and their advisers to convey the identified concerns of industry;
- prepare the submissions to governments on proposals which might affect the industry; and
- public comment and presentations regarding aspects effecting or having the potential to affect the viability of the industry using electronic and print media.

Performance measures

The following measures are used within the Company to monitor performance:

- consultation with industry and industry representatives to identify emerging political, commercial and environmental issues;
- liaison with politicians and their advisers to convey the identified concerns of industry; and
- public comment and presentations regarding aspects effecting or having the potential to affect the viability of the industry using electronic and print media.

Directors' Report
For the Year Ended 30 June 2018

Members guarantee

Australian Forest Products Association Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 20. At 30 June 2018 there were 62 members (2017: 55).

At 30 June 2018 the collective liability of members was $ 1,240 (2017: $ 1,100).

Operating results

The surplus of the Company amounted to $126,893 (2017: $92,983).

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory Henry McCormack	4	4
Ian Tyson	4	4
Paul Michael	4	4
Jonathan Kleinschmidt	4	4
James Malone	4	4
Ian Telfer	4	3
Geoff Harris	4	2
Craig Dunn	4	4
Glen Rivers	4	4
Jean-Yves Nouaze	3	2
Mark Rogers	2	2
David Andrew Leighton	3	3
Cameron MacDonald	2	2
Augustin Carfi	1	-
Jerome Coleman	1	1

Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Report
For the Year Ended 30 June 2018

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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

Director: .... Director: ....

Date: 29 August 2018

Hardwickes
more than accounting

6 Phipps Close Deakin ACT 2600
PO Box 322 Curtin ACT 2605

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F 02 6282 5933
E info@hardwickes.com.au

www.hardwickes.com.au

Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme approved under Professional Standards Legislation

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Australian Forest Products Association Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Date: 29 August 2018

Canberra

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue and other income	2	**2,417,580**	2,252,074
Depreciation	3	**(31,917)**	(32,233)
Employee benefits expense		**(1,482,963)**	(1,399,895)
Other expenses		**(657,055)**	(451,384)
Project costs		-	(108,861)
Property costs		**(118,752)**	(166,718)
Current year surplus before income tax		**126,893**	92,983
Tax expense	1(d)	-	-
Net current year surplus		**126,893**	92,983
Fair value adjustment to buildings		**165,314**	-
Total other comprehensive income for the year		**165,314**	-
Total comprehensive income for the year		**292,207**	92,983

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**1,017,783**	1,383,842
Trade and other receivables	5	**99,627**	190,029
Prepayments	6	**30,961**	6,106
TOTAL CURRENT ASSETS		**1,148,371**	1,579,977
NON-CURRENT ASSETS			
Property, plant and equipment	3	**1,780,674**	1,577,186
TOTAL NON-CURRENT ASSETS		**1,780,674**	1,577,186
TOTAL ASSETS		**2,929,045**	3,157,163
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**186,520**	203,829
Employee benefits	8	**105,776**	89,971
Other liabilities	9	**105,801**	629,869
TOTAL CURRENT LIABILITIES		**398,097**	923,669
NON-CURRENT LIABILITIES			
Employee benefits	8	**30,189**	24,942
TOTAL NON-CURRENT LIABILITIES		**30,189**	24,942
TOTAL LIABILITIES		**428,286**	948,611
NET ASSETS		**2,500,759**	2,208,552
EQUITY			
Asset realisation reserve		**1,207,939**	1,042,625
Retained earnings		**1,292,820**	1,165,927
TOTAL EQUITY		**2,500,759**	2,208,552

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Realisation Reserve	Total
	$	$	$
Balance at 1 July 2017	1,165,927	1,042,625	2,208,552
Surplus for the year attributable to members of the entity	126,893	-	126,893
Total other comprehensive income for the year	-	165,314	165,314
Balance at 30 June 2018	1,292,820	1,207,939	2,500,759

2017

	Retained Earnings	Asset Realisation Reserve	Total
	$	$	$
Balance at 1 July 2016	1,072,944	1,042,625	2,115,569
Surplus for the year attributable to members of the entity	92,983	-	92,983
Balance at 30 June 2017	1,165,927	1,042,625	2,208,552

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		2,234,869	2,365,994
Payments to suppliers and employees		(2,535,746)	(2,220,965)
Interest received		4,910	4,236
Net cash provided by (used in) operating activities	14	(295,967)	149,265
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(70,092)	-
Net cash used by investing activities		(70,092)	-
Net (decrease) increase in cash and cash equivalents held		(366,059)	149,265
Cash and cash equivalents at beginning of year		1,383,842	1,234,577
Cash and cash equivalents at end of financial year	4	1,017,783	1,383,842

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2018

The financial statements are for Australian Forest Products Association Limited as an individual entity, incorporated and domiciled in Australia. Australian Forest Products Association Limited is a not-for-profit Company limited by guarantee.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(c) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(d) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(e) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or otherwise over the term of the lease whichever is shorter.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

Key judgements

(i) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(ii) Provision for impairment of receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

(iii) Building valuation

An independent valuation of property (land and buildings) carried at fair value was obtained in 2018. The valuation is an estimation which would only be realised if the property is sold.

