

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-KSB
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

Commission File
Number 0-25909

AUSTRALIAN FOREST INDUSTRIES (f/k/a Multi-Tech International, Corp.)
(Name of small business issuer in its charter)

Nevada
(State or other jurisdiction of
or organization)

86-0931332
(I.R.S. Employer incorporation
Identification No.)

4/95 Salmon Street, Port Melbourne, Victoria
Australia, 3207
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: 011 61 3 8645 4340

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
NONE	NONE

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.001 par value
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of May 13, 2005 was approximately \$601,020 based on 400,680 shares of common stock. The number of shares of Common Stock of the registrant outstanding on May 13, 2005 was 257,400,680.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

HISTORY

Australian Forest Industries f/k/a Multi-Tech International, Corp., hereinafter referred to as "the Company", "we" or "us", was originally organized by the filing of Articles of Incorporation with the Secretary of State of the State of Nevada on September 21, 1998 under the name Oleramma, Inc. The Articles of Incorporation authorized the issuance of one hundred five million (105,000,000) shares, consisting of one hundred million (100,000,000) shares of Common Stock at par value of \$0.001 per share and five million (5,000,000) shares of Preferred Stock at par value of \$0.001.

On April 28, 1999, the Company changed its name to BuckTV,Com, Inc. on the basis that the Company would market consumer products through an InteractiveWeb site. The Company again changed its name in November 2002 to Multi-Tech International, Corp.

On September 1, 2004, we entered into a Share Exchange Agreement with Timbermans Group Pty Ltd, an Australian corporation and its wholly-owned subsidiary at the time Integrated Forest Products Pty Ltd, an Australian corporation as well ("Share Exchange Agreement" and "Share Exchange", respectively). Pursuant to such Share Exchange Agreement, we:

- o completed a 200-1 reverse stock split of our common stock
- o increased our authorized number of shares from 100,000,000 to 300,000,000
- o changed our name from Multi-Tech International, Inc. to Australian Forest Industries

- o appointed Messrs. Michael Timms, Norman Backman, Colin Baird, Antony Esplin and Roger Timms to the board of directors
- o issued 257,000,000 shares of our common stock as a result of the Share Exchange Agreement

Thus, upon completion of the Share Exchange, Integrated Forest Products Pty Ltd ("IFP") became a wholly-owned subsidiary of the Company and the Company's symbol on the OTC-BB was changed from "MLTI" to "AUFII".

GENERAL

The majority of the issued and outstanding ordinary shares in the capital of the Company are held by Timbermans Group Pty Ltd, a leading supplier of softwood timber products in Australia. The shareholders of Timbermans Group are the same individuals who comprise our board of directors.

IFP owns a minority interest in Radiata Forest Services Pty Ltd which is a company owned jointly by a number of timber companies in the Canberra region. Radiata purchases logs on behalf of its shareholders and distributes them among those shareholders.

The timber industry in Australia experienced a strong demand from internal growth in residential and commercial construction along the Eastern coast of Australia. Additionally, export demand from China and elsewhere in Asia for lumber and other wood products continued to be very strong in recent years and management expects that this trend will continue in the foreseeable future.

The facilities of the Company are located in Australia. The business of the Company consists of a pine sawmilling and timber facility at Canberra, which has a capacity to process 165,000 cubic meters of sawn timber. This sawmill produced 120,000 cubic meters of log in the Fiscal Year 2004. The Company is currently in the process of arranging the financing for the construction of a second sawmill. With this second sawmill, the Company intends to exploit the log resource generated by our contract with Timbermans Group Pty Ltd which grants us the right to the Bombala Agreement described below.

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In April 2003, Timbermans Group Pty Ltd entered into an agreement with the government of New South Wales which granted Timbermans the 20 year wood supply rights to timber from the Bombala forest, equal to approximately 300,000 cubic meters of wood ("Bombala Agreement"). This Agreement was assigned to the Company at that time with the full knowledge of the New South Wales government. Management believes that this is the last significant undeveloped pine forest in Eastern Australia. The Bombala Agreement provides, inter alia, that the log purchase price review mechanism is linked to the sawn timber actual price achieved for the products produced at the new sawmill to be built at Bombala, the market price for structural radiata pine timber, the ABS producer price index for softwood in Sydney and input costs such as wages and fuel. This mechanism is expected to adequately protect the Company from any decreasing market prices and in part from increased costs during the term of the Bombala Agreement. With the signing of the Bombala Agreement, the Company has insured its supply for at least 20 years and is renewable at the Company's option. With this asset the Company believes it has secured a major asset.

The Company's core markets are Australia and Southern Asia. The Company's revenues are generated solely in its core markets.

Recent events

The proposed new sawmill at Bombala is planned to begin construction in the 3rd quarter of 2005 after the approvals of the government of New South Wales and local council have been obtained.

The new mill operation will be situated on approximately 300 acres of land on the Monaro Highway, just south of Bombala. Management believes that the new mill will be a state of the art mill. It will be constructed by industry experts, including Acora Reneco Group, and will utilize state of the art machinery and technology.

The mill is expected to comprise sawing machines from the USA, Canada, Europe and Australia, and to have proven production capabilities, as well as safety, environmental and efficiency capabilities.

The total mill and ancillary investment are expected to be approximately \$30 million (US). Most of the timber from the new mill will be transported in green form to the Integrated Forest Products plant at Canberra, for drying and dressing processing. The balance will be sold in green form.

The new mill is expected to initially process 300,000 cubic meters per year of log, although designed to cut in excess of 400,000 cubic meters per year, under the Bombala Agreement.

Furthermore, negotiations are at an advanced stage for the sale of all mill residues of sawdust, bark and waste wood chips.

The new sawmill at Bombala is expected to put the Company in a position to produce at a lower cost relative to its current cost level, and in compliance with all applicable safety standard. In addition, it is expected to provide access to the Company to a large and high quality log supply, to Acora Reneco Group as leading Australian timber technology, mill and equipment suppliers, low cost production from expanding Integrated Forest Products and will allow the Company to concentrate on structural timber. Finally, the new sawmill is expected to create competitive economics of scale and to generate profits from the future integration of the Company's operations in Canberra and Bombala.

The Company recently purchased a new timber treatment facility for its operations in Canberra that was commissioned in early 2005. With its new timber treatment facility, management expects that it will be able to offer treated pine framing to the market as from March 2005. With the new facility, the Company expects to be able to meet an increased demand for treated timber as a result of changing rules and regulations for the construction of new homes that require the use of such timber for framing to be termite resistant.

Furthermore, Integrated Forest Products recently commissioned a new sawlog line which is expected to lift the log intake rate of its facility in Canberra to over 160,000 cubic meters per year, thereby increasing its sawing capacity by 38%, provide a recovery increase, a higher sawing accuracy, greater operator safety and a better timber finish.

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Strategy

The Company's strategy is to maximize shareholder value, primarily by realizing economics of scale and profits, initially through the securing of access to additional log supplies from private forests, the installation of a new log sawing line at Integrated Forest Products to improve its efficiency, and the continuation of the meeting of milestones laid down in the Bombala Agreement. The medium term strategy of the Company is to build a new green sawmill in Bombala, and to expand its drying and planing facilities for the intake of green sawn timber from the facilities then operated at Bombala. The long term strategy of the Company is to combine its wood chip production facilities, and to export wood chips with its strategic partner the State Forest of New South Wales, utilizing both the Company's and the State Forest of New South Wales' supply, or, alternatively, to establish a fibre board factory at Bombala utilizing its available wood chips. Other options are also being investigated.

Employees

At the end of December 2004, we employed 121 full time equivalents. Employees play a crucial role in the success of our business. We encourage our employees to take initiative to further enhance our efficiency in timber production. In order to assist our employees, we constantly seek to train and educate them, either on an individual basis (product knowledge and quality control) or on a more collective basis (office automation and management skills). We have never experienced a work stoppage resulting from labor problems.

Our employees are members of the CFMEU which is one of the largest unions in Australia. As a result, each non-executive employee is a party to a collective bargaining agreement known as an Enterprise Bargaining Agreement which determines the terms of employment of each non-executive employee. Management believes that its relations with such union are impeccable and the risk of work stoppages is extremely unlikely.

Competition

The Australian wood products market is a competitive market and could become more competitive in the future. Our competitors are diverse and offer products similar to our products. Some of our competitors have access to significantly greater financial, marketing and other resources than us. Increased competition may result in price reductions for our products, reduced revenues and gross margins and loss of market share. We are committed to executing our strategy as set out above, inter alia, by focusing on our ability to source capital equipment at very competitive prices and effectively manage facilities as a result of management's extensive consulting experience.

At the time many sawmills in Australia are facing limitations on log supply as older forests are becoming less productive and a series of significant forest fires over the past five years have diminished the availability of high quality logs.

We believe that we have certain competitive advantages our (i) ability to construct efficient low cost mills, as a result of our strategic alliance with Acora Reneco Group, (ii) access to log resources through the Bombala Agreement, (iii) excess drying and dressing capacity in the Canberra processing facilities,

(iv) low cost operating and management techniques, and (v) operations management system, which we believe to be superior to the systems of our competitors.

Finally, unlike most of our competitors, we believe that we have the ability for low cost incremental expansion of our Canberra and future Bombala facilities, mainly because of our spare processing capacity, subject to the availability of logs - the supply of which we believe to have secured through our Bombala Agreement, our log merchandising facility at Bombala for greater fibre recovery from whole log, and the availability of in-house process control and selective hi-tech equipment.

It is our belief that, if we get the new facility in operation in 2006, we can record operating performance equal or better than that shown by the large capital forestry companies including the high growth ones.

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ITEM 2. DESCRIPTION OF PROPERTY

Our main facility is located in Australia which consists of pine sawmilling and timber facility at Canberra, which has a capacity to products 165,000 cubic meters of log. We are currently in the process of arranging the financing for the construction of a second in the Bombala region to further exploit the log resources generated by the Bombala Agreement.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material pending legal proceedings or government actions, including any bankruptcy, receivership, or similar proceedings. Management of the Company does not believe that there are any proceedings to which any director, officer, or affiliate of the Company, any owner of record of the beneficially or more than five percent of the common stock of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) The Company's Common Stock is traded on the OTC-Bulletin Board under the symbol AUF1. The following sets forth the range of the closing bid prices for the Company's Common Stock for the period January 1, 2003 through May 16, 2005. Such prices represent inter-dealer quotations, do not represent actual transactions, and do not include retail mark-ups, mark-downs or commissions. Such prices were determined from information provided by a majority of the market makers for the Company's Common Stock.

	High Close	Low Close
2003		
First Quarter	0.40	0.20
Second Quarter	0.12	0.05
Third Quarter	0.02	0.02
Fourth Quarter	0.015	0.015
2004		
First Quarter	0.015	0.015
Second Quarter	0.015	0.015
Third Quarter	0.015	0.015

Fourth Quarter	2.50	0.60

2005		

First Quarter	1.51	1.50

Second Quarter (through May 16, 2005)	1.50	1.50

(b) The approximate number of holders of the Common Stock of the Company as of May 16, 2005 was 900.

(c) No cash dividends were declared by the Company during the fiscal year ended December 31, 2004. While the payment of dividends rests within the discretion of the Board of Directors, it is not anticipated that cash dividends will be paid in the foreseeable future, as the Company intends to retain earnings, if any, for use in the development of its business. The payment of dividends is contingent upon the Company's future earnings, if any, the Company's financial condition and its capital requirements, general business conditions and other factors.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

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It should be noted that this Management's Discussion and Analysis of Financial Condition and Results of Operations may contain "forward-looking statements." The terms "believe," "anticipate," "intend," "goal," "expect," and similar expressions may identify forward-looking statements. These forward-looking statements represent the Company's current expectations or beliefs concerning future events. The matters covered by these statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements, including the Company's dependence on weather-related factors, introduction and customer acceptance of new products, the impact of competition and price erosion, as well as supply and manufacturing restraints and other risks and uncertainties. The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation that the strategy, objectives or other plans of the Company will be achieved. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

RESULTS OF OPERATIONS

We are currently in the second year of operations and have generated significant revenues to date. Our activities from inception to date, were related to: our formation; preparation of our business model; arranging and planning financing and the acquiring all rights, title and interest to our timber rights located in the Canberra region; and the implementation and construction of our first sawmill also in the Canberra region.

Operating costs for the period from inception to December 31, 2003 aggregated \$12,764,139. This includes costs incurred in procuring our rights under the Bombala Agreement and operating expenses for our Canberra sawmill. We incurred an operating loss of \$60,162 and a total net loss of \$56,569 or \$.0002 per share.

Operating costs for the twelve-month period ended December 31, 2004 aggregated \$14,531,990. This includes an increase in costs of goods sold of \$2,443,463 which were a result of general costs associated with the growth of our business and management fees to our executive officers of \$556,771 which were not paid in the prior fiscal year. As a result of the above we realized a loss of \$868,406 for the twelve-month period ended December 31, 2004 or \$.003 per share.

LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2003 and 2004 we had current assets of \$3,446,184 and \$3,734,404, respectively.

Net cash used in operating activities for the period from inception to December 31, 2003 was \$747,887. Net cash used in operating activities for the period from inception to December 31, 2004 was \$(56,542). The decrease in net cash was a result of an increase in payments to suppliers and employees of \$4,979,980 which

was a consequence of our growing business and the addition of a significant number of employees.

In the twelve months ending December 31, 2004, the Company experienced an increase in net proceeds from borrowings/capitalized leases of \$4,968,800 and during that same period an increase in loans to related parties of \$1,350,201, thus resulting in net cash provided by financing activities of \$1,808,526.

The Company is presently completing a second sawmill in Canberra which is anticipated to be operational in the third quarter of 2005 and which will be used primarily for processing the logs resulting from the Bombala Agreement.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements Affecting The Company:

In December 2004, the FASB issued SFAS No. 123 (revised 2004), or SFAS 123R, "Share-Based Payment." This statement replaces SFAS 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board's Opinion No. 25 (ABP 25), "Accounting for Stock Issued to Employees." SFAS 123R will require us to measure the cost our employee stock-based compensation awards granted after the effective date based on the grant date fair value of those awards and to record that cost as compensation expense over the period during which the employee is required to perform services in exchange for the award (generally over the vesting period of the award). SFAS 123R addresses all forms of share-based payments awards, including shares issued under employee stock purchase plans, stock option, restricted stock and stock appreciation rights. In addition, we will be required to record compensation expense (as previous awards continue to vest) for the unvested portion of previously granted awards that remain outstanding at the date of adoption. SFAS 123R is effective for fiscal periods beginning after June 15, 2005. Therefore, we are required to implement the standard no later than our third fiscal quarter which begins on July 1, 2005. SFAS 123R permits public companies to adopt its requirements using the following methods: (1) a "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based payments granted after the effective date and (b) based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123R that remain unvested on the effective date; or (2) a "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate their financial statements based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosures for either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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MEYLER & COMPANY, LLC
 CERTIFIED PUBLIC ACCOUNTANTS
 ONE ARIN PARK
 1715 HIGHWAY 35
 MIDDLETOWN, NJ 07748

Report of Independent Registered Public Accounting Firm

To the Board of Directors
 Australian Forest Industries
 Melbourne, Australia

We have audited the accompanying balance sheets of Australian Forest Industries (formerly Multi-Tech International Corp.) as of December 31, 2004 and 2003 and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Australian Forest Industries as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

/s/ Meyler & Company, LLC

Middletown, NJ
 May 1, 2005

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AUSTRALIAN FOREST INDUSTRIES
 (Formerly Multi-Tech International Corp.)

CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
 <CAPTION>

	December 31,	
	2004	2003
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash		\$ 459,927
Accounts receivable	\$ 1,611,756	1,873,003
Inventory	1,983,039	1,030,799
Prepaid expenses and other	141,609	82,455
	-----	-----
Total Current Assets	3,736,404	3,446,184
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$2,721,972 and \$2,036,081 in 2004 and 2003, respectively	9,712,015	7,000,911
OTHER ASSETS		
Receivable from related party	500,496	
Long-term timber supply contract, net of amortization of \$36,943	849,705	
	-----	-----
	\$ 14,798,620	\$ 10,447,095
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Bank overdraft	\$ 421,097	
Accounts payable	3,154,429	\$ 1,762,425
Current portion of capitalized lease obligations	731,217	351,308
Accrued payroll, related taxes and benefits	542,414	539,460
	-----	-----
Total Current Liabilities	4,849,157	2,653,193
CAPITALIZED LEASE OBLIGATIONS		
	2,797,975	5,628
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.001, 5,000,000 shares authorized, none issued and outstanding		
Common stock, par value \$0.001, 300,000,000 shares authorized, 257,400,680 issued and outstanding	257,400	
Common stock, no par value, 6,649,705 shares authorized, 5,319,764 issued and outstanding		9,813,217
Additional paid-in capital	9,810,817	
Comprehensive income	42,210	65,590
Accumulated deficit	(2,958,939)	(2,090,533)
	-----	-----
Total Stockholders' Equity	7,151,488	7,788,274
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 14,798,620	\$ 10,447,095
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2004	2003
	-----	-----
REVENUE - SALES	\$ 12,990,558	\$ 12,703,977
COSTS AND EXPENSES		
Cost of goods sold	11,685,458	9,241,995
Selling, general and administrative	1,130,163	2,472,810
Management fees	556,700	
Stock based compensation	255,000	
Interest expense	217,251	529,034
Depreciation and amortization	687,418	520,300
	-----	-----
Total Costs and Expenses	14,531,990	12,764,139
	-----	-----
OPERATING LOSS	(1,541,432)	(60,162)
NON-OPERATING INCOME		
Other income	443,041	3,793
Interest income	1,328	
Gain on disposal of assets	228,657	
	-----	-----
Total Non-Operating Income	673,026	3,793
	-----	-----
NET LOSS	\$ (868,406)	\$ (56,369)
	=====	=====

See accompanying notes to financial statements.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

For the Year Ended

	December 31,	
	2004	2003
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 15,342,971	\$ 13,385,860
Payments to suppliers and employees	(17,737,064)	(12,757,084)
Interest received	1,403	10,265
Interest paid	(301,555)	
Other income	2,420,067	108,846
Net GST paid	217,636	
Net Cash (Used in) Provided by Operating Activities	(56,542)	747,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant, and equipment	(4,049,749)	(49,408)
Proceeds from sale of property, plant, and equipment	1,667,148	21,876
Net Cash Used in Investing Activities	(2,382,601)	(27,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings/capitalized leases	3,158,727	(1,810,073)
Repayment of borrowings/capitalized leases		522,115
Long-term timber supply contract	(849,705)	
Loans to related parties	(500,496)	
Net Cash Provided by (Used In) Financing Activities	1,808,526	(1,287,958)
NET DECREASE IN CASH	(630,617)	(567,603)
EFFECT OF EXCHANGE RATES ON CASH	(250,407)	253,706
CASH AT BEGINNING OF YEAR	459,927	773,824
CASH AT END OF YEAR	\$ (421,097)	\$ 459,927
RECONCILIATION OF NET LOSS TO NET CASH (USED IN)		
PROVIDED BY OPERATING ACTIVITIES		
Net loss from operations	\$ (868,406)	\$ (56,369)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	687,418	520,300
Stock based compensation	255,000	
Changes to provisions for employee benefits	(17,493)	49,959
Changes to other provisions		31,073
Non-cash charges on related party loans		563,268
Changes in assets and liabilities:		
Decrease (increase) in other assets	(56,028)	25,294
Decrease (increase) in inventory	(1,015,050)	380,450
Decrease (increase) in receivables	332,236	(231,157)
Increase (decrease) in payables	625,781	(534,931)
Net Cash (Used in) Provided by Operating Activities	\$ (56,542)	\$ 747,887

NON-CASH FINANCING AND INVESTING ACTIVITIES

They were no material non-cash financing and investing activities during the years ended December 31, 2004 and 2003 except as noted in the cash flow statement in respect to borrowings for capitalized lease arrangements.

</TABLE>

See accompanying notes to financial statements.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

<TABLE> <CAPTION>		Preferred Stock		Common Stock		Additional	Accumulated
Total						Paid-In	Accumulated
Comprehensive Stockholders' (loss) Equity		Shares	Amount	Shares	Amount	Capital	Deficit
							Income

<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
Balance, December 31, 2002			5,319,764	\$9,813,217		\$ (2,034,164)	
\$7,779,053							
Net loss for the year ended							
December 31, 2003						(56,369)	
(56,369)							
Adjustments from exchange							
rate changes							\$65,590
65,590							

Balance, December 31, 2003			5,319,764	9,813,217		(2,090,533)	65,590
and prior to Reverse Merger							
7,788,274							
Reverse Merger (Note 1)							
Exchange of Integrated							
Forest Products Pty Ltd							
shares for Australian							
Forest Industries		(5,319,764)	(9,813,217)	\$ 9,813,217			
Shareholders equity of							
Australian Forest							
Industries at date of							
merger		400,680	400	11,257,463	(11,257,863)		
Reverse Merger capitalization				(11,257,863)	11,257,863		
Issuance of shares at date of							
merger		240,000,000	240,000	(240,000)			
Issuance of shares for							
consulting agreement		17,000,000	17,000	238,000			
255,000							
Adjustment from exchange							
rate changes							(23,380)
(23,380)							
Net loss for the year ended							
December 31, 2004						(868,406)	
(868,406)							

Balance, December 31, 2004			257,400,680	\$ 257,400	\$ 9,810,817	\$ (2,958,939)	\$42,210
\$7,151,488							
=====							

</TABLE>

See accompanying notes to financial statements.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Australian Forest Industries ("the Company"), through its wholly owned subsidiary Integrated Forest Products Pty Ltd ("Integrated"), operates a saw mill in Australia which cuts pine timber into building products to supply the commercial and residential industry along the eastern coast of Australia.

