

Australian Securities & Investments Commission

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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

NIPPON PAPER AUSTRALIA PTY. LTD.

ACN

131 632 516

Lodgement details

Registered agent number

25315

Registered agent name

TMF NOMINEES (AUST) PTY LIMITED

Reason for lodgement of statement and reports

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 that period is not covered by statements lodged with ASIC by a registered foreign company, registered scheme or disclosing entity

Dates on which financial year ends

Financial year end date

31-12-2009

Auditor's report

Were the financial statements audited?

Yes

Reasons for the auditor not being satisfied as to the matters referred to in s307?

No

Details of the deficiency, failure or shortcoming concerning any matter referred to in s307?

Form 388 - Copy of financial statements and reports
NIPPON PAPER AUSTRALIA PTY. LTD. ACN 131 632 516

No

Details of current auditor or auditors

Current auditor

Date of appointment **05-02-2009**
Name of auditor **ERNST & YOUNG**
Address **LEVEL 31
8 EXHIBITION STREET
MELBOURNE VIC 3000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.
Yes

Signature

Select the capacity in which you are lodging the form
Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.
Yes

Authentication

This form has been authenticated by
Name **TMF NOMINEES (AUST) PTY LIMITED**
This form has been submitted by
Name **Junko YAMASAKI**
Date **28-05-2010**

For help or more information
Telephone **1300 300 630**
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Web **www.asic.gov.au**

NIPPON PAPER AUSTRALIA PTY LTD
ACN 131 632 516

ANNUAL FINANCIAL REPORT
For the year ended 31 December 2009

“This is Annexure A of 21 pages referred to in Form 388 – Copy
of the Financial Statements”



Akihiro SHIGEFUJI
Director

28.05.2010
Date

**Nippon Paper Australia
Pty Ltd**
ACN 131 632 516

Annual Financial Report
for the year ended 31 December 2009

Nippon Paper Australia Pty Ltd – Financial Report

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Nippon Paper Australia Pty Ltd – Financial Report

Directors' report

The directors of Nippon Paper Australia Pty Ltd submit herewith the annual financial report for the financial year ended 31 December 2009.

Directors

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

Shinichi Owada

Ko Nishikawa (resigned on 27 February 2009)

Akihiro Shigefuji

All directors were in office of the Company during this financial year until the date of this report, unless otherwise stated.

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of related corporations, either at the beginning of the financial period, or date of appointment if later, or at the end of the financial year.

Corporate information

This annual report covers Nippon Paper Australia Pty Ltd as an individual entity. The Company's functional and presentation currency is Australian Dollars (AUD\$).

Nippon Paper Australia Pty Ltd is incorporated and domiciled in Australia. The immediate holding company is Nippon Paper Industries Co. Ltd., a company incorporated in Japan. The ultimate holding company is Nippon Paper Group Inc., incorporated in Japan.

Company Secretary

Akihiro Shigefuji

Registered office and principal place of business:

Level 5, 131 Queen Street, Melbourne Victoria 3000

Bankers:

ANZ

Auditors:

Ernst & Young

Employees:

The company employed 1 employee/director as at 31 December 2009.

Nippon Paper Australia Pty Ltd – Financial Report

Principal activities of the company

The company's principal activities during the year are engaging in market research and reporting back to Nippon Paper Industries headquarters and providing distributors in this market with sales support.

Results and dividends

The profit after tax of the Company for the financial year ended 31 December 2009 was \$ 82,070. During the financial year, no dividend was declared and paid to the Company's immediate holding company, Nippon Paper Group Co., Inc., out of retained profits.

Review of operations

Operating Results for the year

This is the first year for Nippon Paper Australia Pty Ltd to operate the full 12 months period compared with the 3 months in the prior financial year. Revenue has increased to \$288,000 (2008: \$72,000) and profit after tax increased to \$82,070 in 2009(2008: \$15,938).

Significant changes after balance date

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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.

Future developments and results

In the opinion of the directors, there will be no expected change in the activities of the Company not otherwise disclosed in the financial report of the Company for the year.

Environmental regulation and performance

The Company has complied with all regulations and legislation applicable to the operation.

Nippon Paper Australia Pty Ltd – Financial Report

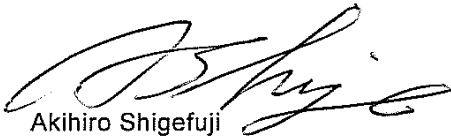
Indemnification of Directors

During the financial year, the Company has not indemnified any director, nor paid any insurance premiums in respect of insurance contracts insuring directors of the Company.