(f) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised when invoiced in terms of the relevant lease agreements.

(g) Goods and Services Tax (GST)

Revenue, 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(g) Goods and Services Tax (GST)

Cash flows in the statement of cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of buildings is depreciated on a straight line basis and all other plant and equipment, except for leasehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

The economic life used for each class of depreciable asset are shown below:

Fixed asset class	Economic Life
Buildings	40 years
Plant and Equipment	5 to 10 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(i) Financial instruments

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) 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.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(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 outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards 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:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

  The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9 , the application of such accounting would be largely prospective

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(m) New Accounting Standards for Application in Future Periods

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to seperate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

Australian Forest Products Association Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(m) New Accounting Standards for Application in Future Periods

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards .
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts .

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 *Contributions*.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements
For the Year Ended 30 June 2018

2 Revenue and Other Income

	2018	2017
	$	$
- Rental income	95,076	100,297
- Project income	-	115,831
- Member subscriptions	2,175,423	1,975,763
- Other income	142,171	55,947
- Interest received	4,910	4,236
	2,417,580	2,252,074

3 Property, plant and equipment

Land & Buildings		
At fair value	1,755,000	1,655,000
Accumulated depreciation	-	(81,186)
Total land and buildings	1,755,000	1,573,814
Plant and equipment		
At cost	61,182	53,182
Accumulated depreciation	(53,469)	(53,182)
Total plant and equipment	7,713	-
Furniture, fixtures and fittings		
At cost	33,837	32,765
Accumulated depreciation	(32,659)	(32,401)
Total furniture, fixtures and fittings	1,178	364
Office equipment		
At cost	124,479	105,934
Accumulated depreciation	(107,696)	(102,926)
Total office equipment	16,783	3,008
Total property, plant and equipment	1,780,674	1,577,186

Notes to the Financial Statements
For the Year Ended 30 June 2018

3 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Total
	$	$	$	$	$
Year ended 30 June 2018					
Balance at the beginning of year	1,573,814	-	364	3,008	1,577,186
Additions					
Additions	42,474	8,000	1,072	18,545	70,091
Depreciation expense	(26,602)	(287)	(258)	(4,770)	(31,917)
Revaluation increase recognised in equity	165,314	-	-	-	165,314
Balance at the end of the year	1,755,000	7,713	1,178	16,783	1,780,674

	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Total
	$	$	$	$	$
Year ended 30 June 2017					
Balance at the beginning of year	1,600,194	-	520	8,705	1,609,419
Depreciation expense	(26,380)	-	(156)	(5,697)	(32,233)
Balance at the end of the year	1,573,814	-	364	3,008	1,577,186

(b) Land and Building valuation

The Company's land and buildings were revalued at 30 June 2018 by Egan National Valuers. Valuations were made on the basis of fair value for value in use. There is a crown lease purpose clause restriction that "not less than fifty percentage of the gross floor area of the building will be used and occupied only by the Association as the National Secretariat of the Association". Because of this restriction the valuer has assessed a lease impairment at $515,000 that would need to be deducted from the $1,755,000 value if the current useage was varied.

Notes to the Financial Statements
For the Year Ended 30 June 2018

4 Cash and cash equivalents

	2018	2017
	$	$
Cash at bank	329,360	748,455
Short-term bank deposits	688,423	635,387
	1,017,783	1,383,842

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2018	2017
	$	$
Cash and cash equivalents	1,017,783	1,383,842

5 Trade and other receivables

	2018	2017
	$	$
Trade receivables	116,127	190,029
Provision for impairment	(16,500)	-
	99,627	190,029

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due but not impaired (days overdue)			
		< 30	31-60	61-90	> 90
	$	$	$	$	$
2018					
Trade and term receivables and other debtors	116,127	39,247	2,589	57,576	16,715
Total	116,127	39,247	2,589	57,576	16,715
2017					
Trade and term receivables and other debtors	190,029	5,944	4,986	68,885	-
Total	190,029	5,944	4,986	68,885	-

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Notes to the Financial Statements
For the Year Ended 30 June 2018

5 Trade and other receivables

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the financial statements.