Reverse Merger

On September 1, 2004, Integrated, owned by the Timbermans Group Pty Ltd ("Timbermans"), entered into a share exchange agreement with the Company and issued 240,000,000 shares of its common stock to acquire Integrated. In connection with the share exchange agreement, Integrated became a wholly owned subsidiary of the Company and Integrated's officers and directors became the officers and directors of the Company. Prior to the merger, the Company was a non-operating "shell" corporation. Pursuant to Securities and Exchange Commission rules, the merger of a private operating company (Integrated) into a non-operating public shell corporation with nominal net assets is considered a capital transaction. Accordingly, for accounting purposes, the merger has been treated as an acquisition of the Company by Integrated and a recapitalization of the Company. The historical financial statements for the years ended December 31, 2004 and 2003 are those of Integrated. Since the merger is a recapitalization and not a business combination, pro forma information is not presented.

Foreign Currency Translation

For 2004, the Company considered the Australian dollar to be its functional currency. Assets and liabilities were translated into US dollars at the year-end exchange rates. Statement of operations amounts were translated using the average rate during the year. Gains and losses resulting from translating foreign currency financial statements were accumulated in other comprehensive income, a separate component of stockholders' equity.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with a maturity of three months or less. There were no cash equivalents in 2004 or 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the first-in, first-out (FIFO) method.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment and Depreciation

Equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations.

Net Loss Per Common Share

The Company computes per share amounts in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share". SFAS No. 128 requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common Stock equivalents outstanding during the periods.

Consolidated Financial Statements

The consolidated financial statements include the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Comprehensive Income (Loss)

SFAS No. 130 establishes standards for the reporting and disclosure of comprehensive income and its components to be presented in association with a company's financial statements. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such as foreign currency translation adjustments and unrealized gains or losses on available-for-sale securities. It includes all changes in equity during a period except those resulting from investments by or distributions to owners. Comprehensive income is accumulated in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

Business Combinations and Goodwill

SFAS No. 123, "Accounting for Stock-Based Compensation" prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock

purchase plans and stock appreciation rights. SFAS No. 123 requires employee compensation expense to be recorded (1) using the fair value method or (2) using the intrinsic value method as prescribed by accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB25") and related interpretations with pro forma disclosure of what net income and earnings per share would have been if the Company adopted the fair value method. The Company accounts for employee stock based compensation in accordance with the provisions of APB 25. For non-employee options and warrants, the company uses the fair value method as prescribed in SFAS 123.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combinations and Goodwill (Continued)

In July 2001, the FASB issued SFAS NO. 142, "Goodwill and Other Intangible Assets", which the Company adopted during 2003. SFAS No. 142 requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairment of goodwill.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 changes the accounting for long-lived assets to be held and used by eliminating the requirement to allocate goodwill to long-lived assets to be tested for impairment, by providing a probability weighted cash flow estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of possible future cash flows and by establishing a primary-asset approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for long-lived assets to be held and used. SFAS No. 144 changes the accounting for long-lived assets to be disposed of other than by sale by requiring that the depreciable life of a long-lived asset to be abandoned be revised to reflect a shortened useful life and by requiring the impairment loss to be recognized at the date a long-lived asset is exchanged for a similar productive asset or distributed to owners in a spin-off if the carrying amount of the asset exceeds its fair value. SFAS No 144 changes the accounting for long-lived assets to be disposed of by sale by requiring that discontinued operations no longer be recognized at a net realizable value basis (but at the lower of carrying amount or fair value less costs to sell), by eliminating the recognition of future operating losses of discontinued components before they occur, and by broadening the presentation of discontinued operations in the income statement to include a component of an entity rather than a segment of a business. A component of an entity comprises operations and cash flows that can be clearly distinguished operationally, and for financial reporting purposes, from the rest of the entity.

Revenue Recognition

The Company's policy is to recognize revenue at the time products are shipped from its facilities.

NOTE B - INVENTORY

Inventory consists of the following at December 31,

	2004	2003
	-----	-----
Raw materials and supplies	\$ 53,298	\$ 159,504
Work in progress	456,694	179,505
Finished goods	1,473,047	691,790
	-----	-----
	\$1,938,039	\$1,030,799
	=====	=====

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2004

NOTE C - EQUIPMENT

Equipment is comprised of the following at December 31,

	Useful Life	2004	2003
	-----	-----	-----
Land		\$ 932,400	\$ 932,400
Buildings	40	1,343,034	1,343,034
Plant and equipment	40	9,607,919	6,403,631
Capital works in progress		395,134	327,169
Motor vehicles	5	155,500	30,758
		-----	-----
		12,433,987	9,036,992
Less: accumulated depreciation		2,721,972	2,036,081
		-----	-----
		\$ 9,712,015	\$ 7,000,911
		=====	=====

NOTE D - RELATED PARTY TRANSACTIONS

Receivable From Related Party

At December 31, 2004, the Company advanced \$500,496 to the Timbermans Group which is currently the controlling shareholders. The advance is unsecured and has no specific repayment date. Subsequent to December 31, 2004, the Timbermans Group loaned the Company \$1,000,000.

Long-Term Log Supply Contract

In November 2003, the Timbermans Group entered into a 20 year long-term log supply contract with the New South Wales State Government. To obtain the contract, the Timbermans Group paid \$886,648. In February 2004, it assigned the contract to the Company's wholly owned subsidiary in Australia - Integrated Forest Products Pty, Ltd. The contract is being amortized over 20 years.

The Company has an informal management fee agreement with the Timbermans Group for business and consulting management. There is no written agreement. During the year ended December 31, 2004, the management fee paid to the Timbermans Group was \$556,700.

NOTE E - SHORT TERM BORROWING

The Company has an overdraft facility with the National Bank of Australia in the amount of \$780,000 at the Australian base rate plus 1.80% annually. The amount of the overdraft at December 31, 2004 was \$421,097.

Additionally, the Company has a facility to acquire equipment under capitalized leases aggregating \$1,666,080. See Note F, Capitalized Lease Obligations.

The Company, in connection with the Long Term Timber Supply Contract, has placed a bank guarantee in the amount of \$780,000 with the New South Wales Government to insure a steady supply of timber.

All of the credit facilities are secured by a first ranking mortgage debenture over all the assets and undertakings of Integrated, a first ranking mortgage over the land and buildings at Morwell, Canberra, a fixed charge over all the Company's receivables, a term deposit letter of set-off over Integrated for

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2004

NOTE E - SHORT TERM BORROWING (CONTINUED)

\$1,000,000, a master lease agreement with Directors Guarantee and Indemnity for \$1,666,080, and a \$1,560,000 guarantee and indemnity from the Directors of Integrated.

To the extent that the Timbermans Group advances funds to Integrated, the Timbermans Group loan facility with the National Bank of Australia has a letter of subordination up to \$1,800,000.

NOTE F - CAPITAL LEASE OBLIGATIONS

The Company has obtained various pieces of equipment under capital leases expiring through 2009. The assets and liabilities under these capital leases (\$1,666,080 with the National Bank of Australia) are recorded at the lower of the present values of the minimum lease payments or the fair values of the assets. The assets are included in property and equipment and are being depreciated over their estimated useful lives.

As of December 31, 2004, minimum future lease payments under these capital leases are:

	For the Years Ending December 31,	Amount
	-----	-----
	2005	\$ 954,473
	2006	946,228
	2007	946,228
	2008	946,228
	2009	343,819

Total minimum lease payments		\$4,136,976 =====

	December 31,	
	-----	-----
	2004	2003
	-----	-----
Total minimum lease payments	\$4,136,976	\$ 374,782
Less: amounts representing interest	607,784	17,846
Net minimum lease payments	3,529,192	356,936
Less: current portion	731,217	351,308
	-----	-----
Long-term portion	\$2,797,975	\$ 5,628
	=====	=====

NOTE G - INCOME TAXES

The Company has adopted Financial Accounting Statement SFAS No. 109, Accounting for Income Taxes. Under this method, the Company recognizes a deferred tax liability or asset for temporary differences between the tax basis of an asset or liability and the related amount reported on the financial statements. The principal types of differences, which are measured at current tax rates, are net operating loss carry forwards. At December 31, 2004, these differences resulted in a deferred tax asset of approximately \$887,700. SFAS No. 109 requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. Since realization is not assured, the Company has recorded a valuation allowance for the entire deferred tax asset, and the accompanying financial statements do not reflect any net asset for deferred taxes at December 31, 2004.

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AUSTRALIAN FOREST INDUSTRIES
(Formerly Multi-Tech International Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2004

NOTE G - INCOME TAXES (CONTINUED)

The Company's net operating loss carry forwards amounted to approximately \$2,958,000 at December 31, 2004, which have unlimited expiration.

NOTE H - STOCKHOLDERS' EQUITY

In connection with the Reverse Merger on September 1, 2004, the company issued 17,000,000 shares to a consultant. The shares were valued at \$0.015 per share which was the average trading price for the third quarter.

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Through the September 30, 2004 reporting period, our accountants were Michael Johnson & Co., LLC. In January 2005, we changed accountants to Meyler & Company LLC, independent certified public accountants. At no time has there been any disagreement with such accountants regarding any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

ITEM 8A. DISCLOSURE CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

As of the end of the period covering this Form 10-KSB, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures". The Company's President conducted this evaluation by himself.

(i) Definition of Disclosure Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed with the objective of ensuring that information required to be disclosed in our periodic reports filed under the Exchange Act, such as this report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As defined by the SEC, such disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the President and Chief Financial Officer, in such a manner as to allow timely disclosure decisions.

(ii) Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Controls.

The Company recognizes that a system of disclosure controls and procedures (as well as a system of internal controls), no matter how well conceived and operated, cannot provide absolute assurance that the objectives of the system are met. Further, the design of such a system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented in a number of ways. Because of the inherent limitations in a cost-effective control system, system failures may occur and not be detected. However, our officers and directors believe that our system of disclosure controls and procedures provides reasonable assurance of achieving their objectives.

(iii) Conclusions with Respect to Our Evaluation of Disclosure Controls and Procedures.

Our officers and directors have concluded, based on the evaluation of these controls and procedures, that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in our periodic SEC filings.

(b) Changes in Internal Controls.

There have been no changes in our internal controls over financial reporting during the last fiscal quarter of 2004 that has materially affected or is reasonably likely to affect the Company's internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

OFFICERS AND DIRECTORS

We have 5 executive officers who also serve as our board of directors. Our directors are elected at each annual meeting of shareholders. The following individuals are all of our executive officers and directors:

Name	Age	Positions and Offices With The Company
----	---	-----
Michael Timms	54	Chief Executive Officer; President; Chairman of the Board
Norman Backman	56	Chief Operating Officer; Director
Colin Baird	46	Chief Financial Officer; Director
Tony Esplin	42	Executive Vice President - Marketing; Director
Roger Timms	49	Executive Vice President - Engineering; Director

The following is a biographical summary of the directors and officers of the Company:

Michael Timms

Mr. Michael Bruce Timms was born at 30 May 1950 in Bega, New South Wales, Australia. He has spent over thirty years in the sawmilling industry. He has been involved with design and construction of over seven greenfield sawmill facilities and scores of equipment upgrades across Australia and Canada in both the Hardwood and Softwood sectors, through his engineering business, Acora Reneco Group Pty Ltd. Among other responsibilities he works as Chief Executive Officer and President of the Company and is Chairman of the Board.

Norman Backman

Mr. Norman William Backman was born at 20 September 1948 in Melbourne, Australia. He has over thirty years of experience in the sawmilling industry. He has worked for a long period with Amcor and Brown & Dureau as Mill Manager at the Morwell facility. At Integrated Forest Industries Pty Ltd he will work as Director of Operations. Mr. Backman has access to a team of industry experienced individuals possessing relevant and highly refined sawmill information technology systems technology and cost accounting experience.

Colin Baird

Mr. Colin Baird was born at 22 June 1958 in Melbourne, Australia. He is a qualified accountant who has operated his own practice, Colib Pty Ltd since 1987. He has been involved in the timber industry through his association with some of his clients since 1983. At present his practice has in excess of 500 clients. Mr. Baird is Director of Finance of the Company.

Tony Esplin

Mr. Tony Esplin was born at 23 August 1962 in Melbourne, Australia. He has had twelve years of experience in the sawmill industry covering fabrication of sawmill equipment, project management of new sawmills through his own business, Acora Reneco Group Pty Ltd. Over the last four years he has been involved in the on site management of Integrated Forest Products, covering all aspects of sawmill administration, including log procurement and product marketing. He works as Director of Marketing & Log Procurement for the Company.

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Roger Timms

Mr. Roger Kenneth Timms was born 24 April 1956 in Bega, New South Wales, Australia. He has spent over twenty-five years in the sawmilling industry. He is currently involved in the design, supply and installation of sawmill equipment in Australia and part owns a company, Acora Reneco Group Pty Ltd, which performs these functions. He is the Company's Director of Engineering.

Director Positions in Other Public Companies

No director holds any directorship in a company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15(d) of such Act. No director holds any directorship in a company registered as an investment company under the Investment Company Act of 1940. However, with the exception of Norman Backman, the remaining directors have other business interest and work for the Company on a part-time basis at the present time.

Code of Conduct

The Company does not have an Audit or Strategy committee. Neither does the Company have a standing nominating committee or any committee performing a similar function. For the above reasons, the Company has not adopted a code of ethics.

COMPLIANCE WITH SECTION 16(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers and directors who beneficially own more than ten percent (10%) of the Company's Common Stock to file initial reports of ownership and reports of changes of ownership with the Securities and Exchange Commission. Executive officers, directors and greater than ten percent (10%) beneficial owners are required by Commission regulations to furnish the Company with copies of all Section 16(a) forms they file.

The information required to be compliant with Section 16(a) is found herein. However, at the present time the required individuals have not filed the appropriate Section 16(a) forms although it has been represented to the Company that such are being prepared and will be filed shortly after the filing of this

ITEM 10. EXECUTIVE COMPENSATION

The table below sets forth all annual and long-term compensation paid by the Company through the latest practicable date to the Chief Executive Officer of the Company and to all executive officers of the Company who received total annual salary and bonus in excess of \$100,000 for services rendered in all capacities to the Company and its subsidiaries during the fiscal year ended December 31, 2004 only as the Company did not have operations in 2003.

The following table sets forth information concerning all remuneration paid by the Company as of December 31, 2004 to the Company's Directors and Executive Officers:

Summary Compensation Table

<TABLE>
<CAPTION>

Name and Principal Position	Year	Salary	Long-Term Compensation Awards		All Other Compensation
			Bonus	Securities Underlying Options (#) /SARS	
<S>	<C>	<C>	<C>	<C>	<C>
Michael Timms - Chairman of the Board; CEO and President	2004	\$ 56,000	0		0
Coin Baird - Chief Financial Officer and Director	2004	28,000	0		0
Tony Esplin - Executive Vice President - Marketing; Director	2004	56,000	0		0
Norman Backman - Chief Operating Officer; Director	2004	140,000	0		0
Roger Timms - Executive Vice President - Marketing; Director	2004	20,000	0		0

Directors' Compensation

Other than minimal expenses incurred for traveling to Canberra which were reimbursed by the Company, during the fiscal year ended December 31, 2004 our Directors did not received a fee for serving in that capacity.

Employment Contracts

There are no employment agreements with the executive officers at this time.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth information regarding the beneficial ownership of the shares of the Common Stock (the only class of shares previously issued by the Company) at May 16, 2005, by (i) each person known by the Company to be the beneficial owner of more than five percent (5%) of the Company's outstanding shares of Common Stock, (ii) each director of the Company, (iii) the executive officers of the Company, and (iv) by all directors and executive officers of the Company as a group. Other than the Timbermans Group Pty Ltd, each person named in the table, has sole voting and investment power with respect to all shares shown as beneficially owned by such person and can be contacted at the address of the Company.

<TABLE>
<CAPTION>

Title of Class	Name of Beneficial Owner	Shares of Common Stock	Percent of Class
<S>	<C>	<C>	<C>

Common 54.47%	Timbermans Group Pty Ltd(1)	140,000,000
----- -----		
Common 6.61%	Jeffrey Reade	17,000,000
----- -----		
Common 7.78%	Norman Backman(2)	20,000,000
----- -----		
Common 7.78%	Colin Baird(3)	20,000,000
----- -----		
Common 7.78%	Tony Esplin(4)	20,000,000
----- -----		
Common 7.78%	Michael Timms(5)	20,000,000
----- -----		
Common 7.78%	Roger Timms(6)	20,000,000
----- -----		
Directors and Officers as a group 93.39%		240,000,000

</TABLE>

(1) Timbermans Group Pty Ltd is an Australian corporation with 5 shareholders who are the same individuals as our officers and directors. For the purposes of aggregating the securities ownership of officers and directors, we have included those shares held by Timbermans Group.

(2) Mr. Backman maintains his shares in a holding company organized under the laws of the Cayman Islands of which he has sole beneficial control.

(3) Mr. Baird maintains his shares in a holding company organized under the laws of the Cayman Islands of which he has sole beneficial control.

(4) Mr. Esplin maintains his shares in a holding company organized under the laws of the Cayman Islands of which he has sole beneficial control.

(5) Mr. Michael Timms maintains his shares in a holding company organized under the laws of the Cayman Islands of which he has sole beneficial control.

(6) Mr. Roger Timms maintains his shares in a holding company organized under the laws of the Cayman Islands of which he has sole beneficial control.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Timbermans Group Pty Ltd owns the majority of the shares of common stock of the Company and its shareholders are the same individuals as our officers and directors. Three of the directors of our Company also own 100% of Acora Reneco Group which is the largest Australian manufacturer and designer of original sawmilling equipment as well as an agent for sales and distribution for sawmilling equipment manufactured by other companies. The Company presently has an agreement in place pursuant to which Acora supplies the Company's sawmill equipment needs. All transactions between Acora and the Company are at arms length terms.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

Exhibit
Number Exhibit Description

- 10.1 Enterprise Bargaining Agreement
- 10.2 ARG Agreement
- 10.3 Bombala Timber Supply Agreement
- 10.4 Radiata Pine Log Sale Agreement
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

None.

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

For the Company's fiscal year ended December 31, 2004, the cost for professional services rendered for the audit of our financial statements and the review of the Form 10-KSB aggregated \$15,000.

All Other Fees

The Company did not incur any other fees related to services rendered by our principal accountant for the fiscal year ended December 31, 2004.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUSTRALIAN FOREST INDUSTRIES

/s/ Michael Timms

Name: Michael Timms
Title: Chief Executive Officer, President and Chairman
Date: May 18, 2005

/s/ Colin Baird

Name: Colin Baird
Title: Chief Financial Officer and Director
Date: May 18, 2005

/s/ Roger Timms

Name: Roger Timms
Title: Executive Vice President and Director
Date: May 18, 2005

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1. TITLE

The title of this Agreement is the Integrated Forest Products Pty Ltd Canberra/C.F.M.E.U. Agreement 2004 - 2005.

2. ARRANGEMENT

- 1 Title
- 2 Arrangement
- 3 Application and Parties Bound
- 4 Relationship to Parent Award
- 5 Period of Operation
- 6 Objectives
- 7 Definitions
- 8 Consultative Mechanisms and Procedures in the Workplace
- 9 Introduction of Major Change in the Workplace
- 10 Procedures for the Avoidance of Industrial Disputes
- 11 Employment Categories
- 12 Outsourcing
- 13 Utilisation of Skills, Competence and Training
- 14 Equal Employment Opportunity
- 15 Anti-Discrimination
- 16 Workplace Harassment
- 17 Redundancy
- 18 Termination of Employment
- 19 Abandonment of Employment
- 20 Emergency Provisions
- 21 Time and Wage Records
- 22 Hot Work Arrangements
- 23 Skill Based Grade Structure
- 24 Wages
- 25 Hours of Work
- 26 Breaks
- 27 Shift Work
- 28 Annual Leave
- 29 Personal/Carers Leave
- 30 Public Holidays
- 31 Blood Donors
- 32 Jury Service
- 33 Union Training Leave
- 34 Training and Skill Development
- 35 Literacy and Numeracy
- 36 Accident Pay
- 37 Toxic Substances
- 38 Amenities
- 39 Clothing, Equipment and Tools
- 40 First Aid
- 41 Right of Entry
- 42 Union Delegates
- 43 Signatures

3. APPLICATION AND PARTIES BOUND

This Agreement shall apply at:

Integrated Forest Products Pty Ltd, Tralee Street, Hume, ACT, 2607

and shall be binding upon:

- o Integrated Forest Products Pty Ltd, Tralee Street, Hume, ACT, 2607 in respect of all employees and all new employees, including clerical/office employees, maintenance employees, electricians and fitters, employed at the site listed above and working in activities covered by the Timber and Allied Industries Award 1999, and other activities covered by this Agreement, and;
- o The Construction, Forestry, Mining and Energy Union - Forestry, Furnishing, Building Products and Manufacturing Division, NSW Divisional Branch, its officers and members employed at Integrated Forest Products Pty Ltd, Tralee Street, Hume, ACT, 2607 and working in activities, including clerical/office work, maintenance work, electrical work and fitter work and activities covered by the Timber and Allied Industries Award 1999 and other activities covered by this Agreement, and;
- o All employees and new employees employed at Integrated Forest Products Pty Ltd, Tralee Street, Hume, ACT, 2607 and working in activities, including clerical/office work, maintenance work, electrical work and fitter work and activities covered by the Timber and Allied Industries Award 1999 and other activities covered by this Agreement. The terms and conditions of this Agreement shall be a condition of employment and explained to all existing employees and all new employees prior to commencement.

4 RELATIONSHIP TO PARENT AWARD

The Integrated Forest Products Pty Ltd Canberra/C.F.M.E.U. Agreement 2004-2005 shall be read and interpreted in conjunction with the Timber and Allied Industries Award 1999, including all subsequent variations, which is agreed to incorporate the provisions of that Award as it was formally known as the Forest and Building Products, Manufacturing and Merchandising (General) Award 1996, as it existed at 30 June 1998, where such provisions are not contained within the Timber and Allied Industries Award 1999. Provided that where there is inconsistency between the before mentioned Awards, the Integrated Forest Products Pty Ltd Canberra/C.F.M.E.U. Agreement 2004-2005 shall take precedence, except where the overall benefits of the Awards, for a particular case, are more advantages to the employee in which case the Award shall apply.