Auditor's independence

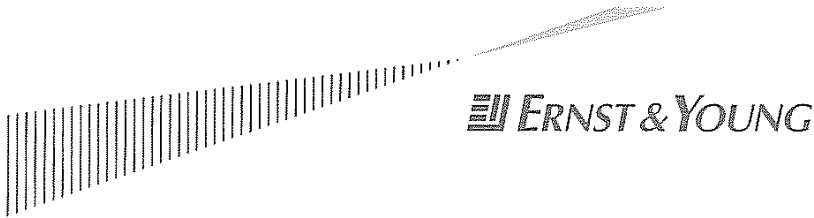
The directors received an independence declaration from the auditor of Nippon Paper Australia Pty Ltd for the year ended 31 December 2009 which is included on Page 5, following the Directors' Report.

Signed in accordance with a resolution of the directors



Akihiro Shigefuji
Director

24 May 2010



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Melbourne VIC 3000 Australia
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Fax: +61 3 8650 7777
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Auditors independence declaration to the Directors of Nippon Paper Australia Pty Ltd

In relation to our audit of the financial report of Nippon Paper Australia Pty Ltd for the financial year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'J. Gossan'.

Jacob Gossan
Partner
24 May 2010

 Nippon Paper Australia Pty Ltd – Financial Report

Statement of comprehensive income

For the year ended 31 December 2009

	Notes	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
Management fee	3	288,000	72,000
Total revenue		<u>288,000</u>	<u>72,000</u>
Occupancy expenses		(7,974)	(1,994)
Administrative expenses		<u>(160,246)</u>	<u>(46,804)</u>
Profit before income tax expense		119,780	23,202
Income tax expense	5	<u>(37,710)</u>	<u>(7,264)</u>
Profit after income tax expense attributable to members		<u>82,070</u>	<u>15,938</u>
Other comprehensive income		-	-
Total comprehensive income		<u>82,070</u>	<u>15,938</u>

The accompanying notes form part of these financial statements.

Nippon Paper Australia Pty Ltd – Financial Report

Statement of financial position

As at 31 December 2009

	Notes	As at 31 December 2009 \$	As at 31 December 2008 \$
Current assets			
Cash and cash equivalents	12	181,024	89,050
Trade and other receivables	7	28,934	27,462
Other current assets	8	8,685	6,255
Total current assets		<u>218,643</u>	<u>122,767</u>
Non-current assets			
Property plant and equipment	9	15,459	16,255
Deferred tax assets	5	3,775	3,888
Total non-current assets		<u>19,234</u>	<u>20,143</u>
TOTAL ASSETS		<u>237,877</u>	<u>142,910</u>
Current liabilities			
Trade and other payables	10	17,067	15,820
Current tax liability		22,802	11,152
Total current liabilities		<u>39,869</u>	<u>26,972</u>
TOTAL LIABILITIES		<u>39,869</u>	<u>26,972</u>
NET ASSETS		<u>198,008</u>	<u>115,938</u>
Equity			
Contributed equity	11	100,000	100,000
Retained earnings		98,008	15,938
TOTAL EQUITY		<u>198,008</u>	<u>115,938</u>

The accompanying notes form part of these financial statements.

 Nippon Paper Australia Pty Ltd – Financial Report

Statement of changes in equity

For the year ended 31 December 2009

	Issued capital \$	Retained Earnings \$	Total \$
Issue of share capital	100,000	-	100,000
Profit for the year	-	15,938	15,938
Other comprehensive income	-	-	-
At 31 December 2008	100,000	15,938	115,938
Issue of share capital	-	-	-
Profit for the year	-	82,070	82,070
Other comprehensive income	-	-	-
At 31 December 2009	100,000	98,008	198,008

 Nippon Paper Australia Pty Ltd – Financial Report

Cash flow statement

For the year ended 31 December 2009

	Note	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
Cash flows from operating activities			
Receipts from customers		286,528	48,000
Payments to suppliers and employees		(168,607)	(42,172)
Income tax paid		(25,947)	-
Net cash flows from operating activities	12	<u>91,974</u>	<u>5,828</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(16,778)
Net cash flows from investing activities		<u>-</u>	<u>(16,778)</u>
Cash flows from financing activities			
Issue of share capital		-	100,000
Net cash flows used in financing activities		<u>-</u>	<u>100,000</u>
Net increase in cash and cash equivalents		91,974	89,050
Cash and cash equivalents at the beginning of year		89,050	-
Cash and cash equivalents at the end of year	12	<u><u>181,024</u></u>	<u><u>89,050</u></u>

Nippon Paper Australia Pty Ltd – Financial Report

Notes to the financial statements

For the year ended 31 December 2009

1. Corporate information

The financial report of Nippon Paper Australia Pty Ltd for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on the date of this report.