6 Prepayments

	2018	2017
	$	$
Prepayments	30,961	6,106
	30,961	6,106

7 Trade and other payables

	2018	2017
	$	$
Trade payables	42,012	38,117
Other payables	48,443	73,549
GST payable	43,530	46,550
Accrued expenses	52,535	45,613
	186,520	203,829

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

8 Employee Benefits

	2018	2017
	$	$
Current liabilities		
Long service leave	24,207	25,313
Provision for employee benefits	81,569	64,658
Balance at 30 June 2018	105,776	89,971

	2018	2017
	$	$
Non-current liabilities		
Long service leave	30,189	24,942
Balance at 30 June 2018	30,189	24,942

Notes to the Financial Statements
For the Year Ended 30 June 2018

9 Other liabilities

	2018 $	2017 $
Plantation for Australia: The 2020 Vision Project	-	80,117
Forest Industry Herbicide Research Consortium	-	397,590
FSC Support	-	3,044
Log Haulage Code of Conduct	**40,699**	75,618
Amounts received in advance	**20,000**	73,500
Giant Pine Scale Project	**45,102**	-
	105,801	629,869

Vision 2020.

This fund is held by Australian Forest Products Association Limited but can only be expended with the agreement of three other parties. During the financial year, the amount was transferred.

Herbicide Consortium

During the financial year the fund transfer occured on 2 November 2017.

10 Tenant Leasing Commitments

	2018 $	2017 $
Minimum lease payments under non-cancelable operating leases:		
- not later than one year	**74,536**	52,360
- between one year and five years	**25,680**	49,737
	102,216	102,097

The company has entered into commercial property leases of its surplus office space. Lease payments are increased on an annual basis to reflect market rentals.

11 Financial Risk Management

Risk management is carried out by the Company's executive committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the executive committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the executive committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

Notes to the Financial Statements
For the Year Ended 30 June 2018

11 Financial Risk Management

Specific financial risk exposures and management

The main risks Australian Forest Products Association Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Maturing within 1 Year	
	2018	2017
	$	$
Financial Assets:		
Cash and cash equivalents	1,017,782	1,383,842
Total Financial Assets	1,017,782	1,383,842

Liquidity risk

Liquidity risk arises from the possibility that the Company' might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risks through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- comparing that maturity profile of financial liabilities with the realisation profile of financial assets

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Notes to the Financial Statements
For the Year Ended 30 June 2018

11 Financial Risk Management

The Company's liabilities have contractual maturities which are summarised below:

The table/s below reflect maturity analysis for financial assets.

	Within 1 Year 2018 $	Total 2018 $
Financial assets - cash flows realisable		
Cash and cash equivalents	1,017,783	1,017,783
Trade, term and loans receivables	99,627	99,627
Total anticipated outflows	1,117,410	1,117,410

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

12 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 20 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 62 (2017: 55).

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

Notes to the Financial Statements
For the Year Ended 30 June 2018

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018 $	2017 $
Surplus/(deficit) for the year	**126,893**	92,983
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**31,917**	32,233
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**90,402**	(59,286)
- (increase)/decrease in prepayments	**(24,855)**	(2,409)
- increase/(decrease) in income in advance	**(524,068)**	22,876
- increase/(decrease) in trade and other payables	**(14,289)**	39,538
- increase/(decrease) in GST creditor	**(3,019)**	15,852
- increase/(decrease) in employee benefits	**21,052**	7,478
Cashflow from operations	**(295,967)**	149,265

15 Events Occurring 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.

16 Company Details

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

Australian Forest Products Association Limited
24 Napier Close
Deakin ACT

Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion, there are reasonable grounds to believe that the entity 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 Board of Directors.

Director ....

Director ....

Date: 29 August 2018

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Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme approved under Professional Standards Legislation

Independent Audit Report to the members of Australian Forest Products Association Limited

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Australian Forest Products Association Limited, which comprises the statement of financial position as at 30 June 2018, 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.

In our opinion the financial report of Australian Forest Products Association Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financail report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of the auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsitent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CHARTERED ACCOUNTANTS
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Independent Audit Report to the members of Australian Forest Products Association Limited

Responsibilities of the Directors 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 the *Corporations Act 2001* and 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered as material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent Audit Report to the members of Australian Forest Products Association Limited

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and , based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra

Date: 29 August 2018

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