5 PERIOD OF OPERATION

This Agreement shall operate from the date of certification and shall remain in force until 31 March 2006.

This Agreement shall be re-negotiated no later than three months prior to the ending of this Agreement.

This Agreement shall remain in force until such time as it is superseded by a new agreement.

6 OBJECTIVES

The aim of this Agreement is to promote through consultation, real gains on productivity and/or efficiency and/or flexibility in the work place. It facilitates continued progress on Award restructuring and training initiatives.

The parties recognise that work place reform is necessary to improve Australia's economic performance generally and that of the Forest and Forest Products particularly.

The parties agree that the provisions for reform set out in the Agreement should result in the unlocking of significant mid and long-term productivity and efficiency benefits at the enterprise level.

The parties also recognise the necessity of adopting a consultative and participative approach to work place reform in order to achieve a genuine change in the industrial culture at all levels within the industry.

The parties' objective is to achieve real sustainable improvements by way of;

a) Simultaneous improvements of all the work place issues such as quality, technology, work organisation, management practices, product delivery and education/training through continuous learning.

b) Reduction of lost time through injury by the promotion of a safer and better working environment.

c) The establishment of closer links with customers and suppliers to ensure all aspects of the service chain are focused on customer needs and improved customer satisfaction through appropriate training.

7. DEFINITIONS

7.1 In this Agreement, unless contrary, intention appears.

7.1.1 "Employer" means Integrated Forest Products Pty Ltd.

7.1.2 " Union" means the Construction, Forestry, Mining and Energy Union - -Forestry, Furnishing, Building Products and Manufacturing Division, NSW Divisional Branch.

7.1.3 "Leading hand" means an employee who, while working, has charge or control of any adult person or persons not being apprentices and who has been appointed by the employer to take such charge or control.

7.1.4 "Actual rate of pay" is defined as the total amount an employee would normally receive for performing 38 hours of ordinary work. Provided that such rate shall expressly exclude overtime, penalty rates, disability allowances, shift allowance, special rates, fares and travelling time allowance and any other ancillary payments of a like nature. Provided further that this definition shall not include production bonuses and other methods of payment by results, which by virtue of their basis of calculation already produce the results intended by this clause.

8. CONSULTATIVE MECHANISMS AND PROCEDURES IN THE WORKPLACE

8.1 It is agreed between management and employees to establish an Enterprise Consultative Committee (hereinafter known as the ECC) , in line with the terms

outlined in the Timber and Allied Industries Award 1999 clauses 12, 12.1,12.2 (hereinafter known as the Award).

The development of effective participation/consultative practices is important in the process of award restructuring and can lead to advantages for both employers and employees. To ensure that workplace reform through Award restructuring continues consultative mechanisms/practices shall be established within each enterprise. This workplace consultation is to be fostered through the ECC.

8.2 Role/Relevant Issues

The role of the ECC is to consider all issues relevant to the enterprise, which affects employees and management, and to determine through consultation between employee and management representatives how these issues should be dealt with.

The ECC will not deal with:

- o Matters that should be dealt with by the Occupational Health and Safety Committee.
- o Industrial relations issues.

All parties will provide all information to the ECC that it needs to operate effectively. Reasons for non-disclosure of confidential information shall be explained.

Employee representatives will consult with, and report back to all employees on issues dealt with by the ECC and take to ECC meetings the views gained from the members.

8.3 Aims

The aims of the ECC are to improve:

- o Productivity within the enterprise where productivity is considered within a broad framework.
- o The quality of working life for workers.
- o Skills of workers through training, which will result in access to more rewarding and satisfying jobs.

8.4 Functions, Methods, Decisions and Implementations

To be agreed by the ECC as required to fulfill the ECC aims (per 8.3 above). This is to be achieved in the manner outlined in the Award by a consensus-negotiated process.

8.4.1 The form, structure and method of implementing consultative mechanisms/practices shall be determined at the enterprise level by agreement between the employer, employees and the union.

8.4.2 The process of consultative practices is a mechanism through which employees can be involved in and positively contribute towards management's decision-making process. Decisions are encouraged to be reached through consultative mechanisms/ practices, however, managerial prerogative is acknowledged.

8.4.3 In enterprises where agreed participative/consultative mechanisms are in place the parties may vary the application of designated Award conditions referred to in the Award providing two-thirds of those affected employees agree to such change.

8.4.4 Agreements reached on the application of more flexible designated Award conditions shall be approved by the employees affected and the ECC.

8.4.5 The union reserves the right to advise its members on award issues under discussion.

8.5 Structure

The ECC Canberra will have six members, three management and three employees.

The committee shall elect a Chairperson as organiser and coordinator.

The ECC members may nominate proxies in advance.

Employees shall elect two representatives and the union shall appoint their on-site union delegate as third employee representative.

The union representative shall cease to be on the ECC if they resign as union delegate. All employee representatives shall cease to be on the ECC if they take up management positions.

Employee representatives may be removed from the committee if their performance

has been judged unsatisfactory, the union office has been consulted and a ballot of employees has been held which endorses this course of action.

Management shall control the appointment and removal of their representatives.

Representatives shall be elected annually.

ECC jobs will be rotated quarterly and workload shall be shared equitably.

8.6 Meetings and Decision Making

Will be arranged by the ECC both regularly and as required (normally monthly).

A quorum shall be at least two management and two employee representatives.

An agenda shall be prepared by ECC member input and finalised and distributed a week before the meeting to all ECC members and to employee notice boards and lunchrooms. New matters may be raised at meetings as the majority see fit.

Minutes will be taken by an agreed upon committee member and distributed to all ECC members and to employee notice boards and lunchrooms. All ECC members shall agree upon all minutes before they are issued.

The ECC shall be run on-site with the right to consult the union or upper management as ECC members see fit.

The ECC will discuss issues and make decisions. Decisions will be made by consensus. Where consensus cannot be reached the dispute settling procedure will apply.

The ECC should evaluate its operations from time to time in order to improve its effectiveness.

8.7 Facilities

Non-management members of the ECC involved in the consultative mechanism will have reasonable accessibilities in the conduct of their role as a member of the ECC.

- o A lockable filing cabinet
- o Typing services
- o Photocopying
- o Telephone
- o Office accommodation
- o Meeting room
- o Facsimile service where available, and
- o Transport where needed

Where the facilities set out above do not exist at the enterprise, agreement shall be reached between the parties for the exemption of any or all of the facilities being provided for such period that may be agreed between the parties.

The parties shall not unreasonably withhold any such agreement and will have regard to the nature and size of the enterprise.

ECC representatives must be provided with paid time during normal working hours to prepare for consult with and report back to members on ECC issues.

The ECC will determine by consensus the timing of these consultations and report backs with will be arranged for every ECC meeting.

8.8 Discrimination

No person shall be discriminated against in any way as a result of their involvement in ECC activities.

8.9 Observers

Observers and advisers may be invited to attend ECC meetings by agreement of the Committee.

NOTE - Accredited union and management officials have the right to attend meetings.

8.10 Training

ECC members will be entitled to training to help them carry out their role. Training will be carried out during normal working hours and participants will be paid at their usual rate for that time. This training shall be conducted as per clause 13 of the Award.

8.11 Dispute Settlement Procedure

If the committee is unable to reach a decision on a matter it may be referred to the union and senior management for resolution. If no resolution is achievable normal industrial relations procedures apply. Refer to clause 10 Procedures for the Avoidance of Industrial Disputes.

8.12 An Environment Agreement

An environment agreement will be developed to provide a means of addressing environmental issues which arise in or impact the workplace. This agreement will be discussed and approved by the ECC.

9 INTRODUCTION OF MAJOR CHANGE IN THE WORKPLACE

9.1 Employees duty to notify

9.1.1 Where the employer has made a definite decision to introduce major changes in production program, organisation, structure or technology that are likely to have significant effects on employees, the employer will notify the employees who may be affected by the proposed changes and their union.

9.1.2 "Significant effects" include termination of employment, major changes in the composition, operation or size of the employer's workforce or in the skills required, the elimination or diminution of opportunities, promotion opportunities or job tenure, the alteration of hours of work, the need for retraining or transfer of employees to other work or locations and the restructuring of jobs. Provided that where the Agreement makes provision for alteration of any of the matters referred to herein an alteration will be deemed not to have significant effect.

9.2 Employer's duty to discuss change

9.2.1 The employer will discuss with affected employees and their union the introduction of the changes referred to in clause 9.1, the effects the changes are likely to have on employees, measures to avert or mitigate the adverse effects of such changes on employees and will give prompt consideration to matters raised by the employees and/or their union in relation to the changes.

9.2.2 The discussions will commence as early as practicable after a definite decision has been made by the employer to make the changes referred to in clause 9.1.

9.2.3 For the purposes of such discussion, the employer will provide in writing to the employees concerned and their union, all relevant information about the changes including the nature of the changes proposed and the expected effects of the changes on employees and any other matters likely to affect employees provided that the employer is not required to disclose confidential information the disclosure of which would be inimical to the employer's interests.

10 PROCEDURES FOR AVOIDANCE OF INDUSTRIAL DISPUTES

Any issue that arises between the parties whether in relation to any matter covered by this Agreement including a breach or failure to implement any matter covered by this Agreement or any matter covered by the appropriate Award will be dealt with in the following manner:

10.1 A dispute that affects one or more employees but not a significant proportion of the worksite will be raised by an individual or a union representative or other employee representative to the immediate supervisor for resolution. If resolution of the issue does not result the parties will involve higher levels of management and higher levels of union representation (including the site union committee) or other representation where established until the dispute is resolved or the dispute is referred to the Australian Industrial Relations Commission and dealt with as per clause 10.5.

10.2 A dispute affecting a significant proportion of the employees in the worksite will in the first instance be raised at the site ECC for resolution. If this will or does result in a delay special meetings of the ECC or a subcommittee that is representative of the ECC will be held to resolve the issue. A dispute is not resolved until a full time union official or other employee representative has examined the proposed resolution.

10.3 A dispute effecting a proposed reduction in employment numbers, wages or conditions of employees covered by this Agreement will be raised by contacting the relevant state branch of the union (where the dispute involves employees who are members of the union) and establishing a process to resolve the dispute by involving full time union officials and/or other employee representatives, site union delegates, employees and relevant management representatives.

10.4 No employee will lose any income as a result of being involved in attempts to resolve disputes under this clause and this Agreement.

10.5 If the dispute is not resolved in accordance through the above procedures one or both of the parties may refer the dispute to the Australian Industrial

Relations Commission for conciliation in order to resolve the dispute. If the dispute is not resolved by conciliation and in the view of the Commission cannot be resolved by conciliation the parties agree to have the dispute dealt with by arbitration by the Australian Industrial Relations Commission and such decision will be accepted.

10.6 Without prejudice to either party and except where a bona fide health and safety issue is involved work shall continue and the status quo will remain as existed either prior to the dispute or any changes made that caused the dispute, while matters in dispute are being dealt with in accordance with these procedures. Any unnecessary delays as a result of management's approach in the resolution of a dispute may lead to industrial action being taken by members of the union in order to encourage a positive response from management. Management will not take any legal action in response to such action taken under this clause.

11 EMPLOYMENT CATEGORIES

11.1 Probationary Employment

Employment during the first six weeks will be from day to day at the weekly rate prescribed except in the case of re-engagement within one month after the termination of a previous service of the employee with the employer. Any extension of the probation period for any individual person will only occur by agreement between the parties.

11.2 Full Time

All full time employees are employed on a weekly basis.

11.3 Casual Employment

11.3.1 A casual employee shall be paid per hour one thirty-eighth of the award rate applicable for the work performed plus a loading of 20 percent.

11.3.2 The number of casual employees shall not exceed a ratio of one to ten (or part thereof) of the total number of full time employees employed under this agreement.

11.3.3 Notwithstanding the prescribed number of casual employees fixed in accordance with clause 11.3.2.

11.3.2 Hereof, additional casual employees may be employed to cover the absence of full time employee during a period of long service leave, sickness or accident.

11.3.4 A casual employee who is engaged in excess of 30 hours per week continuously for a three month period shall be deemed to be a full time weekly employee and shall be entitled to long service leave entitlements as from the commencement of the casual employment date.

11.3.5 A casual employee who works in excess of the ordinary hours fixed for weekly employees on any day shall be paid at the appropriate overtime rate provided in this agreement on the casual employees actual rate of pay (i.e. including casual loading).

11.3.6 A casual employee engaged for a part of any day shall be entitled to a minimum of four hours pay per day whether the casual employee is required to work for four hours or not.

11.3.7 Casual employees shall be engaged in accordance with clause 15.4 of the Award.

11.3.8 Casual employees shall not continue in employment in preference to full-time weekly paid employees as a result of retrenchments or redundancy for any reason other than as agreed by the ECC.

11.3.9 A casual employee may apply for a full time position with the employer should a vacancy occur and subject to the casual being able to perform the duties required or undertake training to acquire the skills required to fill the vacant position in a period acceptable to the employer then the casual employee shall have preference of employment for the vacant position.

11.4 Part Time employment

11.4.1 Except where agreement is reached in accordance with the facilitative provisions of the Award part time employment will not be offered without the prior agreement of the ECC.

11.4.2 The agreed weekly and daily ordinary hours of work once determined will not be altered without the written consent of the employee.

11.4.3 Except where agreement is reached in the ECC a part time employee will be

employed for not less than 16 hours or in excess of 32 hours per week.

11.4.4. A part time employee will be paid for each hour worked one thirty-eighth of the weekly wage prescribed by the Skill Based Structure of this Agreement for the grade of work performed.

11.4.5 A part time employee who works in excess of the daily hours fixed in accordance with clause 25 of this Agreement will be paid overtime in accordance with clause 31 of the Award.

11.5 Leave Provisions

11.5.1 A part time employee is entitled to annual leave and sick leave in accordance with this Agreement in proportion to ordinary hours worked.

11.5.2 Where the normal paid hours fall on a public holiday and work is not performed by the employee, such employee will not lose pay for the day.

11.5.3 Where a part time employee would normally work on either or both of the two working days following the death of a close relative which would entitle an employee on weekly hiring to bereavement leave in accordance with clause 29 of this Agreement, the employee is entitled to be absent on personal/carers leave on either or both of those two working days without loss of pay for the day or days concerned.

Subject to clause 11.5 all provisions of this Agreement will apply to a part time employee.

11.6 Apprentices

The regulations of the Vocational Education and Training Act 2003 will apply. Apprentices will be paid the following percentages of the weekly rate prescribed for Level 5 of the skill based grade structure expressed in the Award.

Year of Apprenticeship

1	50%
2	60%
3	75%
4	90%

11.7 Subject to the possession of an appropriate license or certificate and competency an employee eighteen years of age or over can operate a chainsaw.

11.8 Trainees

Entry level trainees may be employed on terms and conditions agreed by the employer, employees and union consistent with provisions of the Vocational Education and Training Act 2003.

12. OUTSOURCING

Outsourcing of work currently done by the site will not be introduced without in the first instance consulting and reaching agreement with the ECC. These discussions will occur at least 2 months prior to any discussions with a potential outsourcing.

The employer will not vary any existing outsourcing arrangements without prior agreement with the ECC. The employer will supply a list of outsourced operations.

13 UTILISATION OF SKILLS, COMPETENCE AND TRAINING

13.1 The employer may direct an employee to carry out such duties as are within the limits of the employee's skill, competence and training consistent with the classification structure of this Agreement provided that such duties are not designed to promote deskilling.

13.2 The employer may direct an employee to carry out such duties and use such tools and equipment as may be required provided that the employee has been properly trained in the use of such tools and equipment.

13.3 Cross-skilling between maintenance and production functions will occur provided that employees required to perform any given task are fully trained, competent and able to comply with all regulatory and safety requirements (e.g. limited electrical licenses for electrical isolations).

13.4 Any direction issued by the employer pursuant to clauses 13.1 and 13.2 will be consistent with the employer's responsibilities to provide a safe and healthy working environment.

13.5 The parties agree to observe the requirements of Quality Accreditation.

13.6 A continuous improvement programme ('CIP') will be established in which employees will participate in CIP teams jointly with management. The employer will provide appropriate training.

14 EQUAL EMPLOYMENT OPPORTUNITY

The employer is an equal opportunity employer and has a policy statement as required by legislation. The ECC will review existing equal opportunity and affirmative action provisions during the life of this Agreement with a view to breaking down any existing barriers and to ensure that individuals have the same rights and opportunities to training, job access and advancement. Disabled people will continue to be employed provided their employment is consistent with safety and productivity objectives.

15 ANTI-DISCRIMINATION

15.1 It is the intention of the respondents to this Agreement to achieve the principal object in Section 3 of Part I of the Workplace Relations Act 1996 by helping to prevent and eliminate discrimination on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin.

15.2 Accordingly, in fulfilling their obligations under the disputes avoidance and settling clause, the respondents must make every endeavour to ensure that neither the Award provisions nor their operation are directly or indirectly discriminatory in their effects.

15.3 Nothing in this clause is to be taken to affect;

15.3.1 any different treatment (or treatment having different effects) which is specifically exempted under the Commonwealth anti-discrimination legislation,

15.3.3 an employee, employer or registered organisation, pursuing matters of discrimination in any state or federal jurisdiction, including by application to the Human Rights and Equal Opportunity Commission.

16 WORKPLACE HARASSMENT

In line with legislative requirements the employer will ensure that all employees work in an environment, which is free from harassment of any kind. To ensure this occurs, a policy and procedures statement will be developed by the ECC including a grievance procedure to handle all complaints of harassment.

The employer will ensure that all employees are aware of the need for a harassment free workplace.

1. Joint responsibility of the parties to stop workplace harassment.

17. REDUNDANCY

17.1 Application and Definition

This clause applies in the case of:

17.1.1 a general downturn in activities brought about by a decline in demand for the employer's products or unavailability of resource or materials.

17.1.2 restructuring of the business, reorganisation of work systems, introduction of technology or machinery which impacts on staffing levels.

17.1.3 Permanent closure of the plant or part thereof.

17.2 Consultation and Selection Process

17.2.1 In determining the employees to be retrenched the employer will consult with the ECC and the union. The selection criteria will be primarily based on the following:

17.2.1 (a) skills required to ensure the efficient operation of the enterprise.

17.2.1 (b) voluntary retrenchments.

17.2.2 All parties will adhere to the requirements of the Worker's Compensation Act 1951 as amended in relation to employees suffering work related incapacities and disabilities.

17.2.3 This clause does not apply to casual employees.

17.3 Period of Notice

17.3.1 The employer will consult with the employees and the union at the earliest opportunity should the circumstances provided for in clauses 17.1.1 and 17.1.2 arise.

17.3.2 The employer will give a minimum of four (4) weeks formal notice or pay in lieu of notice to affected employees.

17.3.3 The employer will not, within the period of twelve (12) weeks prior to any retrenchments, transfer an employee into a position, which is to become redundant.

17.4 Employees Under Notice

17.4.1 The employer will provide an itemised statement of all payments due to each employee who is under notice of redundancy.

17.4.2 An employee who has been given notice of retrenchment may elect to resign prior to the effective date of the employee's retrenchment notice. In such cases, any payments arising under this clause will be calculated to the date the resignation takes effect.

17.4.3 Should an employee under notice die, prior to the nominated date of termination, all benefits of this Agreement to which such employee was entitled shall be paid directly to the employee's legal dependent or if the employee had no legal dependents, benefits will be paid to the estate of the employee.

17.5 Assistance

17.5.1 The employer will make every endeavour to assist an employee, who has been made redundant, to find suitable employment. From the time an employee receives notice of retrenchment and up to the date of termination, a reasonable amount of time off work will be granted to the employee without deduction of pay to attend employment interviews.

17.5.2 The employer will give to the employee, no later than the day of termination, a written certificate of service indicating the period of employment, the reason for termination, and if requested by the employee, a written reference.

17.6 Alternative Position

17.6.1 Where the employer, on account of redundancy, offers an employee employment at a lower rate of pay, or work that is of a significantly different capacity or character and the employee declines the offer, the termination of employment will be deemed to have been made by the employer and the employee is entitled to the benefits provided by this clause.

17.6.2 Where an employee accepts an alternative position of different character, a one (1) month trial period will be observed to determine the suitability of the new position and the employee will not be denied the provisions of this clause should the position be unsuitable.

17.7 Re-Employment

17.7.1 Employees who are retrenched may apply for any subsequent vacancies which may arise and will receive priority of consideration for re-engagement in positions for which they have the appropriate skill level, provided the retrenched employee applies for a vacant position within, twelve (12) months of their retrenchment date.

17.8 Long Service Leave

Entitlement to long service leave or payment in lieu thereof will be determined in accordance with the Long Service Leave Act 1976 (ACT) with the exception that the qualifying period for pro-rata entitlements will be after five (5) years service.

17.9 Sick Leave

All outstanding sick leave entitlements accrued to an employee will be paid on termination.

17.10 Superannuation

Superannuation benefits will not be limited or offset against redundancy payments provided in this clause.

17.11 Retrenchment Pay

17.11.1 Employees who are retrenched will be paid three (3) weeks pay for each year of service or part thereof to a maximum of fifty two (52) weeks pay. For example with 5.3 years of service an employee would receive a payment equivalent to 5.3 x 3 weeks pay. Provided that the minimum payment for an employee with up to and including one (1) year of service will be three (3) weeks pay.

17.11.2 The rate of pay on which these entitlements will be based will be the

employee's ordinary time weekly rate (38 hours).

17.12 This clause does not apply when industrial action occurs.

18. TERMINATION OF EMPLOYMENT

Subject to the provisions of clause 19 of the Agreement 'Abandonment of employment' and clause 18 of the Award - 'Stand down of employees'; the following provisions relating to termination shall apply:

18.1 Notice of termination by the employer

18.1.1 In order to terminate the employment of an employee the employer shall give to the employee the following notice:

Period of continuous service	Period of notice
Up to 1 year	1 week
More than 1 year and up to the completion of 3 years	2 weeks
More than 3 years and up to the completion of 5 years	3 weeks
More than 5 years	4 weeks

18.1.2 In addition to the notice in clause 18.1.1 hereof, employees over 45 years of age at the time of the giving of the notice with not less than two years continuous service, shall be entitled to an additional week's notice.