Nippon Paper Australia Pty Ltd is a company limited by shares and is incorporated and domiciled in Australia. The company was incorporated on 16 June 2008.

2. Summary of significant accounting policies

(a) Basis of preparation

This special purpose financial report has been prepared to fulfill the directors' financial reporting requirements under the *Corporations Act 2001*. The accounting policies used in the financial report as described below, are consistent with the financial reporting requirements of the *Corporations Act 2001* and are, in the opinion of the directors, appropriate to meet the needs of the members:

- (i) The financial report has been prepared on an accrual basis of accounting using the historical cost convention and the going concern assumption.
- (ii) The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Nippon Paper Australia Pty Ltd because it is not a 'reporting entity'. The directors have, however, prepared the financial report in accordance with all Accounting Standards and other mandatory financial reporting requirements in Australia with the exception of the following disclosure requirements:

AASB7	Financial Instruments: Disclosures
AASB112	Income Taxes
AASB116	Property, Plant and Equipment
AASB117	Leases
AASB124	Related Party Disclosures

(b) Revenue recognition

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

Notes (continued)

For the year ended 31 December 2009

2. Summary of significant accounting policies (cont)

(c) Cash and cash equivalents

Cash assets in the balance sheet comprises cash at bank and in hand.

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off as incurred.

(e) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of these goods and services.

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows;
Leasehold improvement: 20 - 40 years
Office equipment: 8-20 years

The asset's residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year-end

Impairment

The carrying values of plant and equipment are reviewed for impairment with recoverable amount being estimated, when events or changes in circumstances indicate the carrying value may be impaired.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in the income statement in the cost of sales line item.

Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

2. Summary of significant accounting policies (cont)**(g) Income tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from, the initial recognition, of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(h) Other taxes

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

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

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

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

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

Notes (continued)

For the year ended 31 December 2009

2. Summary of significant accounting policies (cont)

(i) *Leases*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are charged as an expense in the income statement on a straight line basis over the lease term.

(j) *Contributed equity*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
3. Revenue		
Revenue from operating activities		
Management fee	288,000	72,000
4. Expenses from operations		
Depreciation of non-current assets		
Leasehold improvement	625	104
Office equipment	171	419
Total depreciation of non-current assets	796	523
Employee benefits expense		
Wages and salaries	33,060	8,937
Other employee benefits expenses	31,418	6,439
	64,478	15,376
5. Income tax		
Income statement		
<i>Current income tax expense</i>		
Current income tax charge	37,597	11,152
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	113	(3,888)
Income tax expense reported in the income statement	37,710	7,264
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting profit before income tax	119,780	23,202
At the Company's statutory tax rate at 30% (2008: 30%)	35,934	6,961
Expenditure not allowed for income tax purposes	1,776	303
Income tax expense reported in the income statement	37,710	7,264
Deferred income tax		
Deferred income tax at the end of the financial year relates to the following:		
Deferred tax (liabilities)	(875)	(612)
Deferred tax assets	4,650	4,500
Net deferred tax assets	3,775	3,888

 Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$	
6. Franking credit balance			
The amount of franking credits available for the subsequent financial years are:			
• Franking account balance as at the end of the financial year at 30%.	25,592	-	
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year.	22,802	11,152	
	48,394	11,152	
7. Trade and other receivables			
Trade receivables	27,591	24,000	
GST receivables	1,343	3,462	
	28,934	27,462	
Trade receivables are non-interest bearing and 30 day terms. No allowance for doubtful debts has been made during the current financial year.			
8. Other current assets			
Deposit	4,215	4,215	
Prepaid expenses	4,470	2,040	
	8,685	6,255	
9. Property, plant and equipment	Leasehold improvement	Office equipment	Total
	\$	\$	\$
At 31 December 2008			
Cost	14,039	2,739	16,778
Accumulated depreciation and impairment	(104)	(419)	(523)
Net carrying amount	13,935	2,320	16,255
At 31 December 2009			
Cost	14,039	2,739	16,778
Accumulated depreciation and impairment	(729)	(590)	(1,319)
Net carrying amount	13,310	2,149	15,459

Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
10. Trade and other payables		
Other creditors and accruals	17,067	15,820
Trade creditors and other payables are non-interest bearing, unsecured and are normally settled on 60 day terms.		
11. Contributed equity		
Issued and paid-up capital		
100,000 ordinary shares fully paid	100,000	100,000
<i>Movement in ordinary shares on issue</i>		
Issued during the financial year	-	100,000
Balance at end of financial years	100,000	100,000

(a) Terms and conditions

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares sold. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Nippon Paper Australia Pty Ltd is incorporated and domiciled in Australia. The immediate holding company is Nippon Paper Industries Co., Ltd., a company incorporated in Japan. The ultimate holding company is Nippon Paper Group Inc., incorporated in Japan.

Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
	<hr/>	<hr/>
12. Notes to the statement of cash flows		
(a) Reconciliation of net profit after tax to the net cash flows from operations		
Net profit	82,070	15,938
Non-cash items		
Depreciation	796	523
Change in assets and liabilities		
(Increase)/decrease in receivables	(1,472)	(27,462)
(Increase)/decrease in other assets	(2,430)	(6,255)
(increase)/decrease in deferred tax balance	113	(3,888)
Increase/(decrease) in creditors	1,247	15,820
Increase/(decrease) in income tax	11,650	11,152
Net cash flows from operating activities	<hr/> 91,974	<hr/> 5,828
(b) Reconciliation of cash		
Cash balance comprises:		
Cash and cash equivalents	<hr/> 181,024	<hr/> 89,050
13. Auditors' remuneration		
The auditor of Nippon Paper Australia Pty Ltd is Ernst & Young		
Amounts received or due and receivable by the auditors for:		
Audit of the financial report of the Company	10,500	5,000
Other services in relation to the Company	11,728	10,000
	<hr/> 22,228	<hr/> 15,000

 Nippon Paper Australia Pty Ltd – Financial Report

Notes (continued)

For the year ended 31 December 2009

14. Commitments for expenditure

Operating lease commitments

The Company has entered into commercial leases on certain properties and items of machinery where it is not in the best interest of the company to purchase these assets. The life of these operating leases range from 28 to 48 months with renewal terms included in the contracts. Renewals are at the option of the Company.

There are no restrictions placed upon the lessee by entering these leases.

Future minimum rentals payable under operating leases as at year end are as follows:

	Year ended 31 December 2009 \$	Year ended 31 December 2008 \$
Within one year	10,973	16,622
After one year but not more than five years	17,295	28,268
	<u>28,268</u>	<u>44,890</u>

15. Events after the balance sheet 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.

Nippon Paper Australia Pty Ltd – Financial Report

Directors' declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report has been prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

The directors of the company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001* and
 - (i) Present fairly the company's financial position as at 31 December 2009 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
 - (ii) Comply with the Accounting Standards as described in Note 2 to the financial statements and the *Corporations Regulations 2001*; and
- (b) In 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.

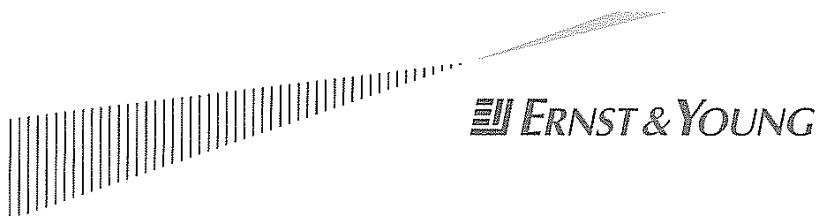
This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Akihiro Shigefuji
Director

Melbourne
24 May 2010



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Independent auditor's report to the members of Nippon Paper Australia Pty Ltd

We have audited the accompanying special purpose financial report of Nippon Paper Australia Pty Ltd, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 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. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

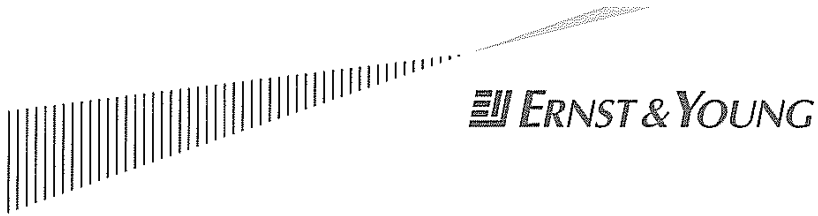
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making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

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.



Auditor's Opinion

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

- a) giving a true and fair view of the financial position of Nippon Paper Australia Pty Ltd as at 31 December 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
- b) complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and complying with the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'J. Gossan'.

Jacob Gossan
Partner
Melbourne
24 May 2010