18.1.3 Payment in lieu of the notice prescribed in clause 18.1.1 and/or 18.1.2 hereof shall be made if the appropriate notice period is not given. Provided that employment may be terminated by part of the period of notice specified and part payment in lieu thereof.

18.1.4 In calculating any payment in lieu of notice, the wages an employee would have received in respect of the ordinary time the employee would have worked during the period of notice had employment not been terminated shall be used.

18.1.5 The period of notice in this clause shall not apply in the case of dismissal for conduct that justifies instant dismissal, including malingering, inefficiency or neglect of duty, or in the case of casual employees, pieceworkers, special workers, support staff, apprentices or employees engaged for a specific period of time or for a specific task or tasks.

18.1.6 For the purposes of this clause, continuity of service shall be calculated in the manner prescribed by clause 28 of this Agreement.

18.2 Notice of termination by employee

18.2.1 The notice of termination required to be given by an employee shall be the same as that required of the employer, save and except that there shall be no additional notice based on the age of the employee concerned.

18.2.2 If any employee fails to give notice, the employer shall have the right to withhold moneys due to the employee with a maximum amount equal to the ordinary time rate of pay for the period of notice.

18.3 Time Off During Notice Period

Where the employer has given notice of termination to an employee an employee will be allowed up to one day's time off without loss of pay for the purpose of seeking other employment. The time off must be taken at times that are convenient to the employee after consultation with the employer.

18.4 Statement of Employment

The employer will upon receipt of a request from an employee whose employment has been terminated provide to the employee a written statement specifying the period of employment and the classification of or the type of work performed by the employee.

18.5 Unfair Dismissals

Termination of employment by the employer must not be harsh, unjust or unreasonable.

For the purposes of this clause, termination of employment will include termination with or without notice.

Without limiting the above, except where a distinction exclusion or preference is based on the inherent requirements of a particular position, termination on the ground of race, colour, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction and social origin will constitute a harsh, unjust or unreasonable termination of employment.

18.6 Disputes Settlement Procedures - Unfair Dismissal

18.6.1 Subject to the provisions of sections 170CE, 170CK, 170CL or 170CM of the Workplace Relations Act 1996, any dispute or claim arising under clause 18.5 hereof should be dealt with in the following manner:

18.6.2 As soon as is practicable after the dispute or claim has arisen the employee concerned will take the matter up with the immediate supervisor affording the opportunity to remedy the cause of the dispute or claim.

18.6.3 Where any such attempt at settlement has failed, or where the dispute or claim is of such a nature that a direct discussion between the employee and the immediate supervisor would be inappropriate, the employee will notify a duly authorised representative of the union or other employee representative who, if the representative considers that there is some substance in the dispute or claim, must forthwith take the matter up with the employer or the employer's representative.

18.6.4 If the matter is not settled it will be submitted to the Australian Industrial Relations Commission to endeavour to resolve the issue between the parties by conciliation. Subject to the provisions of the Workplace Relations Act 1996 the Commission may if necessary arbitrate this matter and such decisions will be accepted subject to the parties' normal rights of appeal.

18.6.5 Without prejudice to either party, work should continue in accordance with the Award while the matters in dispute are being dealt with in accordance with this clause.

18.7 Summary Dismissal

The employer has the right to dismiss any employee without notice for conduct that justifies instant dismissal including gross misconduct, malingering, inefficiency or neglect of duty and in such cases the wages will be paid up to the time of dismissal only.

Clarification for gross misconduct would include but not be limited to the following:

GROSS MISCONDUCT

- o Physical Abuse

In the event of, each instance will be decided on a case by case. In general, both parties will be immediately dismissed, but taken into account will be the instigator and cause.

- o Workplace Harassment - including personal threats
- o Horseplay creating unsafe conditions
- o Wilful damage to equipment or property - (employer or personal)
- o Theft from employer or workmates
- o Defecating/urinating in inappropriate places
- o Industrial sabotage
- o Attending for work under the influence of drugs or alcohol
- o Consuming alcohol on the premises
- o Indecent exposure

Clarification for inefficiency and neglect would include but not be limited to the following:

INEFFICIENCY AND NEGLIGENCE

- o Poor workmanship conducted by an appropriately trained and competent person causing loss of production and re-work
- o Causing excessive damage to equipment and property through carelessness
- o Sleeping during working hours
- o Leaving the workplace unauthorised
- o Leaving the workstation unattended while still operating, to perform a non-work related function

- o Failing to follow company policy and procedure causing unsafe conditions, injury to self or others or substandard product or excessive downtime/damage
- o Failing to follow supervisor's instructions, provided that instructions are not unsafe
- o Failing to follow safety rules
- o Lying about sickness or death, whether it is self or other person, as an excuse for inability to attend for work

19 ABANDONMENT OF EMPLOYMENT

Notwithstanding anything elsewhere contained in this clause.

19.1 The absence of an employee from work for a continuous period exceeding three working days without the consent of the employer and notification to the employer shall be prima facie evidence that the employee has abandoned the employment.

19.2 Provided that if within a period of fourteen days from the last attendance at work or the date of the last absence in respect of which notification has been given or consent has been granted an employee has not established to the satisfaction of the employer that the employee was absent for the reasonable cause, the employee shall be deemed to have abandoned the employment.

19.3 Termination of employment by abandonment in accordance with this clause shall operate as from the date of the last attendance at work or the last day's absence in respect of which consent was granted or the date of the last absence in respect of which notification was given to the employer whichever is the later.

20 EMERGENCY PROVISIONS

20.1 Despite other provisions of this Agreement, the following will apply where the employer is subjected to restrictions, rationing or the emergency disconnection of those services in accordance with orders or regulations approved by the lawful authority.

20.1.1 if by reason of such restriction or rationing or emergency disconnection the employer is unable usefully to employ an employee for the whole or part of any day or shift, the employer may deduct from the wages of that employee payment for any part of the day or shift such employee cannot be usefully employed, provided that:

20.1.1.1 if the employer requires the employee to attend for work but is not able to employ that employee usefully the employee will be entitled to be paid for two hours work.

20.1.1.2 where an employee commences work he/she will be entitled to be paid for four hours work.

20.1.1.3 this clause does not apply to apprentices.

20.1.2 The employer may require any day worker to perform their ordinary hours of work (or any such ordinary hours of work) at any time on any day other than a Sunday on the basis of thirty-eight hours per week. The following rates of pay shall apply for such work.

20.1.2.1 for work performed on Mondays to Fridays from 6.30 a.m. to 6.00 p.m. and on Saturdays from 7 a.m. to noon payment shall be at ordinary time.

20.1.2.2 for work performed between noon and midnight on Saturdays payment shall be at ordinary rates plus 25 per cent.

20.1.2.3 for work performed at all other times other than on a Sunday payment shall be at ordinary rates plus 15 per cent.

Provided that when an employee is required to commence work between the hours of 9.30 p.m. and 6.00 a.m. the amount he/she shall receive will be not less than 50 per cent more than the amount he/she would receive if paid at ordinary day rates.

20.1.3 The employer may require any shift worker to perform their hours of work at any time other than on a Sunday on the basis of thirty-eight hours per week.

The following rates of pay shall apply for such work.

20.1.3.1 for day or shift work - ordinary time.

20.1.3.2 for work performed between noon and midnight on Saturdays - ordinary rates plus 25 per cent.

20.1.3.3 for afternoon shifts - ordinary rates plus 15 per cent and for night shift - 30 per cent.

Provided that when a shift worker is required to commence work between the hours of 9.30 p.m. and 6.00 a.m. the amount the employee will receive will not be less than 50 per cent more than the amount he/she would receive if paid at ordinary rates.

20.1.3.4 Nothing in this clause will operate to reduce the shift premiums payable to employees who were shift workers working on afternoon and night shifts only at the date of such interference as aforesaid and who continue to work on such shifts.

20.1.4 The employer may alter the time at which meal breaks are usually taken and/or the duration of them, in order to avoid or mitigate the effects of such interference, without being liable to pay penalty rates for work done during the normal meal breaks provided that the commencing time of any meal break is not made more than one hour earlier or later than usual and that a meal break of at least twenty minutes is allowed and provided also that the employer does, whenever it is practicable, consult with the parties before acting under this clause.

20.2 Despite anything elsewhere contained in this Agreement, the provisions of this clause will apply in the case of the employer using auxiliary power plant for the purpose of providing employment for employees whilst such restriction or rationing or emergency disconnection is in force and who:

20.2.1 is unable usefully to employ an employee for the whole of any day or shift by reason of a breakdown in such plant through no fault of the employer, or

20.2.2 because of the inability of the auxiliary power plant to meet the normal demands for power:

20.2.2.1 finds it necessary to require any employee to perform their ordinary hours of work (or any of such ordinary hours of work) outside the hours normally worked by such employee, or

20.2.2.2 finds it necessary to alter the time at which meal breaks are usually taken and/or the duration of them.

20.3 Leave is reserved to the parties to apply in this matter upon two days in writing.

21. TIME AND WAGES RECORD

21.1 Duty to Maintain

The employer will keep a time and/or wage book or sheets or cards with the entries typed or perforated or recorded in ink showing the names of employees, the daily number of hours worked by each employee and the rate of pay and wages payable and paid to each employee. A permanent record of each employee's classification will be similarly kept.

21.2 Inspection

The Federal Secretary or Secretary of a State Branch of the union or any officer thereof authorised in writing by one of them will be, on production of an authority to the employer, the local manager or the person who purports to be in charge, be allowed at all reasonable times to inspect such time book, sheets or cards and to make a copy of them. Such time books, sheets or cards for the last preceding six years will be kept available for this purpose; however records more than two years old may be kept at an alternative location provided they are produced for inspection within 48 hours of a notice requiring their inspection being given by a duly authorised union official.

21.3 Authorisation

The Federal Secretary or Secretary of a State Branch of the union or any other officer thereof authorised in writing by one of them will, on production of an authority to the employer, the local manager or the person who purports to be in charge, be allowed at all reasonable times to inspect any part of an employer's works where it is suspected that a breach of this Agreement has occurred or is occurring but such inspection will be carried out in the company of the employer or someone on the employer's behalf. The employer will provide the necessary facilities for the investigation of the supposed breach including access to the time book, sheets or cards referred to herein. The union officers will not interfere with or the work and duties of the employees more than is absolutely necessary for the proper investigation of the breach or supposed breach.

22. HOT & COLD WORK ARRANGEMENTS

The parties to this Agreement recognize that working in severely hot and cold conditions is a recognized health hazard that can lead to serious injury or death in the workplace or following work as a result of exposure to severe heat or cold during work hours. As such it is the employer's responsibility to take reasonable steps to ensure that workers are not unduly exposed to these hazards. It is agreed by the parties that the union Safety Organiser will meet with the site O.H.S committee to outline steps required to ensure that no employee is placed at risk due to climactic conditions.

23. SKILL BASED GRADE STRUCTURE

The parties support the existing skill based grade structure.

24. WAGE INCREASES

The pay increase of 4% will be paid on the first full pay period to commence on or after 28.3.05.

WAGE RATE CODE	WAGENAME	CURRENT WEEKLY WAGE (2003-2004)	CURRENT HOURLY RATE (2003-2004)	PLUS 4% WEEKLY WAGE	PLUS 4% HOURLY RATE
001	Level 1	525.05	13.81	546.05	14.37
002	Level 2	545.74	14.36	567.57	14.94
003	Level 3	573.94	15.10	596.90	15.71
004	Level 4	599.95	15.70	623.95	16.42
005	Level 5	639.14	16.82	664.71	17.49
006	Level 6	665.11	17.50	691.71	18.20
013	Level 1 Casual	613.15	16.14	637.68	16.78
014	Level 2 Casual	637.36	16.77	662.85	17.44
015	Level 3 Casual	670.40	17.64	697.22	18.35
016	Level 4 Casual	700.79	18.44	728.82	19.18
017	Level 5 Casual	746.61	19.65	776.47	20.43
018	Level 6 Casual	776.56	20.44	807.62	
21.25					

All work and expense related allowances will increase by 4% per year as of 28.3.05.

25. HOURS OF WORK

25.1 Methods of working 38-hour week

25.1.1 The 38-hour week maybe implemented by one of the following methods:

25.1.1.1 by employees working less than eight ordinary hours each day, or

25.1.1.2 by employees working less than eight ordinary hours on one day each week, or

25.1.1.3 by employees working less than eight ordinary hours on one day each fortnight, or

25.1.1.4 by fixing one weekday on which all employees will be off during a particular four week work cycle, or

25.1.1.5 by fostering employees off on various days of the week during a particular four-week work cycle so that each employee in the section has one day off during that cycle.

25.2 Method to be determined by agreement

25.2.1 The method of implementation to be applied will be determined by agreement between the employer and the majority of employees in the workplace.

25.2.2 Should agreement not be reached then:

- o the matter will be referred to the ECC, and
- o where the matter is not resolved the matter will be referred to a member of the Australian Industrial Relations Commission for resolution.

25.3 Notice of Rostered Days off

In cases where due to the arrangement of their ordinary working hours, an employee in accordance with clauses 30.1.1 (c) and 30.1.1 (d) is entitled to a day off during the work cycle, such employee shall be advised by the employer at least four weeks in advance of the day to be taken off by written notice posted by the employer on the notice board. The rostered day off cycle will coincide where possible with the building industry's RDO calendar.

25.4 Substitute days

25.4.1 The employer, with the agreement of the majority of employees concerned, may substitute the day an employee or employees concerned are to take off in accordance with clauses 25.1.1.3 and 25.1.1.4 (for another day in the case of a breakdown in machinery or failure or shortage of electric power or other situation of emergency that could arise).

25.4.2 An individual employee with the agreement of the employer may substitute the day the employee is to take off for another day.

25.5 Work on rostered day off

25.5.1 Unless a rostered day off is substituted for another day off in accordance with clauses 25.4.1, or

25.4.2 work performed on the rostered day off will be paid in accordance with clause 31 'Overtime' of the Award.

25.6 Rostered Days Off

25.6.1 Notwithstanding provisions elsewhere in this Agreement, the employer and the majority of employees may agree to establish a system of rostered days off ('RDO') to provide that:

25.6.1.1 An employee may elect with the consent of the employer to take a rostered day off at any time.

25.6.1.2 An employee may elect, with the consent of the employer, to take rostered days off in part day amounts.

25.6.1.3 An employee may elect, with the consent of the employer, to accrue some or all rostered days off for the purpose of creating a bank to be drawn upon by the employee at times mutually agreed by the employer or subject to reasonable notice by the employee or the employer.

25.6.1.4 clause 25.6.1 may apply subject to the employer informing the union of its intention to introduce an enterprise system of RDO flexibility and providing a reasonable opportunity for the union to participate in negotiations.

25.6.1.5 Once a decision has been taken to introduce an enterprise system of RDO flexibility, in accordance with this clause, its terms must be set out in the time and wages records kept pursuant to regulations 131 A to 131 R of the Workplace Relations Regulations 1996.

25.6.1.6 The employer will record RDO arrangements in the time and wages book each time this provision is used.

26. BREAKS

26.1 A half hour break will be allowed for a lunch break provided that an employee is not required to work more than five ordinary hours without a break for a meal.

26.2 Except as provided in clause 26.3, all work done during an employee's lunch break will be paid at double time rates of pay. For work performed thereafter until a lunch break is allowed time and one half rates shall be paid.

26.3 An employee's lunch break, once fixed will only be altered (except in the case of a breakdown or emergency) by mutual agreement or by at least seven days notice of the intended change given to the parties concerned.

26.4 Continuous Shift workers will be allowed a crib time of 20 minutes per shift without loss of pay to be taken at an agreed upon time and so as not to disrupt the work process.

26.5 A fifteen (15) minute paid tea break will apply to all day work employees.

The time of taking this break will be flexible in recognition of operational needs.

27. SHIFT WORK

27.1 Definitions

"Afternoon shift" means any shift finishing after 6 p.m. and at or before 1 a.m.

"Night shift" means any shift finishing after midnight and at or before 8 a.m.

"Continuous shift" workers are shift workers rostered to work regularly over the seven days of the week.

27.2 Payments to shift workers at commencement and conclusion of summertime period

Notwithstanding anything contained elsewhere in this Award, in any area where by reason of the legislation of the state summer time is prescribed as being in advance of the standard time of the state, the length of any shift:

27.2.1 commencing before the time prescribed by the relevant legislation for the commencement of a summer time period, and

27.2.2 commencing on or before the time prescribed by such legislation for the termination of a summer time period is deemed to be the number of hours represented by the difference between the time recorded by the clock at the beginning of the shift and the time so recorded at the end of the shift, the time of the clock in each case to be set to the time fixed pursuant to the relevant state legislation.

In this clause the expressions 'standard time' and 'summer time' will bear the same meanings as are prescribed by the relevant State legislation.

27.3 Payment for Shift Work

27.3.1 Shift workers on afternoon or night shift will be paid 15 per cent more than the employee's ordinary rate of pay per shift. Work may be done on non-rotating afternoon or night shifts if such shifts are worked for at least 4 consecutive shifts.

27.3.2 Provided that the allowance for such non-rotating afternoon shifts will be 15 per cent more than the employees ordinary rate of pay per shift and the allowance for non-rotating night shift will be 30 per cent more than the employees ordinary rate of pay in lieu of the above shift allowances.

27.3.3 A shift allowance of 15 per cent will be paid to maintenance employees who work shifts which commence at midday and finish at or after 6.00 p.m.

27.4 Shift Work on Saturdays, Sundays or Public Holidays

27.4.1 Continuous Shift workers for all work performed in accordance with their roster on a Saturday will be paid at the rate of time and a half for the first two hours and double rate thereafter. Work on a Sunday will be paid at the rate of double time, and for rostered work on a public holiday prescribed by clause 30 - Public Holidays will be paid at the rate of double time and a half.

27.4.2 Where the first shift of the week commences not later than 8 a.m. Monday, any ordinary time worked on night shift up to 8 a.m. on a Saturday will be regarded as ordinary time. Where a Sunday or holiday occurs during any shift roster, that shift the major portion of which is worked on the Sunday or holiday will be regarded as a Sunday or holiday shift and paid for at the rate of double time for the Sunday and double time and a half for the holiday.

27.4.3 In the case of a continuous shift worker, where a public holidays falls on all employee's rostered day off, the employee will receive for that holiday one day's pay in addition to the weekly wage.

27.4.4 Shift workers recognise their obligations to continue it work until relieved, provided that they are not required to work more than two consecutive shifts provided that employees working on a twelve hour shift roster will not work more than sixteen consecutive hours. The employer will avoid double shifts as far as possible by using every endeavour to arrange relief workers.

27.5 Arrangement of Shifts

27.5.1 After reasonable notice employees may be required to work shift work.

27.5.2 A shift roster will be drawn up and will provide for the rotation of shifts except as prescribed by clauses 27.3.1 and 27.3.2.

27.5.3 Shift rosters will specify the commencing and finishing times of ordinary working hours of the respective shifts.

28. ANNUAL LEAVE

28.1 Annual Leave Entitlement - General

28.1.1 A period of 28 consecutive days leave will be allowed annually to an employee after 12 months continuous service.

28.1.2 Annual leave is exclusive of public holidays as prescribed in clause 30 of this Agreement.

28.1.3 If after two weeks continuous service an employee other than a casual employee leaves employment or is terminated by the employer, the employee will be paid 2.925 hours at the ordinary rate of wage for each completed week of continuous service.

28.1.4 After the completion of the first 12 months employment an employee who leaves their employment or whose employment is terminated will be paid 2.925 hours at the ordinary rate of wage for each completed week of five working days for which leave has not been granted under this clause.

28.1.5 The ordinary rate of wage referred to in this clause means the ordinary time rate of pay fixed by the terms of this Agreement excluding any amounts paid in respect of shift work, overtime or other penalty rates except where otherwise indicated.

28.2 Annual Leave Entitlement - Continuous shift workers

28.2.1 In addition to the leave prescribed by clause 28.1.1 continuous shift workers will be allowed seven consecutive days leave including non working days.

28.2.2 Where an employee with 12 months continuous service is engaged for part of the 12 monthly period as a continuous shift worker he/she shall be entitled to have the period of 28 consecutive days leave prescribed in clause 28.1.1 increased by half a day for each month the employee is continuously engaged as a continuous shift worker.

28.3 Payment for annual leave

28.3.1 Each employee other than a continuous shift worker before going on leave will be paid for the period of leave at the employee's ordinary rate of wage plus 17-1/2 per cent of that amount.

28.3.2 Each continuous shift work employee before going on leave will be paid for the period of leave for the ordinary time the employee would have worked had he/she not been on leave plus the appropriate shift allowances.

28.4 Taking of Leave

28.4.1 Broken Leave

The leave will be given and taken in a continuous period or in two or three separate periods of which one period will be at least one fortnight.

Provided that where annual leave is given in two parts, the first part of off the leave will be given within a period not exceeding six months from the date the right to annual leave accrued, and after not less than one month's notice to the employee. The second part of the leave shall be given within a period not exceeding five months from the last day of the first part of the leave (or a longer period agreed upon by the employer and the employee and notified by the employer to the Secretary of the State Branch of the union when the employee concerned is a member of the union) and after not less than one month's notice to the employee. Provided however, that the second part of the leave will be given within a period not exceeding 9 months from the date the right to annual leave accrued.

The month's notice to the employee required by this clause may be dispensed with by agreement between the employer and the majority of employees concerned and endorsed by the ECC.

Provided further that except where an employee makes application for annual leave, no employee will be given annual leave during a period in respect of which the employee is entitled to be paid workers' compensation.

28.4.2 Notwithstanding any other provisions of this Agreement, where annual leave is not taken at mill close downs, but leave is taken on a rostered basis, then such rostering, will be through the 12 months of the year.

Provided that leave will be taken within 12 months of it failing due and employees will be given at least three months notice of the taking of rostered leave.

28.4.3 By agreement between the employer, employee or group of employees, annual leave may be taken on a rostered basis, close down basis or part rostered/part close down basis in three separate periods.

28.4.4 Any unpaid leave hours are to be made up during overtime periods at normal hourly rates until 38 hours normal is reached then overtime rates will apply.

28.5 Leave taken as a single day

28.5.1 Notwithstanding provisions elsewhere in this Agreement, the employer and the majority of employees may agree to establish a system of single day annual leave absences provided that:

28.5.1.1 An employee may elect, with the consent of the employer, to take annual leave in single day periods or part of a single day not exceeding a total of five days in any calendar year at a time or times agreed between them.

28.5.1.2 Access to annual leave, in accordance with clause 28.5.1 is exclusive of any shutdown period provided for elsewhere under this Agreement.

28.5.1.3 An employee and employer may agree to defer payment of the annual leave loading in respect of single day absences until at least 5 consecutive annual leave days are taken.

28.5.1.4 clause 28.5.1 may apply subject to the employer informing the union of its intention to introduce an enterprise system of annual leave flexibility and providing a reasonable opportunity for the union to participate in negotiations.

28.5.1.5 Once a decision has been taken to introduce an enterprise system of single day annual leave in accordance with this clause, its terms must be set out in the and wage records kept pursuant to regulations 131 A to 131 R of the Workplace Relations Regulations.

28.5.1.6 The employer will record these short term annual leave arrangements in the time and wages book.

28.6 Close Down

28.6.1 The employer may close down the plant or a section or sections thereof wholly or partly for the purpose of allowing leave to all or the bulk of the employees in the plant or section or sections concerned in accordance with the following provisions.

28.6.1.1 In accordance with clause 8 of this Agreement the employer may, by giving not less than three months notice (or an agreed lesser period of notice) of the intention to do so, either close down for one period or for two separate periods (hereinafter referred to as the first or second close down) provided that in lieu of a second close down the employer may grant any leave due and not taken at the first close down within a period not exceeding five months, or an agreed longer period and after not less than one month's notice to the employee. Provided however, that the second part of the leave will be given within a period not exceeding 9 months from the date the right to annual leave accrued.

28.6.1.2 Each employee affected will be credited with 2.925 hours in respect of each week of five working days completed in respect of continuous service for which leave has not already been given during the 12 months ending on the day immediately preceding the re-opening of the plant after each first close down.

28.6.1.3 Except to the extent that an employee has accrued leave under the provisions of clause 28.1 at the date of the close down the employee will be stood off without pay during the period of any close down.

28.6.1.4 Any employee who at the date of the first close down has qualified for four full weeks leave and has also completed a further week or more of continuous service will also be paid 2.925 hours leave for each completed week of five working days of continuous service plus 17 1/2 per cent since the close of his last 12-monthly qualifying period.

28.6.1.5 The next 12-monthly qualifying period for each employee affected by such close downs will commence from the day on which the plant or section or sections concerned is re-opened for work after the first close down. Provided that all time during which an employee is stood off without pay for the purposes of that subclause will be deemed to be time of service in the next 12-monthly qualifying period.

28.6.1.6 If in the first year of service with an employer an employee is allowed proportionate annual leave under this subclause and subsequently within such year leaves employment or their employment is terminated by the employer, the employee will be entitled to the benefit of clause 28.1.3 subject to adjustment for any proportionate leave which he may have been allowed as aforesaid.

28.7 Calculation of continuous service

28.7.1 For the purposes of this clause service will be continuous despite:

28.7.1.1 any interruption or termination of the employment by the employer if such interruption or termination has been made merely with the intention of avoiding obligations hereunder in respect of leave of absence, or

28.7.1.2 any absence from work on account of personal sickness or accident or on account of leave lawfully granted by the employer, or

28.7.1.3 any absence with reasonable cause proof whereof shall be upon the employee.

28.7.2 In cases of personal sickness or accident or absences with reasonable cause the employee to become entitled to the benefit of this clause will inform the employer in writing, if practicable, within 48 hours of the commencement of such absence of the inability to attend for duty, and as far as practicable the nature of the illness, injury or cause, and the estimated duration of the

absence. A notification given by an employee pursuant to clause 29.4 of this Agreement will be accepted as notification under this sub-clause.

28.7.3 Any absence from work by reason of any cause not being a cause specified in this clause will not be deemed to break the continuity of service for the purposes of this clause unless the employer during the absence or within fourteen days of the termination of the absence notifies the employee in writing that such absence will be regarded as having broken the continuity of service.

28.7.4 In cases of individual absenteeism such notice will be given in writing to the employee concerned, but in cases of concerted or collective absenteeism notice may be given to employees by the posting up of a notification in the plant, in the manner in which general notifications to employees are usually made in that plant and by posting to the union whose members have participated in such concerted or collective absenteeism, a copy of such notification not later than the day it is posted up in the plant.

28.7.5 A notice to an individual employee may be given by delivering it to the employee personally or by posting it to the last recorded address in which case it will be deemed to have reached the employee in due course by post.

28.7.6 In calculating the qualifying period of continuous service any such absence as aforesaid will not be taken into account except:

28.7.6.1 28 days or less in the case of sickness or accident.

28.7.6.2 Annual leave or long service leave granted to the employee.

29. PERSONAL OR CARERS LEAVE

For the purposes of this clause "employee" includes a part-time employee but does not include an employee engaged as a casual.

29.1 Amount of Paid Personal or Carers Leave

An employee is entitled to the following amount of paid personal or carers leave:

29.1.1 56 hours in the first year of service (40 hours sick leave and 16 hours bereavement leave on each occasion)

29.1.2 80 hours from the commencement of the second and each following year of service (64 hours sick leave plus 16 hours bereavement leave on each occasion)

29.2 Immediate Family or Household

The entitlement to use bereavement leave and carer's leave in accordance with this clause is subject to:

29.2.1 the person being either

29.2.1.1 a member of the employee's immediate family: or

29.2.1.2 a member of the employee's household

29.2.2 the term "immediate family" includes:

29.2.2.1. spouse or de facto spouse of the employee. A de facto spouse in relation to a person means a person of the opposite sex to the first mentioned person who lives with the first mentioned person as the husband or wife of that person on a bona fide domestic basis although not legally married to that person and

29.2.2.2. child or an adult child (Including an adopted child. A step child or an ex nuptial child) parent, grandparent, grandchild or sibling of the employee or spouse of the employee.

29.3 Personal Sick Leave

29.3.1 Entitlement and Accumulation

29.3.1.1 The employee is not entitled during the first 12 months of any period of service to leave in excess of 40 hours of working time nor in any year after completion of such 12 months service to leave in excess of 64 hours of working time. Sick leave will accumulate from year to year of continuous service with the employer except as provided in clause 28.7 of this Agreement.

29.3.1.2 Leave taken by an employee under clause 29.3.1 is deducted from the amount of personal or carers leave available within clause 29.1.

29.3.1.3 An employee is entitled to use accumulated sick leave for personal sickness if the employee has already used:

(i) the current year's sick leave component of the personal/ carer's leave entitlement as personal sick leave, or

(ii) the current year's aggregated personal/carers leave entitlement.

29.3.1.4 The employee is not entitled to paid leave in excess of 10 hours during the first three months of employment with the employer, a further 10 hours during the second three months of such employment and an additional 20 hours between the seventh and twelfth months of service. Provided that should his/her employment continue beyond six months the employee will be paid for the leave for which they would otherwise have been entitled to be paid except for the limitations prescribed by this clause and for which payment has not previously been made

29.3.1.5 On the employee's anniversary date of starting work, 64 hours (8 days) sick leave is accrued for use over the following 12 months. For every year worked, the employee receives another 64 hours (8 days) sick leave.

29.3.1.6 In the event of an employee dying, the employer will pay to such deceased employee's estate the monetary value of all sick leave standing to the employees credit.

29.3.1.7 Where an employee retires because of age or incapacity, or his/her services terminate after ten years continuous service for any reason except misconduct the monetary value of any unused sick leave standing to the employee's credit will be paid.

29.3.1.8 For the purpose of this clause the rate of pay for sick leave will be the ordinary time rate of pay fixed by the terms of this Agreement.

29.4 Notification and Proof of Sickness

29.4.1 Day shift employees must notify a manager no later than one and a half (1.5) hours after commencement of shift. Afternoon shift employees must notify a manager one (1) hour before shift starts. The abandonment of employment clause then takes effect if they do not notify within time period.

29.4.2 One day off requires a phone call and may require a statutory declaration or a doctor's certificate. More than one day off will require a phone call and will require a statutory declaration or a doctor's certificate.

29.4.3 Should an employee use up all their available sick leave any additional time off work will be unpaid. The employee is still required to notify the employer before the start or as soon as practicable after the start of the working day that they are sick. If the employee provides a doctor's certificate the time off will be deemed unpaid sick leave. If the employee does not provide a doctor's certificate the time off will be deemed unauthorised absence.

29.4.3.1 It is the employee's responsibility to submit an application for sick/ annual leave forms prior to the commencement of the following pay week, with the exception of leave taken on the last day of the pay week, where the employee has until 8.30 am on the first day of the following pay week to submit the application for leave forms. If the payroll officer does not receive the appropriate application for leave form by the time pay details are being calculated and processed, payment will not be given until the following pay period.

29.4.4 Unsatisfactory Attendance

Unsatisfactory attendance is where an employee exceeds one of the following:

29.4.4.1 More than 8 days sick leave taken.

29.4.4.2 More than 4 unpaid sick leave days taken, or

29.4.4.3 More than 2 unauthorised absences.

The employer is entitled to issue warnings as outlined in the agreed format to any employee who has an unsatisfactory attendance record.

29.5 Methods of payment

The following methods of taking accrued sick leave are available to each employee.

29.5.1 Pay out at anniversary of service all sick leave credits in excess of 104 hours, or

29.5.2 Unlimited accrual and pay out on termination of all credits in excess of 104 hours where the employee has less than 10 years service, or pay out of all credits where the employee has in excess of 10 years service, or

29.5.3 Pay at anniversary of service all sick leave credits in excess of 104 hours into the employee's superannuation fund.

29.5.4 Payment will be made at the employee's ordinary rate of pay at the time of taking accrued sick leave.

29.5.5 Sick leave paid by one of the methods prescribed by clauses 29.5.1, 29.5.2 or 29.5.3 is in lieu of any accrual.

29.6 Where a business is transmitted from the employer to another, an employee's service with the transmitter shall for the purpose of sick leave payment be taken as service with the transmittee provided that the employee's employment with the transmitter is continued with the transmittee.

29.6.1 the continuity of the employment of the worker will be deemed not to have been broken by reason of such transmission.

29.6.2 the period of employment, which the worker has had with the transmitter or any prior transmitter, will be deemed to be employment of the worker with the transmittee.

29.7 Notwithstanding an employee suffering injury through an accident arising out of and in the course of employment (not being an injury in respect of which the employee is entitled to workers' compensation) which in the opinion of the employer or the representative at the place of work, necessitates attendance by the employee during working hours at a doctor, chemist or trained nurse or at a hospital will not suffer any deduction from pay for the time on the day of the accident and will be reimbursed by the employer all expenses reasonably incurred in connection with such attendance but in no case will such reimbursement exceed \$10.30.

29.8 Bereavement Compassionate Leave

29.8.1 An employee is entitled to two days paid leave on each occasion that if a member of the employee's immediate family or household in Australia dies.

29.8.2 Proof of death must be provided to the satisfaction of the employer if requested.

29.8.3 This clause has no operation while the periods of entitlement to leave under it coincides with any other period of leave.

29.8.4 Death Outside Australia - Funeral/Service Overseas

The provisions of this sub-clause shall apply upon the death outside Australia of a member of the employee's immediate family or household upon the production of satisfactory evidence of the death and evidence of the employee's travel outside of Australia to attend the deceased's funeral/service.

29.8.5 Death Outside Australia - Service Locally

Where any member of the employee's immediate family or household dies outside Australia and a weekly employee with three month's service does not travel outside Australia to attend the funeral service such employee shall be entitled to leave not exceeding the number of hours worked by the employee on one ordinary day's work for the purpose of attending a local service for the deceased. Evidence of the death and the service shall be furnished by the employee to the satisfaction of the employer.

29.8.6 Carers Leave

29.8.6.1 An employee with responsibilities in relation to a member of their immediate family or household who needs their care and support is entitled to use up to 5 days per annum of their personal/carers leave entitlement to provide care and support for such persons when they are ill. Leave may be taken for part of a single day.

29.8.6.2 The entitlement to use personal/carer's leave is subject to the employee being responsible for the care of the person concerned.

29.8.6.3 The employee must, if required by the employer, establish by production of a medical certificate or statutory declaration, the illness of the person concerned and that the illness is such as to require care by another.

29.8.6.4 In normal circumstances an employee must not take carer's leave under this clause where another person has taken leave to care for the same person.

29.8.6.5 The employee must, where practicable, give the employer notice prior to the absence of their intention to take leave, the name of the person requiring care and their relationship to the employee, the reasons for taking such leave and the estimated length of absence. If it is not practicable for the employee to give prior notice of absence, the employee must notify the employer by telephone of such absence at the first opportunity on the day of absence.

29.8.6.6 Each day or part of a day of carer's leave taken in accordance with

clause 29.8.6.1 is to be deducted from the amount of personal/carer's leave provided in clause 29.1 of this clause up to a maximum of 5 days per annum.

29.8.6.7 An employee is entitled to use accumulated sick leave as paid carers leave if the employee has used the current year's personal/carers, leave entitlement. An exception to this is where an employee has already taken 5 days carer's leave in the current year.

29.8 Unpaid Carers Leave

An employee may elect, with the consent of the employer, to take unpaid leave for the purpose of providing care to a family or household member who is ill.

29.9 Grievance Process

Clause 10 - Procedures for Avoidance of Industrial Disputes of this Agreement applies to a dispute about the effect or operation of his clause.

30. PUBLIC HOLIDAYS

30.1 All weekly employees will be entitled to be absent from work without deduction of pay on the following holidays:

30.1.1 New Years Day, Australia Day, Union Picnic day, Canberra Day, Good Friday, Easter Saturday, Easter Monday, Anzac Day, Queen's Birthday, Labour Day, Christmas Day and Boxing Day

30.1.2 When Christmas Day is a Saturday or a Sunday a holiday in lieu will be observed on 27 December.

30.1.3 When Boxing Day is a Saturday or a Sunday, a holiday in lieu will be observed on 28 December.

30.1.4 When New Year's Day or Australia Day is a Saturday or a Sunday a holiday in lieu will be observed on the next Monday

30.2 Where public holidays are declared or prescribed by the state, territory or locality, on days other than those set out in clause 30.1.1 those days will constitute additional public holidays for the purpose of this Agreement.

Changing public holidays by agreement

30.3 In accordance with clause 10 - Facilitative Provisions of the Award the employer and employees or a group of employees at a site or work area may agree to substitute another day for any day prescribed in clause 30.1

Rostered day off/Programmed day off or accumulated time off falling on a holiday

30.4 In the case of an employee whose ordinary hours of work are arranged in such a manner as to entitle the employee to a rostered day off the weekday to be taken off will not coincide with a holiday fixed in accordance with this clause. Provided that, in the event that a holiday is prescribed after an employee has been given or gives notice of a weekday off and the holiday falls on such weekday the employer will allow the employee to take up an alternative weekday off in lieu of the holiday.

Termination within 14 Days of a Holiday

30.5 In the case of an employee with at least three months service with the employer, whose services are terminated by the employer through no fault of the employee within fourteen days prior to a holiday or, in the case of an annual leave closedown within fourteen days after resumption of work, the employee will be paid for any such holiday the amount the employee would have received had the employee not been terminated.

Full-time employees working non-standard hours

30.6 This subclause applies to full-time workers who do not regularly work a five day Monday to Friday week.

30.6.1 When a prescribed holiday falls upon a day when the employee would not be working in any event the employee will receive:

30.6.1.1 A day's paid leave to be taken on another day or added to annual leave (to be mutually agreed between the employer and employee) or

30.6.1.2 An additional day's wage

30.6.2 If an employee is rostered to work on the public holiday or its substitute day (except Christmas Day) the employee is entitled to;

30.6.2.1 If not required to work on the public holiday, the employee will receive the payment the employee would ordinarily receive for that day and is

not entitled to a substitute day off.

30.6.2.2 If required to work on the public holiday the employee is entitled to receive the normal rates of pay for working that day and the substitute day as a holiday (if the substitute day is a non-working day for the employee the employee would receive the compensation provided by clause 30.6.2.1).

30.6.2.3 If the employee is required to work on the substituted day they will receive the rates of pay for working on a public holiday.

30.6.3 If an employee is rostered and required to work a both the 'actual' public holiday and its substituted day (this would only occur if the holiday were to fall on a Saturday or a Sunday) the employee is entitled to:

30.6.3.1 A day's paid leave to be taken on another day or added to annual leave (to be mutually agreed between the employer and employee) or

30.6.3.2 Payment at public holiday rates for the day's work for the substituted day and payment at normal rates for Saturday or Sunday for the actual public holiday.

Christmas Day Loading

30.7 If employees are rostered to work on a Saturday or Sunday which is a Christmas day and are required to work, the employee will receive the normal Saturday or Sunday rate plus a loading of one half of a normal day's wages for a full day's work and be entitled to a substitute day

Non-casual part-time Employees

30.8 Where the normal roster of a part-time employee includes a day that is a public holiday the employees will receive the normal pay he/she would have received on that day and enjoy the holiday or receive the appropriate public holiday rate for working whatever hours they work during it.

30.8.1 For part-time employees whose normal roster includes a Saturday or Sunday, which would be a prescribed holiday, but for the substitution of an alternative day the following will apply:

30.8.1.1 The employee will be granted leave with pay on the 'actual day' without substitution, or

30.8.1.2 The employee works on the 'actual day' at normal Saturday or Sunday rates (if the Saturday or Sunday is Christmas Day, the Christmas Day loading will apply) and is allowed to take another day with pay which may or may not be the prescribed substitute day, as a holiday, or

30.8.1.3 The employee works the 'actual day' at normal Saturday or Sunday rates (if the Saturday or Sunday is Christmas Day the Christmas Day loading will apply) and receives in addition, payment at ordinary-time rates for an additional day of equal length (with no substitution of an alternative day).

30.8.2 If any of these benefits applies the employee who works on the prescribed substitute day will be paid at ordinary time rates.

30.9.3 Any circumstances for part-time workers not covered by this subclause should be the subject of negotiations between the parties concerned, using the principles of this clause to resolve the issues.

Payment for casual employees working on public holidays

30.9 A casual employee who works on the day prescribed as the public holiday will be paid the appropriate public holiday pay as described elsewhere in this Agreement. The employee should receive the ordinary casual rate plus the applicable penalty. That is, the causal loading of 20 per cent and the prescribed holiday rate for non-casual workers of 2.5 times ordinary rates. The casual will be paid 2.7 times the ordinary time rate for non-casual workers.

Absences before or after public holidays

30.10 Where an employee is absent from employment on the working day after a public holiday or group of public holidays to which the employee is entitled and such absence is without reasonable cause, proof whereof will be upon the employee, the employee is not entitled to payment for the public holiday immediately succeeding or immediately preceding the absence as the case may be.

30.11 Employees will, when required to do so, work during weekends and on any of the public holidays specified in clause 30.1 provided that the employer will not require more than a reasonable amount of overtime of any employee during weekends.

31. BLOOD DONORS

A weekly employee who, with the consent of the employer is absent during

ordinary working hours for the purpose of donating blood will not suffer any deduction of pay up to a maximum of two hours on each occasion and subject to a maximum of four separate absences each calendar year. Provided that such employee will arrange as far as practicable for the absence to be as close as possible to the beginning or ending of the employee's ordinary working hours.

Provided further the employee will notify the employer as soon as possible of the time and date upon which the employee is requesting to be absent for the purpose of donating blood.

Proof of the attendance of the employee at a recognised place for the purpose of donating blood and the duration of such attendance will be furnished to the satisfaction of the employer.

32. JURY SERVICE

A weekly employee required to attend for jury service during ordinary working hours will be reimbursed by the employer an amount equal to the difference between that amount paid in respect of attendance for such jury service and the amount of wage the employee would have received in respect of the ordinary time the employee would have worked had the employee not been on jury service.

An employee will notify the employer as soon as possible of the date upon which the employee is required to attend for jury service. Further the employee will give the employer proof of such attendance, the duration of such attendance and the amount received in respect of such jury service.

33. UNION TRAINING LEAVE

A weekly employee nominated by the union will be allowed leave without loss of pay to attend union training courses subject to the following conditions:

33.1 An accredited union representative shall, upon application in writing from the union, be granted up to five days leave with pay each calendar year non-cumulative to attend union training. Not all union representatives are to be absent for training at the same time. A maximum of four employees will be granted union training leave each calendar year.

33.2 The application for leave must contain the following details:

33.2.1 The period of time for which leave is sought

33.2.2 The description and content of the course (if available) to be attended and where the course is to be conducted

33.3.1 the granting of leave will be subject to the union giving not less than six weeks notice in writing of any lesser period agreed by the employer and union.

33.3.2 An employee who has completed six months with the employer (or lesser period of service as may be agreed upon by the employer and the union) will be eligible for such leave.

33.4 The time of taking leave will be arranged to minimise any adverse effect on the employers operations.

33.5 The employer is not liable for additional expenses associated with an employee's attendance at a course other than the payment of ordinary time earnings for the absence. For the purposes of this clause ordinary time earnings are defined as the relevant skill grade rate plus shiftwork loadings where applicable

33.6 Leave rights granted in accordance with this clause will not result in an additional payment or alternative time off to the extent that the course attended coincides with an employee's day off in the 19-day month work cycle or with any other confessional leave.

33.7 Leave of absence granted pursuant to this clause will count as services for all purposes.

34. TRAINING AND SKILLS DEVELOPMENT

34.1 The parties to this Agreement recognise that in order to increase the efficiency, productivity and international competitiveness of the enterprise a greater commitment to training and skilled development is required. Accordingly they commit to:

34.1.1 Developing a more highly skilled and flexible workforce

34.1.2 Providing suitable employees with career opportunities through appropriate training to acquire additional skill and

34.1.3 Removing barriers to the utilisation of skills acquired

34.1.4 Developing skills in teamwork and continuous improvement

34.2 Following consultation through the ECC the employer will develop a training programme, consistent with:

34.2.1 The current and future skill needs of the enterprise

34.2.2 The size, structure and nature of the operations of the enterprise

34.2.3 The need to develop vocational skills relevant to the enterprise and consistent with the National Forest Industry Competency Standards where applicable through courses conducted by accredited educational institutions and providers

34.3 The ECC will ensure that the following is implemented:

34.3.1 Formulation of a training programme and availability of training courses and career opportunities to employees

34.3.2 Dissemination of information on the training programme and availability of training courses and career opportunities to employees

34.3.3 The recommending of individual employees for training and reclassification

34.3.4 Monitoring and advising management and employees-on the ongoing effectiveness of the training

34.3.5 Each area will develop training plans in conjunction with the ECC

34.3.6 Training may be conducted either on or off the job and as far as practicable during paid working hours. The employer will not unreasonably withhold paid training leave

34.3.7 Employees who participate in work and grade structure related training will be paid in accordance with clause 25 Hours of Work of this Agreement and clause 31 Overtime of the Award

34.3.8 Each employee will receive no less than one week of direct training each year

34.4 Training Costs

34.4.1 Any costs associated with standard fees for prescribed courses and prescribed text books (excluding those text books which are available in the employer's technical library) incurred in connection with the undertaking of training will be reimbursed by the employer upon the production of evidence of such expenditure provided that reimbursement will also be on an annual basis subject to the presentation of reports of satisfactory progress.

34.4.2 Travel costs incurred by an employee undertaking training in accordance with this clause which exceed those normally incurred in travelling to and from work will be reimbursed by the employer.

35. LITERACY AND NUMERACY

The success of the enterprise and opportunities for employees is directly related to improvement of English language literacy and numeracy.

In conjunction with the ECC management will implement a program of workforce literacy and numeracy.

36. ACCIDENT PAY - A.C.T.

36.1 An employer will pay and a weekly employee is entitled to receive accident pay in accordance with this clause.

36.2 "Accident Pay" means a weekly payment of an amount being the difference between the weekly amount of compensation paid to an employee pursuant to the Workers Compensation Act 1951 (ACT) and the weekly Award rate to which such employee is entitled in the classification under which the employee is employed at the date of injury or where the incapacity is for a lesser period than one week, the difference between the amount of compensation and the said Award rate for that period.

36.3 An employer must pay an employee accident pay where the employee receives an injury for which compensation is payable by or on behalf of the employer pursuant to the provision of the said Act.

36.4 An employer will pay, or cause to be paid, accident pay during the incapacity of the employee within the meaning of the said Act until such incapacity ceases or until the expiration of a period of 39 weeks from the date of the injury, whichever event shall first occur.

36.5 The termination of the employee's employment for any reason during the period of any incapacity does not affect the liability of the employer to pay accident pay as herein before provided.

36.6 An employee is not entitled to any payment under this clause in respect of any period of paid annual leave or long service leave or for any paid public holiday.

36.7 In the event that an employee receives a lump sum in redemption or weekly payment under the said Act the liability of the employer to pay accident pay as herein provided ceases from the date of such redemption.

36.8 Where the employee recovers damages from the employer or from a third party in respect of the said injury independently of the said Act the employee is liable to repay to the employer the amount of accident pay which the employer has paid under this clause and the employee is not entitled to any further accident pay in respect of that injury.

36.9 This clause does not apply to any injury occurring during the first two weeks of the employment unless such incapacity continue beyond the first two weeks in which case accident pay applies only to that period of incapacity after the first two weeks.

36.10 Accident pay does not apply in respect of any injury during the first five normal working days of incapacity.

37. TOXIC SUBSTANCES

37.1 Employees who are required to work on duties of employment which necessitate the handling of timber treated with toxic substances will be informed by the employer of the nature of the toxicity of such substances and the necessary precautions and safeguards to be observed in their use.

37.2 The employer will provide employees with a printed copy of the health regulations that are appropriate to the toxic substances, which are utilised.

38. AMENITIES

38.1 Except as otherwise provided by state law employers will provide free of charge to the employees:

38.1.1 At each workplace where living accommodation is not provided and where ten or more employees are engaged, suitable dining accommodation wherein there will be a radiator or other suitable heater.

38.1.2 Suitable lockers and suitable clothes hanging facilities.

38.1.3 Where practicable, boiling water at meal times.

38.1.4 At each workplace reasonable and sufficient conveniences to enable the employees to wash themselves.

38.1.5 At each workplace at some convenient place, suitable cool drinking water.

38.1.6 At each workplace where a female or females are employed, a restroom suitably furnished (including suitable couch).

38.2 Provided that the provisions of clauses 38.1.1 and 38.1.2 of this clause do not for such period or periods as may be agreed apply if the employer proves to the satisfaction of the ECC or failing that the Australian Industrial Relations Commission, that the employer is unable by reason of lack of space, shortage of material or labour or any other difficulties to provide dining, accommodation, lockers or clothes hanging facilities as aforesaid. In cases where dining accommodation, lockers or clothes hanging facilities are not provided the Australian Industrial Relations Commission may extend the time for providing such dining accommodation or lockers as aforesaid. Provided further, however, that where employees do not desire dining accommodation an employer will not be compelled to provide such accommodation.

39. CLOTHING, EQUIPMENT AND TOOLS

39.1 Compensation to the extent of the damage sustained will be made where in the course of performing normal duties at work, the work clothing, tools, spectacles, hearing aids and dentures are damaged or destroyed by fire or corrosive substance. Provided that the employer's liability in respect of tools is limited to such tools of trade as are ordinarily required for the performance of the employee's duties. Provided further that this clause does not apply to an employee who is entitled to compensation under any workers compensation or any other Act in respect of damage to clothing or tools, spectacles, hearing aids and dentures.

39.2 Supply of clothing

39.2.1 If an employee is required to work in the rain, the employee will be provided with oilskins or other suitable waterproof clothing and upon request by the employee with suitable wet weather footwear.

39.2.2 All employees while working under overhead cranes will wear head protective helmets of a type mutually approved by the employer and the appropriate state branch of the union.

Such head protective helmets will be supplied by the employer to each employee so engaged.

39.2.3 The employer may deduct from the pay of any employee to whom oilskins, aprons, overalls, waterproof clothing, wet weather footwear, head protective helmets or protective gloves have been supplied with the cost of such articles as are not returned in good order and condition, fair wear and tear excepted, on demand being made by the employer.

39.2.4 An employee required to handle poles or timber whilst still wet after impregnation or immunisation shall be supplied by the employer with suitable protective clothing.

39.2.5 An employee who is required to handle materials whilst still wet with glue from a glue spreading machine will be supplied with suitable gloves and apron.

39.2.6 An employee who is required to prime paint timber or timber articles by any method or handle same whilst still wet with paint will be supplied with suitable protective clothing.

39.2.7.1 An employee who takes timber by hand from a conveyor or sorting table or a docker person who takes timber by hand "green off saw" will be supplied with a protective apron.

39.2.7.2. Sawyers, and A and B grade wood machinists will be supplied with a protective apron upon request of the employee.

39.2.8 Upon request by a saw sharpener, saw doctor or saw doctor apprentice, the employer will supply such employees with two pairs of overalls per annum free of charge.

39.2.9 Supply of safety footwear

The employer will provide free of charge one pair of safety boots/shoes to each employee and thereafter on a replacement basis. New employees will be supplied safety footwear at the commencement of employment. The wearing of such supplied footwear will be a condition of employment except in relation to employees who are unable to wear such footwear for medical reasons and who produce a medical certificate of that fact. Any person who leaves the employment within three months of such issue will be charged half the cost of the footwear so provided.

The employer will not be required to supply safety footwear to employees to whom a weekly allowance or a lump amount is paid by the employer to cover the full cost of safety footwear supplied by the employee.

The terms of this clause will not apply to employees in circumstances where the employer and an employee and the State Branch of the union agree that the nature of work performed by the employee does not warrant the wearing of safety footwear.

39.2.10 Case hardened glasses

The employer will reimburse an employee who requires prescription lenses to be case hardened the amount necessary to have the prescription lenses case hardened.

39.2.11 Protective gloves

Where an employee is performing manual tasks such as the handling of timber, metal, cable or other materials, which would warrant the supply of protective gloves such employees will be supplied gloves by the employer. Protective gloves will not be supplied in circumstance where it would be hazardous if they were to be worn nor will they be supplied in circumstances where the employer deems it inappropriate.

39.3 Supply of Tools

Employees and other millwrights will be provided by the employer with all the necessary tools, implements, measuring instruments and plant. The employee will replace or pay for any tools etc so provided which are lost, wilfully damaged or destroyed through the employee's negligence.

40. FIRST AID

40.1 First Aid Outfit

The employer will supply and maintain a first aid outfit at each workplace as prescribed by the ACT First Aid in the Workplace Code of Practice 1994.

40.2 First Aid Employee

Where the employer has appointed an employee who holds a certificate as a first aid attendant the allowance prescribed by clause 27.8 of the Award will be paid to such employee for each week in which three days or more have been worked. That amount will be payable in addition to any amounts paid for annual leave, sick leave, and public holidays provided that this allowance will not be subject to any premium or penalty additions.

Provided that nothing in this sub-clause will be taken as meaning that an employer will be required to make such an appointment.

40.3 Special transport of injured

In the event of an injury to an employee requiring medical attention that cannot be provided by the employer or on the employer's premises the employer will, as soon as is reasonably possible, supply free of charge such means to convey such an employee to the nearest hospital or doctor at which or by whom the employee is to be treated.

41. RIGHT OF ENTRY

41.1 On production of an authority to the employer or the employer's representative a duly accredited union representative will have the right to visit and inspect any job at any time when work is being carried on, whether during or outside ordinary working hours, to interview employees covered by this Agreement provided that the representative does not unduly interfere with the work in progress.

Entry of a duly accredited union representative will be subject to the following conditions:

41.1.1 That the representative complies with all safety requirements whilst on the premises.

41.1.2 That if the employer alleges that an accredited union representative is unduly interfering with the performance of work or is committing a breach of the previous condition the employer may refuse the right of entry but the union will have the right to bring the refusal before the Australian Industrial Relations Commission and the Commission may deal with the matter.

41.2 Any unreasonable delay in allowing a duly accredited representative of the union entry into the premises is a breach of the Agreement.

41.3 A representative of the union will be a duly accredited representative if holding a permit issued by the Australian Industrial Relations Commission.

42. UNION DELEGATES

42.1 An accredited union delegate will have the right to discuss work-related matters of concern of any employee or to convey information relating to the workplace to employees provided that the union delegate does not unduly interfere with the work in progress and the supervisor of the shift or section is given prior notice of the union delegate's intention.

42.2 The union delegate will have access to a telephone to contact the union office or to progress enquires on behalf of an employee on work related matters. The union delegate will be provided with a suitable cupboard and facilities to enable the union delegate to keep records, union circulars and documentation to efficiently carry out their responsibilities.

42.3 The union delegate will have the right to place notices on notice boards within the enterprise. Such notices or matters of interest will be within the policy of and authorised by the union.

42.4 With the agreement of the employer the union delegate will have the right to have a guest speaker authorised by the state branch of the union attend meetings within the enterprise for the purpose of discussing issues relating to this agreement and to the workplace.

42.5 The employer will not dismiss or injure a union delegate in employment or alter the employee's position to the employee's prejudice because the employee is a union delegate.

42.6 The employer will supply the union delegate with a copy of this Agreement and with all subsequent variations.

43. SIGNATURES

The following employees and union and employer representatives sign this Agreement on behalf of the employees and the employer on this day of 2005.

Employee Representative
CFMEU

Employer Representative
Integrated Forest Products

Employee Representative
CFMEU

Craig Smith
Divisional Branch Secretary
CFMEU- Forestry, Furnishing, Building
Products and Manufacturing Division
NSW Divisional Branch

Manager
Integrated Forest
Products Pty Ltd

AGREEMENT FOR THE SALE AND PURCHASE OF
TIMBER SAWMILLING EQUIPMENT AND SERVICES

Agreement

This agreement is dated the twentieth day of May, 2004 and is entered into between:

Integrated Forest Products Pty Ltd (ABN 520 83521 966) a company incorporated in Australia with offices situated at Suite 4, 95 Salmon Street, Port Melbourne, Victoria 3207, Australia

and

Acora Reneco Group Pty Ltd (ABN 680 89944 561) a company incorporated in Australia with its main manufacturing facility situated at 12 Government Road, Eden, New South Wales 2551, Australia.

and will apply for an initial period of five years (5 years) from the date of this agreement and will continue thereafter unless terminated by the issuing by either party to the other of twelve months (12 months) written notice of the intention to terminate.

Introduction

Integrated Forest Products (hereafter referred to as Integrated) owns and operates a timber sawmill in Canberra, Australian Capital Territory and has the rights to forest licenses in the Bombala region, New South Wales, Australia and proposes to build a log sorting and green sawmill in that region.

Acora Reneco Group (hereafter referred to as ARG) is a leading Australian saw milling equipment designer, manufacturer and supplier.

Agreement

It is agreed between The Parties that ARG will offer priority access to and delivery of its technology, design expertise, equipment and services to Integrated for work that is required by Integrated in the area of saw milling plant and equipment design and supply and/or procurement and any other items mutually agreed between The Parties.

It is further agreed between The Parties that ARG will supply these items at a rate that equates to its normal selling price for these products and services less a discount of 10% for its goods and services that are manufactured or directly supplied by ARG and at a 10% discount to its normal margin for imported goods and services.

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It is further agreed between The Parties that in exchange for this priority access and special pricing, Integrated will offer all of its work in this area to ARG exclusively.

It is further agreed between The Parties that the log sorting and green mill line designed by ARG for Integrated's new Bombala operation, as generally detailed in the attached layout drawing BOMBALA SAWMILL - Proposed Layout Feb 2004 will be supplied to Integrated by ARG for a fixed price of A\$35,080,000 (Thirty Five Million and Eighty Thousand Australian Dollars) plus escalation from 01 July 2004 equal to the rate of increase in the Australian All Groups Consumer Price Index (CPI) as published periodically by The Australian Bureau of Statistics, Canberra. Payment terms for this project will be ARG's normal commercial terms. An alternative plan known between the parties as the "IFP CSG Upgrade Proposal" will be supplied for A\$24,840,000 (Twenty Four Million Eight Hundred and Forty Thousand Australian Dollars) plus escalation from 01 July 2004 equal to the rate of increase in the aforementioned Australian All Groups Consumer Price Index (CPI), if Integrated chooses this option.

It is further agreed between The Parties that this agreement was entered into following substantial discussions between Integrated and ARG in relation to this Agreement that have created an understanding by The Parties of the obligations and rights of each party under this Agreement and that the principals of the two companies (who are signatories below) are fundamental in the body of this agreement. Thus the ongoing details of this Agreement may change by mutual agreement from time to time, but the changes will at all times be compatible with the spirit of this Agreement and the proposed association between the companies detailed herein.

In acknowledgement of this agreement it is hereby signed on behalf of:

Integrated Forest Products Pty Ltd

Director Name: _____

- - - - -

Date: _____

Witness:

Witness names and address:

- _____
- _____
- _____

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Director

Name:

- _____

Date: _____

Witness:

Witness names and address:

- _____
- _____
- _____

Acora Reneco Group Pty Ltd

Director

Name:

- _____

Date: _____

Witness:

Witness names and address:

- _____
- _____
- _____

Director

Name:

- _____

Date: _____

Witness:

Witness names and address:

- _____
- _____

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TIMBER SUPPLY AGREEMENT

THIS AGREEMENT is made on the _____ day of _____ 2003

BETWEEN TIMBERMANS GROUP PTY LIMITED (A.C.N. 100 845 476) Suite 4, 95
Salmon Street, Port Melbourne, Victoria, 3207, referred to as
"Timbermans Group"

AND INTEGRATED FOREST PRODUCTS PTY LIMITED (A.C.N. 083 521 966)
TRALEE STREET, HUME, AUSTRALIAN CAPITAL TERRITORY trading as
'IFP' and referred to as the "Company."

1. DEFINITIONS AND INTERPRETATIONS:

1.1 Definitions:

In this Agreement unless a contrary intention appears:

'Act' means the Forestry Act 1916 (NSW);

'Additional Resource' means Timber that Timbermans Group proposes to make available for sale from the Area of Supply that are surplus to Timbermans Group' commitments (such commitments to include the Annual Supply);

'Additional Supplies' means that part of Additional Resource which is to be made available to the Company;

'Agreement' means this agreement;

'Annual Delivery Plan' means the plan, prepared by Timbermans Group in accordance with clause 9, for the supply of Timber during the Year to which the plan applies;

'Annual Supply' for a Year means the total of the Base Quantity and the Marginal Quantity for that Year;

'Approvals' means all planning and other governmental regulatory approvals (including those under the Environmental Planning and Assessment Act 1979) required to construct and operate the Mill;

'Area of Supply' means the Crown timber-lands within the Bombala Management Area more particularly identified on the map attached as Schedule 2;

'Base Quantity' for a Year means the Base Quantity specified in clause 6.1 for that Year as that quantity may be amended in accordance with clause 6.2;

'Business Days' means the days Monday to Friday inclusive, but excluding Public Holidays and days which are rostered days off at the Mill;

'Change in Control' means change in the control of more than 50% of the shares with the right to vote in general meetings of the Company;

'Code of Procedure' means the Code of Procedure referred to in clause 22 as amended from time to time in accordance with this Agreement;

'Commencement Date' means the date upon which the Relevant Provisions take effect in accordance with clause 3;

'Company' includes all employees, servants and agents of the Company;

'Contract Harvesting' includes the felling, extraction, sorting, processing, grading, loading, hauling and delivery of Timber to the Mill and ancillary works including roading, tracking, log dump construction and site rehabilitation by Contractors engaged by Timbermans Group or it's supply agents;

'Contract Harvesting Agreement' means an agreement in writing between Timbermans Group or its supply agents and a Contractor providing for the Contractor to carry out Contract Harvesting or any part thereof;

'Contractor' means a person under contract with Timbermans Group to conduct Contract Harvesting operations and includes employees and agents of the Contractor;

'Cost Item' - see Schedule 4;

'Delivered Price' means the price payable by the Company per tonne of Timber delivered to the Company under this Agreement calculated in accordance with clauses 15 and 16;

'Delivered Price Review Mechanism' means a mechanism for the annual review of Delivered Prices set out in Schedule 4 as amended or replaced from time to time in accordance with this Agreement;

'Force Majeure' means an event (other than the payment of money or failure to obtain financial accommodation) arising from an act of God, industrial dispute, act or omission of government, war, sabotage, riot, civil disobedience, epidemic, disease, flood, fire, explosion, failure of power supply, accident, natural disaster, calamity, unavailability of essential inputs to the Mill or unlawful act by other persons, or any similar cause which prevents a party from performing its obligations (in whole or in part) under this Agreement, or an industry wide collapse in market demand for Products which causes the Company to close the Mill for a period of not less than 6 weeks or (at a time after the Company operates the Mill on double shift) to operate the Mill on a single shift which processes less than 3,300 tonnes of Timber supplied under this Agreement through the Mill in each week during a 3 months period;

'Half Year' means the period April to September inclusive in any calendar year and October to March inclusive in any Year;

'Indicator' - see Schedule 4;

'Indicator rates' - see Schedule 4;

'Indicator weighting' - see Schedule 4;

'Insolvency Event' means in respect of a party:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer being appointed in respect of the party or any asset of the party;
- (b) a liquidator or provisional liquidator being appointed in respect of the party;
- (c) a moratorium of any debts of the party or an official assignment or a composition or an arrangement (formal or informal) with the party's creditors or any similar proceeding or arrangement by which the assets of the party are subjected conditionally or unconditionally to the control of the party's creditors being ordered, declared or agreed to;
- (d) the party becoming, or admitting in writing that it is, or being declared to be insolvent or unable to pay its debts;
- (e) any writ of execution, garnishee order or similar order, attachment, distress or other process in an amount exceeding \$10,000,000 (or its equivalent in a foreign currency) being made, levied or issued against or in relation to any asset of the party (which is not stayed, withdrawn or satisfied within 14 days of when it is made, levied or issued);
- (f) the party suspending payments of its debts generally; or
- (g) the party being, or under legislation being presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute);

'Marginal Quantity' for a Year means the quantity of Timber specified in clause 6 as the Marginal Quantity for that Year or such lesser quantity determined from time to time in accordance with that clause;

'Mill' means the sawmill proposed to be located within the Shire of Bombala NSW capable of processing 320,000 tonnes of Timber into green sawn timber products in a 12 month period;

'Monthly Delivery Schedule' means a schedule for the month to which it applies, specifying information described in clause 10;

'Monthly Quantity' means the quantity specified in a Monthly Delivery Schedule as the quantity to be delivered in the month to which the Monthly Delivery Schedule applies;

'Products' - see Schedule 4;

'Relevant Provisions' means clauses 6 to 16, 20 to 30, and 33 to 40 inclusive;

'Salvage' means the taking of such Timber that is wind thrown, damaged, pushed over or felled for forest management purposes other than timber harvesting;

'Specifications' means the specifications for timber set out in Schedule 1;

'Specified Capacity' for any Year means the capacity to process at least 40% of the sawn timber which can be derived from the Annual

Supply for that Year, into one or more of the Products;

`Term' means the term of this Agreement;

`Timber' means timber which meets the Specifications;

`Year' means a period of twelve (12) months commencing on 1 July.

1.2 Interpretation

In this Agreement, unless the context requires otherwise:

- 1.2.1 a reference to the Act includes all amendments, regulations, rules, by-laws and proclamations under the Act;
- 1.2.2 words and phrases defined in the Act will have the same meanings attributed to those words and phrases in the Act unless the word or phrase is defined in this Agreement in which case the word or phrase will have the meaning attributed to it in this Agreement;
- 1.2.3 headings are for convenience only and do not affect the interpretation of the Agreement;
- 1.2.4 words importing the singular include the plural and vice versa;
- 1.2.5 words importing a gender include any gender;
- 1.2.6 a reference to a natural person includes a Company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- 1.2.7 a reference to any thing includes a part of that thing;
- 1.2.8 a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of and a party, annexure, exhibit and schedule to this Agreement;
- 1.2.9 a reference to a document includes all amendments or supplements or replacements or notations of that document;
- 1.2.10 a reference to a party to a document includes that party's successors and permitted assigns;
- 1.2.11 no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it;
- 1.2.12 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia.
- 1.2.13 a schedule that forms part of this agreement can be varied with mutual consent by both parties without varying any further condition or schedule of the contract.
- 1.2.14 a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether of the same or any other legislative authority having jurisdiction);

2. SCOPE OF AGREEMENT

2.1 Subject to the terms and conditions set out in this Agreement:

- 2.1.1 Each Year Timbermans Group agrees to supply the Annual Supply to the Company from the Area of Supply;
- 2.1.2 The Company agrees to purchase the Annual Supply at the prices specified in clauses 15 and 16.

3. RELEVANT PROVISIONS SUBJECT TO CONDITIONS PRECEDENT

3.1 In this clause:

3.1.1 the performance criteria means:

- (a) Within twelve (12) weeks of the date of this Agreement, the Company demonstrating to the reasonable satisfaction of Timbermans Group that it has:
 - (i) made significant progress toward securing

- the funds required to complete construction of the Mill; and
- (ii) engaged a suitable consultant or similar individual capable of undertaking and completing any environmental impact assessment process that may be required to obtain the Approvals.
- (b) Within six (6) months of the date of this Agreement, the Company demonstrating to the reasonable satisfaction of Timbermans Group that it has:
- (i) secured access to the funds required to complete construction of the Mill
 - (ii) identified and secured access to the Mill site;
 - (iii) identified the infrastructure requirements for the Mill. Specifically this must include information concerning road access to the Mill site, the availability of sufficient water and power to the Mill site to operate the Mill and the provision of other site services to the Mill site including sewer and effluent disposal and telecommunications.
- (c) Within nine (9) months of the date of this Agreement, the Company:
- (i) providing Timbermans Group with the Mill design and
 - (ii) demonstrating to the reasonable satisfaction of Timbermans Group that it has entered a Heads-of-Agreement or similar written agreement with the New South Wales Government and/or relevant Local Council defining the role of Government and/or Local Government in the provision of site services.
- (d) Within twelve (12) months of the date of this Agreement, the Company demonstrating to Timbermans Group' reasonable satisfaction that it has engaged the builders necessary to construct Mill.
- (e) Within fifteen (15) months of the date of this Agreement, the Company demonstrating to the reasonable satisfaction of Timbermans Group that it has obtained the Approvals or will obtain the Approvals within a further 3 months.
- (f) Within eighteen (18) months of the date of this Agreement, the Company demonstrating to the reasonable satisfaction of Timbermans Group that:
- (i) earthworks required to construct the Mill have commenced; and
 - (ii) the Approvals have been obtained (if they were not obtained within 15 months of the date of this Agreement).
- (g) Within twenty-one months (21) months of the date of this Agreement, the Company demonstrating to the reasonable satisfaction of Timbermans Group that earthworks required to construct the Mill are completed.
- (h) Within twenty four (24) months of the date of this Agreement, the Company demonstrating to Timbermans Group' reasonable satisfaction that major components of the Mill have been constructed to a stage necessary to ensure the Mill will be constructed before the expiration of thirty six months (36) months from the date of this Agreement; and
- (i) Within thirty six months (36) months of the date of this Agreement, the Company has:
- (i) constructed the Mill to the stage where it capable of processing 80,000 tonnes of Timber into sawn timber per annum;
 - (ii) a proprietary interest in the constructed Mill; and
 - (iii) certified the occurrence of the matters set out in clause 3.1.1(1) (i) and (ii) in writing to Timbermans Group.
- (j) Within 28 days of a request in writing from

Timbermans Group, the Company demonstrating to Timbermans Group' reasonable satisfaction that it continues to have secured access to the funds required to complete construction of the Mill provided that Timbermans Group may not make such a request before the expiration of 9 months from the date of this Agreement and may not make any subsequent request within 12 weeks of an earlier request.

3.1.2 a reference to the Company having a proprietary interest in the Mill means the Company or its wholly owned subsidiary either:

- (a) owns the Mill; or
- (b) has more than 50 percent of the shares with the right to vote in general meeting of the corporation which owns the Mill.

3.1.3 For the purposes of clauses 3.1.1(c) (i), (e) (i), and (j) (and without limiting the matters required to demonstrate to Timbermans Group reasonable satisfaction in accordance with those clauses) in demonstrating to Timbermans Group that the Company has secured access to the relevant funds the Company must establish to Timbermans Group reasonable satisfaction that the Company has obtained all financial accommodations and entered into all financial arrangements necessary to ensure the Company will have access to the funds when they will be required to be applied in the construction of the Mill. Such a demonstration may at the request of Timbermans Group involve any relevant financing organisation verifying the availability of relevant funds and the conditions attaching to the relevant financial accommodation.

3.2 The Relevant Provisions will only take effect when all the performance criteria have been completed.

3.3 This Agreement will terminate if any of the performance criteria identified in clause 3.1.1(a) or (g) have not been completed within the time for completion.

3.4 Subject to clause 3.3 if:

- 3.4.1 the Company fails to comply with any of the performance criteria; or
- 3.4.2 any of the performance criteria have not been completed within the timeframe specified for its completion; Timbermans Group may treat the failure or non completion as a material breach of this Agreement for the purposes of clause 31.1.

3.5 The Company must each March, June, September and December prior to the Commencement Date, if requested by Timbermans Group, make available its senior officers for meetings with Timbermans Group to discuss and provide a report on its progress in complying with the performance criteria. The report may at Timbermans Group option be verbal or in writing or both.

4. COMMENCEMENT AND DURATION OF AGREEMENT

This Agreement will take effect from the date of this Agreement and operate until the expiration of twenty (20) years from the Commencement Date unless extended or sooner terminated in accordance with this Agreement.

5.3 If:

5.3.1 by reason of default on the part of Timbermans Group no Timber is supplied to the Company under this Agreement; or

5.3.2 this Agreement is terminated by Timbermans Group pursuant to clauses 3.4 and 31.1 and the Company's was prevented by Force Majeure from:

- (a) complying with the performance criteria the non compliance of which Timbermans Group treated as the material breach for the purposes of the termination under clause 31.1; or
- (b) completing performance criteria within the timeframe specified for its completion the non completion of which Timbermans Group treated as the material breach for the purposes of the termination under clause

31.1;

and

- (c) the Force Majeure was not caused by any unlawful act or omission on the part of the Company;
- (d) the Company had taken all reasonable or practicable precautions to prevent the Force Majeure; and
- (e) the Company made all reasonable efforts to contain the effect of the Force Majeure; and
- (f) the Company informed Timbermans Group of the existence of the Force Majeure prior to Timbermans Group terminating the Agreement; or

5.3.3 prior the completion of the Mill a Force Majeure event occurs which would prevent Timbermans Group from substantially complying with its obligations under this Agreement for a period in excess of 12 months at any time during the Term if the Mill was completed in accordance with this Agreement; then Timbermans Group must refund any Premium paid on written demand by the Company.

6. BASE QUANTITY

6.1 Subject to clause 6.2 the Base Quantity for a Year means:

- 6.1.1 for the remainder of the Year in which the Commencement Date falls ('Period A'), the Base Quantity will be at the rate of 6,700 tonnes per month for each full calendar month in Period A;
- 6.1.2 for the first Year following Period A, the Base Quantity will be 80,000 tonnes per annum;
- 6.1.3 for second Year following Period A, the Base Quantity will be 145,000 tonnes per annum; and
- 6.1.4 for each Year of the Term thereafter the Base Quantity will be 240,000 tonnes per annum

6.2 If for reasons other than Force Majeure or default by Timbermans Group, the Company takes less than the Base Quantity in any 2 consecutive Years, Timbermans Group may by written notice to the Company reduce the Base Quantity to a quantity that is not less than the Yearly average of the quantity of Timber taken by the Company in those two Years.

7. ADDITIONAL SUPPLIES

7.1 Timbermans Group must notify the Company of any Additional Resource and ensure the Company has an opportunity to participate on an equitable basis in the process determined by Timbermans Group to allocate the Additional Resource. Additional Supplies will be supplied at a price and on terms to be agreed between the parties.

8. MARGINAL QUANTITY

8.1 Until the expiration of the first three (3) full Years after the Commencement Date the Marginal Quantity is zero (0) tonnes per Year.

8.2 Subject to clauses 8.1 and 8.3 the Marginal Quantity is 80,000 tonnes of Timber per Year.

8.3 For each Year of the 5 Year period after a Review Date the Marginal Quantity shall be the lesser of:

- 8.3.1 80,000 tonnes; or
- 8.3.2 the annual average quantity of Timber taken by the Company in excess of the Base Quantity in each of the 5 Years previous to the Review Date.

8.4 For the purposes of this clause 8:

- 8.4.1 Review Dates means 1 July of Year 10 and 1 July of Year 15 where: Year 10 means the tenth full Year after the Year of the Commencement Date; and Year 15 means the fifteenth full Year after the Year of the Commencement Date;
- 8.4.2 The Company will be deemed to have taken Timber which it failed to take solely by reason of Timbermans Group' failure to supply it.

8.5 Timbermans Group must advise the Company in writing within 2 months after a Review Date of its calculation of any amended Marginal Quantity it proposes to implement for the purposes of this Agreement.

8.6 Subject always to:

- 8.6.1 Timbermans Group not having allocated the forfeited Timber to another purpose;
 - 8.6.2 the forfeited Timber being in Timbermans Group' opinion otherwise available; and
 - 8.6.3 the Company demonstrating to Timbermans Group' satisfaction that it will take the reinstated Marginal Quantity for the balance of the Term;
- Timbermans Group must give reasonable consideration to a request by the Company for the reinstatement of the Marginal Quantity reduced in accordance with clause 8.3.

9. SHORTFALL MANAGEMENT

- 9.1 The Company must advise Timbermans Group in writing of any intention to take less than the Annual Supply in any Year (specifying the quantity it proposes to take) as soon as practicable and in any event prior to that Year to allow it to be incorporated into the Annual Delivery Plan for that Year.
- 9.2 If the Company varies its intention advised in accordance with clause 9.1 the Company must give written notice to Timbermans Group of the variation as soon as practicable and in any event no later than 31 March of the Year to which the notice applies.
- 9.3 If, for any reason other than the default of Timbermans Group, the Company takes less than the Base Quantity in any Year, the Company will pay to Timbermans Group an amount equivalent to 80% of the Delivered Prices payable on the quantity of Timber being the difference between the Base Quantity and the Timber taken by the Company in that Year. The Delivered Price payable per tonne on that difference will be the average Delivered Price paid by the Company in that Year calculated by dividing the total amount paid or payable for the Timber taken by the quantity taken by the Company in that Year.
- 9.4 If, in the Year following a Year in which the Company took less than the Base Quantity ('the following Year'), the Company takes more than the Base Quantity ('excess Timber'), the amount payable for the excess Timber in the following Year will be reduced by up to four-fifths of the amount paid under clause 9.3.
- 9.5 The parties acknowledge that the Company's obligation to pay one-fifth of the liquidated damages under clause 9.3 which may not be reimbursed in accordance with clause 9.4 has been inserted in this Agreement to offset a reciprocal liability Timbermans Group may have under Contract Harvesting Agreements. Timbermans Group will use reasonable endeavours to limit its said reciprocal liability under the relevant Contract Harvesting Agreements as a result of the Company's failure to take Timber under this Agreement. Despite clause 9.3 the amount of the Company's liability in respect of the one-fifth of the liquidated damages may not exceed the reciprocal liability Timbermans Group has under the relevant Contract Harvesting Agreements for the same relevant Year. If the Company makes payment in accordance with clause 9.3 Timbermans Group must as soon as practicable ascertain whether it has any such reciprocal liability and within 30 days of so ascertaining:
 - 9.5.1 refund to the Company the difference if any between one-fifth of the amount paid under clause 9.3 and the actual reciprocal liability Timbermans Group has under the relevant Contract Harvesting Agreements for the same relevant Year; and
 - 9.5.2 provide the Company with evidence of its reciprocal liability.
- 9.6. Any sum payable by the Company under clause 9.3:
 - 9.6.1 must be paid before 31 August in the Year following the Year in which the liability arose;
 - 9.6.2 is payable as pre-estimated and liquidated damages and not as a penalty.
- 9.7 If for reasons other than Force Majeure or default on the part of Timbermans Group, the Company fails to purchase Timber of a quantity equal to or greater than:
 - 9.7.1 60% of the Annual Supply for 2 consecutive Years; or
 - 9.7.2 50% of the Annual Supply in any Year,

Timbermans Group:

 - 9.7.3 must enter into discussions with the Company for a period of not less than 45 days to determine the reasons for the failure and, if appropriate, any measures that may be taken to prevent a repeat occurrence; and
 - 9.7.4 may, at the conclusion of the discussion period, if acting reasonably it forms the view that the Company is unable or

unlikely to substantially perform their obligations under this Agreement,

terminate this Agreement.

10. METHOD OF SUPPLY

10.1 Commencing on the Commencement Date, Timbermans Group will make available the Annual Supply for each Year by delivering the Timber to the Mill.

10.2 For the purposes of its compliance with its obligations to make the Annual Supply available to the Company in any Year, Timbermans Group will be deemed to have made available that quantity which it is ready willing and able to deliver and not any lesser quantity which it actually makes available at the request of the Company.

10.3 Subject always to the parties being able to reach agreement on the conditions which would apply, Timbermans Group may make part or all of the Annual Supply available to the Company by issuing it with licences under the Act enabling the Company to harvest and haul Timber from the Area of Supply. Where the Company harvests and hauls Timber under this clause 10.3, the Company must comply with conditions of the licences issued to it under the Act.

11. ANNUAL DELIVERY PLAN

11.1 The Annual Delivery Plan:

- 11.1.1 must be based on the Annual Supply, or other such lesser quantity advised by the Company in accordance with clause 9.1;
- 11.1.2 must set out indicative information regarding the Monthly Quantities during the Year to which it applies;
- 11.1.3 must make provision for stockpiling by the Company at the Mill to make provision for wet weather preventing Contract Harvesting of Timber by Timbermans Group.

11.2 Timbermans Group and the Company must as soon as practicable after the date of this Agreement, confer and negotiate in good faith to reach agreement on an Annual Delivery Plan for the remainder of Year after the Commencement Date. In default of agreement, the Annual Delivery Plan will be determined by Timbermans Group in accordance with the matters referred to in clause 11.1 and otherwise providing for Timber to be delivered in approximately equal monthly volumes.

11.3 Not later than 30 April in each Year, Timbermans Group and the Company must confer and negotiate in good faith to reach agreement on an Annual Delivery Plan for the following Year. In default of agreement, the Annual Delivery Plan will be determined by Timbermans Group in accordance with the matters referred to in clause 11.1 and otherwise providing for Timber to be delivered in approximately equal monthly volumes.

11.4 If in accordance with clause 11.2 the Company advises State Forest of an intention to take less Timber than previously advised which requires an amendment of the Annual Delivery Plan, Timbermans Group and the Company must confer and negotiate in good faith to reach agreement on an amended Annual Delivery Plan.

12. MONTHLY DELIVERY SCHEDULES

12.1 The Monthly Delivery Schedule:

- 12.1.1 must be based on, but not bound to, the indicative information in the Annual Delivery Plan for the month to which it applies;
- 12.1.2 must state the Monthly Quantity for the month to which it applies;
- 12.1.3 must take into account the need for the Company to stockpile Timber at the Mill to make provision for wet weather preventing Contract Harvesting, while recognising the need to maintain log quality;
- 12.1.4 must include any special delivery requirements the Company may have for that month, as agreed between the parties.

12.2 No later than seven (7) days prior to the commencement of each calendar month the parties must confer and negotiate in good faith to reach agreement on a Monthly Delivery Schedule for that month. In default of agreement, the Monthly Delivery Schedule will be determined by Timbermans Group in accordance with the matters referred to in clause 12.1 and otherwise providing for a Monthly Quantity approximately equal to 9% (for the months of February to November inclusive) and 5% (for the months of December and January inclusive) of the quantity of Timber to be delivered in the relevant Year in accordance with the Annual Delivery Plan. Timbermans Group must provide the Company with the

Monthly Delivery Schedule determined by it not less than two (2) Business Days prior to the commencement of the month to which it applies. Any determination by Timbermans Group must, as far as is reasonably practicable, take into account the current market requirements of the Company but otherwise provide for the Monthly Quantity to be delivered in approximately equal weekly quantities apart from periods of shut down in the Mill.

12.3 If either party wishes to vary a Monthly Delivery Schedule during the month to which it applies, the party must notify the other as soon as practicable and the parties must negotiate in good faith to reach agreement on an amended Monthly Delivery Schedule. In default of agreement the original Monthly Delivery Schedule shall apply.

13. AMENDING OF ANNUAL DELIVERY PLAN OR MONTHLY DELIVERY SCHEDULE

13.1 Where any timber in the Area of Supply has been damaged or destroyed by fire, disease or other natural cause or access to the timber intended to supply the Annual Supply is otherwise prevented by Force Majeure, Timbermans Group may, after consultation and agreement with the Company, amend any Annual Delivery Plan or Monthly Delivery Schedule as it deems necessary to facilitate Salvage operations or to adjust to the unavailability of timber.

13.2 Subject always to

13.2.1 the Company's right to refuse to accept delivery of timber which does not conform to the Specifications or to take Timber in excess of the Annual Supply; and

13.2.2 Delivered Prices for the Timber involved taking into account any additional costs that the Company can demonstrate to Timbermans Group' reasonable satisfaction will be incurred by the Company in processing the Timber through the Mill solely by reason of it being harvested in Salvage operations;

the Company must cooperate in Timbermans Group' efforts to sell Timber arising from Salvage operations.

14. DELIVERY

14.1 The Company must accept Timber delivered to the Mill by Timbermans Group:

14.1.1 substantially in accordance with the Monthly Delivery Schedule; and,

14.1.2 during the delivery hours in clause 14.2.

14.2 The delivery hours on Business Days are between 0700 and 2300 hours or as otherwise agreed by the parties, ('specified hours'). Delivery hours on weekends, public holidays and on Business Days outside the specified hours are to be by arrangement between Timbermans Group and the Company.

14.3 The Company must use all reasonable endeavours to unload log trucks within 20 minutes of their arrival at the Delivery Site.

14.4 The Company must ensure that all unloading operations are performed in a safe manner in accordance with the NSW Occupational Health and Safety Act and any other code issued by NSW WorkCover or other relevant agency which replaces or exercises the functions carried out by NSW WorkCover.

14.5 Timbermans Group must ensure that all truck drivers delivering Timber to the Mill undertake site induction training provided by the Company at the Company's expense. Nothing in this clause 14.5 requires the Company to pay any money to the truck drivers or their employers.

15. SPECIFICATIONS

15.1 The Company will accept any timber which, when delivered to the Mill, conforms to the Specifications.

15.2 Timber will be deemed to conform to the Specifications once the delivery docket has been signed by the Company and the Company does not object under clause 15.3 to its failure to meet the Specifications.

15.3 If the Company disputes that timber delivered by Timbermans Group conforms to the Specifications, the Company will advise Timbermans Group of the dispute within three Business Days of delivery of the timber and set the timber aside for inspection and adjudication by a suitably qualified Timbermans Group officer.

15.4 Timbermans Group must arrange for the inspection and adjudication of disputed timber within three business days after receipt of advice referred to in clause 15.3.

- 15.5 Subject to clause 15.7 the Company must accept the determination of the suitably qualified Timbermans Group officer regarding disputed timber as final and binding.
- 15.6 If a Timbermans Group Officer determines that disputed timber fails to meet the Specifications:
- 15.6.1 Timbermans Group may arrange for the timber to be reserviced so that it complies with the Specifications; or
- 15.6.2 the Company may, at its sole discretion, elect to accept delivery of the timber on terms and conditions (including price) to be agreed between the parties and in such a case the disputed timber will be deemed to be Timber made available to the Company as part of the Annual Supply; or
- 15.6.3 if, for any reason, the Company does not elect to accept delivery of the timber, Timbermans Group must remove the timber from the Mill within 7 days at Timbermans Group' expense
- 15.7 If the Company disputes a determination by a suitably qualified Timbermans Group officer, the Company may appeal to Timbermans Group General Manager Marketing within two Business Days of the determination. The Company must accept the determination of Timbermans Group General Manager Marketing or his nominee regarding disputed timber as final and binding.
- 15.8 Timbermans Group recognises the importance of the size and consistency of the delivered log mix to the operation of the Mill. The Company also recognises the difficulties associated with supplying a delivered log mix that does not vary to reflect the inherent variability of the forest. Subject always to Timbermans Group' sole discretion to determine from time to time the location and type of Contract Harvesting operations necessary to supply Timber under this Agreement, in accordance with Timbermans Group' opinion of good forest management, and the limitations that flow from the exercise of that discretion, Timbermans Group will use reasonable endeavours to meet the following log length mix in the Annual Supply summarised below:

Nominal Log Lengths Lengths (m)	Target % of volume delivered
3.6 - 4.2	10
4.8	30
5.4 - 6.0	60

16. TITLE AND RISK

- 16.1 Ownership of the Timber comprising the Annual Supply will pass to the Company on payment for the Timber by the Company to Timbermans Group.
- 16.2 The risks of ownership of the Timber forming part of the Annual Supply will pass to the Company once the Timber has been delivered to the Mill and the delivery docket has been signed.

17. DELIVERED PRICES

- 17.1 The prices payable by the Company for Timber delivered to it under this Agreement will be the Delivered Prices.
- 17.2 The Delivered Prices for Timber at the date of this Agreement are as specified in Schedule 3.
- 17.3 The parties acknowledge the Delivered Prices assume that Timber may be delivered during the delivery hours in clause 14.2 and that any reduction in the delivery hours may result in an increase in the costs of delivery.

18. DELIVERED PRICE REVIEW

- 18.1 The Delivered Prices applicable at the Commencement Date shall be the Delivered Prices at the date of this Agreement varied by the percentage determined by Timbermans Group by applying the Delivered Price Review Mechanism.
- 18.2 The Delivered Prices for each Half Year occurring after the Commencement Date shall be the Delivered Prices for the previous Half Year varied by the percentage determined by Timbermans Group by applying the Delivered Price Review Mechanism.

- 18.3 As soon as practicable after the Commencement Date and the start of each Half Year thereafter Timbermans Group must apply the Delivered Price Review Mechanism to determine the Delivered Prices to apply until the next Half Year. Timbermans Group must provide the Company with details of its application of the Delivered Price Review Mechanism and the Delivered Prices so determined shall be applied retrospectively to the Commencement Date or the start of the Half Year as the case may be.
- 18.4 The parties must review the Delivered Prices and the Delivered Price Review Mechanism on or before the anniversary of 5 years from the Commencement Date and before the expiration of each subsequent 5 Year period and negotiate in good faith to reach agreement on whether to:
- 18.4.1 amend the Delivered Prices;
- 18.4.2 amend the Delivered Price Review Mechanism by:
- (a) adding, deleting or varying any Cost Items, indicators, indicator rates or weightings; or
- (b) by replacement with a new mechanism for calculating annual shifts in the market value of Timber delivered at the Mill; or
- 18.4.3 do any combination of (a) or (b) above,
- and in default of agreement (and subject to clause 18.5) Timbermans Group may:
- 18.4.4 determine whether any amendment or replacement is necessary;
- 18.4.5 may make such any amendment or replacement or both, as it considers necessary; and
- 18.4.6 implement its determination in relation to Delivered Prices to apply in the Year following the Year of the review.
- 18.5 Any agreement or determination under clause 18.4 must meet the requirements that:
- 18.5.1 the Delivered Prices are fair, reasonable and competitive in comparison to current market prices for Timber (or timber types similar or comparable to Timber) harvested and hauled in similar or comparable quantities, quality, distances and other circumstances to those which apply under this Agreement; and
- 18.5.2 the Delivered Price Review Mechanism provides a fair and reasonable mechanism for calculating shifts in the market value of Timber delivered at the Mill.
- 18.6 If:
- 18.6.1 an exceptional change occurs in the Indicator Rate of an Indicator; or
- 18.6.2 a factor which is not then included as an Indicator or a Cost Item becomes apparent which may have a significant effect on the market value of Timber delivered to the Mill;
- a party may request a review of the Delivered Price Review Mechanism and the parties must negotiate in good faith to reach agreement on whether to amend the Delivered Price Review Mechanism by adding, deleting or varying any Cost Item, Indicator, Indicator Rate, or Indicator Weighting and in default of agreement (and subject to clause 18.7) Timbermans Group may:
- 18.6.3 determine whether any amendment is necessary;
- 18.6.4 make such any amendment as it considers necessary; and
- 18.6.5 implement its determination in relation to Delivered Prices to apply in the Year following the Year of the review.
- 18.7 Any agreement or determination under clause 18.6 must meet the requirement that the Delivered Price Review Mechanism provides a fair and reasonably mechanism for calculating shifts in the market value of Timber delivered at the Mill.
19. INFORMATION
- 19.1 The Company must throughout the Term maintain and keep all accounts and other written information relating to its sales of Products relevant to the review of the Delivered Prices or the Delivered Price Review Mechanism under clause 16 together with all documentation which may verify the accuracy of such information.
- 19.2 Timbermans Group may request information from the Company relating to its sales of products relevant to the review of Delivered Prices or the Delivered Price Review Mechanism including any documentation verifying the accuracy of such information.
- 19.3 The Company must promptly provide the information, on a confidential basis, to Timbermans Group.

- 19.4 If requested by Timbermans Group, the Company must provide to an independent auditor engaged by Timbermans Group full access to all accounts and papers and full information and assistance necessary for the auditor to examine and verify any information which Timbermans Group may request under clause 19.2 or is provided by the Company under that clause.
- 19.5 Timbermans Group must advise the Company in writing of any variation to Delivered Prices or the Delivered Price Review Mechanism as soon as practicable after the variation is agreed or determined.
20. GOODS AND SERVICES TAX
- 20.1 Delivered Prices and any other consideration for supplies specified in this Agreement do not, subject to the operation of this clause, include any amount in respect of GST unless provided otherwise.
- 20.2 The GST may be imposed on the Delivered Price for Timber delivered under this Agreement.
- 20.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:
- 20.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or
- 20.3.2 otherwise recover from the recipient the amount of that GST.
- 20.4 The supplier must ensure that any invoice issued under this agreement in respect of a taxable supply is a Tax Invoice or Adjustment Note as appropriate or, if no invoice is to be otherwise issued under this Agreement, must issue a Tax Invoice or Adjustment Note as appropriate within 7 days of GST being imposed on a taxable supply made under this Agreement. Notwithstanding any other provision of this Agreement the payment of any amount by the recipient in respect of a taxable supply is subject to the issuing of the relevant Tax Invoice or Adjustment Note to the recipient.
- 20.5 Costs required to be reimbursed or indemnified under this Agreement must exclude any amount in respect of GST included in the costs for which an entitlement arises to claim an input tax credit provided that the reimbursement or indemnification does not amount to consideration for a taxable supply.
- 20.6 If the consideration for a supply under this Agreement is calculated by reference to the consideration or value of other supplies, in performing that calculation, the consideration or value for those other supplies excludes any amount in respect of GST payable on those supplies.
- 20.7 In the calculation of Delivered Prices by reference to movements in any index, such as the Consumer Price Index:
- 20.7.1 any increase in the index attributable to the introduction or increase in the rate of GST published by the Commonwealth Statistician or similar government body is to be excluded from the index for the purposes of adjusting the consideration;
- 20.7.2 if the Commonwealth Statistician or similar government body does not publish the increase in the index attributable to the introduction or increase in the rate of GST, Timbermans Group or the Company may request the president for the time being of the Institute of Chartered Accountants in Australia or an officer of another Australian professional association agreed by Timbermans Group and the Company to appoint a person to decide the increase in the index attributable to the introduction or increase in the rate of GST for the purposes of this clause;
- 20.7.3 the person appointed will act as an expert and not an arbitrator;
- 20.7.4 the expert's decision is final and binding on the parties; and
- 20.7.5 Timbermans Group and the Company must each pay one half of the expert's fee (including expenses) in relation to the decision.
- 20.8 In this clause:
- 20.8.1 Adjustment Note includes any document or record treated by the Commissioner of Taxation as an adjustment note or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;
- 20.8.2 GST includes any replacement or subsequent similar tax;
- 20.8.3 GST Act means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- 20.8.4 New Tax System changes has the same meaning as in the Trade Practices Act 1974 (Cth); and
- 20.8.5 Tax Invoice includes any document or record treated by the Commissioner of Taxation as a tax invoice or as enabling the claiming of an input tax credit for which an entitlement otherwise arises.

20.8.6 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

21. PAYMENT

21.1 Timbermans Group will issue monthly invoices for the Timber delivered to the Company.

21.2 The Company must pay any amounts owing to Timbermans Group under an invoice within 28 days of the end of month during which the Timber referred to in the invoice was supplied.

21.3 If the Company fails to pay an invoice on the due date for payment of that invoice, Timbermans Group may suspend the Company's right to obtain Timber under this Agreement until payment is made.

21.4 If the Company does not accept delivery of Timber harvested in accordance with the Monthly Delivery Schedule or agreed changes to the Monthly Delivery Schedule, Timbermans Group may estimate the quantity of that Timber and issue an invoice to the Company within 30 days of that Timber being harvested as if the estimated quantity had been accepted by the Company. Any such invoice will be deemed to be an invoice for Timber delivered to the Company and the provisions of clauses 21.2 and 21.3 will apply to it. The invoice will be accepted by the Company as pre-estimated and liquidated damages and not a penalty.

21.5 Where the Company pays an invoice issued under clause 21.4 and the relevant Timber are subsequently accepted by the Company, Timbermans Group will adjust its invoices to take into account the previous payment.

22. MEASUREMENT

22.1 The Timber delivered by Timbermans Group to the Mill must be measured as provided under the Code of Procedure to be agreed between the parties. The Code of Procedure must provide for the measurement of the weight, diameter class and volume of Timber delivered to Mill by weighbridge and electronic log scanning. The Code of Procedure may be amended by Timbermans Group from time to time as may be considered necessary by Timbermans Group, acting reasonably. Timbermans Group will consult with and take into account any comments of the Company before any amendments are effected or implemented.

22.2 For the purpose of weight measurement for accounting purposes the Company must install a weighbridge at the Mill which is suitable for weighing 25 metre B double trucks in a single weigh.

22.3 The Company must provide an electronic log scanning measuring system to measure the number of logs and volume by diameter class of Timber delivered by Timbermans Group to the Mill which is acceptable to Timbermans Group and which will provide computerised output and electronic data transfer capabilities which are acceptable to Timbermans Group.

22.4 The Company must maintain and verify the weighbridge and the electronic log scanning measuring system as required by the manufacturer's specifications and otherwise in accordance with the Code of Procedure. Timbermans Group may from time to time undertake an independent verification of the operation and accuracy of the weighbridge or electronic log scanning measuring system at its sole cost.

22.5 The information produced by the weighbridge or electronic log scanning measuring system referred to in this clause 22 must be in any format reasonably requested by Timbermans Group in order to facilitate the efficient preparation by Timbermans Group of sales accounts and contractor payments providing that compliance with Timbermans Group request does not impose an unreasonable cost burden on the Company.

23. COMPANY'S OBLIGATIONS

23.1 The Company will maintain sufficient log stocks at the Mill to allow the Mill to continue operating in difficult supply conditions or where delivery is restricted due to adverse weather conditions, within the constraints of maintaining log quality.

- 23.2 The Company must comply with:
- 23.2.1 the provisions of the Act; and
- 23.2.2 the Code of Procedure.

24. TIMBERMANS GROUP OBLIGATIONS

- 24.1 Timbermans Group will use its best endeavours to supply Timber substantially in accordance with the Annual Delivery Plan and Monthly Delivery Schedules.
- 24.2 Nothing in clause 24.1 detracts from Timbermans Group obligations under clause 2.1.

25. INDEMNITY AND INSURANCE

- 25.1 The Company indemnifies Timbermans Group against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by the Company of its obligations under this Agreement.
- 25.2 Timbermans Group indemnifies the Company against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by Timbermans Group of its obligations under this Agreement.
- 25.3 The Company will take out and maintain Public Liability Insurance with a reputable insurance company approved by Timbermans Group and under a policy approved by Timbermans Group in an amount not less than \$10 million for each and every occurrence and not limited in the aggregate for any one period of claim.
- 25.4 Timbermans Group will maintain Public Liability Insurance to cover public liability under this Agreement.

26. SALE OF TIMBER TO OTHER PERSONS

- 26.1 Subject to its obligations under this Agreement Timbermans Group reserves the right to and may:
 - 26.1.1 supply timber, products and forest materials from the Area of Supply;
 - 26.1.2 issue licences to obtain timber, products or forest materials within the Area of Supply;
 - 26.1.3 sell part or all of the Annual Supply not taken or proposed to not be taken by the Company in any Year; or,
 - 26.1.4 sell any Timber which does not form part of the Annual Supply; to any other person.
- 26.2 The Company may sell Timber supplied under this Agreement to any other person before processing the Timber through the Mill provided that at the conclusion of each Year the Company must give Timbermans Group a written statement of the quantity of any such Timber sold to during the Year.

27. SECURITY

- 27.1 The Company must provide and maintain security ('security') for the performance of its obligations under this Agreement in a sum determined by Timbermans Group from time to time. Each Year of the Term the amount of the security determined by Timbermans Group may not exceed the maximum amount which would be payable by the Company for Timber delivered during any eight (8) week period assuming that Timber was delivered in accordance with the Annual Delivery Plan for that Year ('secured amount').
- 27.2 Any determination of the secured amount by Timbermans Group must be in accordance with its internal credit policy applicable at the time. The Company may from time to time in writing request Timbermans Group to re-determine the secured amount and, provided the Company is able to demonstrate to Timbermans Group reasonable satisfaction that a material change in the Company's financial circumstances has occurred, Timbermans Group must review its determination of the secured amount.
- 27.3 The security must:
 - 27.3.1 be in a form of a bank guarantee or other form approved by Timbermans Group; and
 - 27.3.2 be lodged within fourteen (14) days of written request by Timbermans Group.
- 27.4 Timbermans Group may, after advising the Company, draw upon the secured amount to cover any loss or damage caused by the

Company's breach of its obligations under this Agreement.

- 27.5 If Timbermans Group draws on the secured amount under this Agreement but does not terminate this Agreement as a result of the breach or if Timbermans Group gives written notice of an increase in the secured amount, then the Company must provide additional security on Timbermans Group written request so that the secured amount is maintained at the level determined under clause 27.1.
- 27.6 Timbermans Group may suspend the Company's rights to obtain Timber under this Agreement if the Company fails to lodge the security when requested to do so.
- 27.7 Timbermans Group must release the security to the Company after the expiration of 6 months of the date of termination of this Agreement if no money is due to Timbermans Group.

28. FORCE MAJEURE

- 28.1 If the Company is prevented from taking Timber by Force Majeure and:
- 28.1.1 the Force Majeure was not caused by any unlawful act or omission on the part of the Company or any employee or agent of the Company;
- 28.1.2 the Company had taken all reasonable or practicable precautions to prevent the Force Majeure; and
- 28.1.3 the Company has made all reasonable efforts to contain the effect of the Force Majeure,

then the Company may apply to Timbermans Group for suspension or modification of its obligations under this Agreement to the extent that its obligations have been affected by the Force Majeure.

- 28.2 Where the Company makes application under clause 28.1, Timbermans Group will negotiate with the Company in good faith to review the Annual Supply taking into account the effect of the Force Majeure event on the productive capacity of the Company, but subject to the obligation on the Company to do all things necessary or practicable to mitigate the effect of the Force Majeure on the functions and obligations of Timbermans Group under this Agreement and the Act.

- 28.3 Where the Company applies for suspension or modification of its obligations under clause 28.1 and the relief granted results in the Timber harvested being less than 50 percent of the Annual Supply in any two consecutive Years, Timbermans Group may reduce the Annual Supply to an amount equal to the average of the Timber taken by the Company over those two Years. If no Timber are taken over those two Years, the Agreement may be terminated by Timbermans Group or the Company by notice in writing to the other party.

- 28.4 If Timbermans Group is prevented from performing all or any of its obligations under this Agreement by reason of the Force Majeure and:
- 28.4.1 the Force Majeure was not caused by any unlawful act or omission on the part of Timbermans Group or any employee or agent of Timbermans Group;
- 28.4.2 Timbermans Group had taken all reasonable or practicable precautions to prevent the Force Majeure; and
- 28.4.3 Timbermans Group has made all reasonable efforts to contain the effect of the Force Majeure, then
- 28.4.4 the Company will have no claim against Timbermans Group or the State of New South Wales for non-fulfilment of Timbermans Group' obligations under this Agreement, to the extent that the non-fulfilment is due to the event of Force Majeure;
- 28.4.5 Timbermans Group will use its best endeavours to assist the Company to locate an alternative supply of Timber from Crown-timber land, until Timbermans Group is able to resume supply of the Annual Supply. To resolve any doubt Timbermans Group will have no obligations to deliver such Timber and Timbermans Group will not be liable to meet any costs associated with the Company obtaining an alternative supply; and
- 28.4.6 if Timbermans Group is unable to resume the performance of its obligations within a period of 6 months from the date of the occurrence of the Force Majeure or date when the occurrence of the Force Majeure first became apparent (the 'relevant date') either party may terminate the Agreement by notice. The right to give notice under this clause 28.4.3 must be exercised within a period of 9 months from the relevant date and in this regard time will be of the essence.

- 28.5 A party affected by an event of Force Majeure must give initial notice of the existence or occurrence of the event of Force Majeure as soon as is practicable to do so and in any case it must provide a more detailed notice within thirty (30) days of the event of Force Majeure being

apparent which provides clear details of the event or occurrence claimed as Force Majeure and setting out particulars of the likely effects of the event or occurrence in question.

28.6 If the Company fails to comply with the notice requirements under clause 28.5, Timbermans Group will be entitled to take the consequences of this failure into account in assessing the effect and mitigation of the Force Majeure under clause 28.2.

28.7 If Timbermans Group fails to comply with the notice requirements under clause 28.5 the Company may require Timbermans Group to supply details of any alternate supplies of Timber which could be made available to the Company to mitigate the consequence of late notification.

29. PRIORITY OF SUPPLY

29.1 If an event of Force Majeure results in a reduction in the yield of Timber within the Area of Supply then Timbermans Group must allocate the available Timber to the Company and other persons, with contracts with Timbermans Group for the supply of Timber from the Area of Supply, in proportion to their respective entitlements under their contracts.

29.2 The Company will have no claim against Timbermans Group for non-compliance with its obligations to make the Annual Supply available if Timbermans Group, as far as is reasonably practicable, supplies Timber in substantial compliance with clause 29.1.

30. LIMITATION OF LIABILITY

30.1 Where Timbermans Group is in breach of this Agreement by reason of any failure to supply or deliver Timber any claim for loss suffered by the Company will be limited to the lesser of;

30.1.1 the loss, damage or expense which would be incurred by the Company as a direct result of obtaining the Timber (which Timbermans Group failed to make available, supply or deliver) from the most economic alternative source; or

30.1.2 the Company's loss of earnings after deducting operating costs but before interest, tax, depreciation, and amortisation; but shall not otherwise include consequential loss.

30.2 Except where this Agreement otherwise provides, if the Company is in breach of this Agreement by reason of any failure to take timber, any claim for loss suffered by Timbermans Group will be limited to any loss, damage, or expense incurred by Timbermans Group as a direct result of the failure of the Company to take the timber under this Agreement.

31. TERMINATION OF AGREEMENT

31.1 Timbermans Group may terminate this Agreement if the Company:

31.1.1 suffers an Insolvency Event; or

31.1.2 commits a material breach of this Agreement and the default is not remedied by the Company to the satisfaction of Timbermans Group within a period of sixty (60) days in relation to a material breach in terms of clause 3.4, and thirty (30) days in relation to any other material breach, after notice of the breach has been served on the Company. Material breaches include without limitation:

(i) a material breach in terms of clause 3.4; (ii) failing to comply with clause 3.5;

(iii) failing to take the quantities of Timber prescribed in clause 9.7.1 or 9.7.2 and the procedure contained in clause 9.7.3 and 9.7.4 has been complied with;

(iv) failing to accept Timber in breach of clauses 14.1; (v) failing to make payments in breach of clause 21.2;

(vi) failing to provide security or to adjust or vary the secured amount in breach of clause 27;

(vii) purporting to assign the whole or any part of this Agreement without the consent of Timbermans Group in breach of clause 35.

31.2 If Timbermans Group commits a material breach of this Agreement and the default is not remedied within a reasonable period after notice to remedy the breach has been served on Timbermans Group, then the Company may terminate this Agreement. A material breach includes without limitation failing to supply the Annual Supply in breach of clause 2.2.1.

31.3 The party terminating this Agreement arising from the default of the other party may claim damages for all loss arising from the default unless the claim for damages is excluded under this Agreement.

32. DISPUTES

The following procedures will apply to disputes under this Agreement:

- 32.1 If a party claims a dispute the parties must first seek resolution by negotiation to be conducted between the Chief Executive Officers of the respective parties and, failing resolution within 28 days, the dispute must be referred to mediation by the Australian Commercial Disputes Centre ('ACDC').
- 32.2 In the event that the dispute has not been resolved within twenty eight (28) days after the appointment of a mediator then, unless otherwise agreed in writing between the parties, the dispute must be submitted to arbitration, administered by ACDC.
- 32.3 The arbitrator will be agreed between the parties or, failing Agreement, shall be appointed by the Secretary-General of the ACDC or similar body. The arbitrator must not be the same person as the mediator.
- 32.4 Any mediation or arbitration proceedings must be held in Sydney. Any arbitration must be undertaken in accordance with and subject to the Institute of Arbitrators Rules for the conduct of Commercial Arbitration.
- 32.5 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and Timbermans Group' affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and Timbermans Group must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.
- 32.6 The provisions of this clause 32 will not apply to clause 27.
- 32.7 In so far as the provisions of this clause 32 apply to clause 18 the issue for consideration by any mediation or arbitration is to be limited to whether the Delivered Price or the Delivered Price Review Mechanism in dispute (the "disputed item"), was a reasonable one in consideration of the factors set out in clause 18 to be taken into account in determining the disputed item. To avoid any doubt any such arbitration may not determine the Delivered Price or the Delivered Price Review Mechanism which is to apply.
- 32.8 If an arbitration regarding a disputed item determines the disputed item was unreasonable the disputed item will be void ab initio and Timbermans Group must:
- 32.8.1 promptly redetermine the disputed Delivered Price or the Delivered Price Review Mechanism which will then apply from the first date the dispute item was originally intended to apply;
 - 32.8.2 refund to the Company any over payment made under the disputed item.

33. WAIVER

- 33.1 Agreement by Timbermans Group to an Annual Delivery Plan or Monthly Delivery Schedule or amendment thereto which provides for the Company to take less than the Annual Supply in any Year will not constitute a waiver of any obligation imposed, or right given, by this Agreement.
- 33.2 A party does not waive a right or power simply because it fails to exercise or delays exercising that right or power. A single exercise of a right or power does not prevent exercising it again or exercising any other right or power. A right or power may only be waived in writing signed by the party to be bound by the waiver.

34. VARIATION

- 34.1 This Agreement contains the total understanding of the parties.
- 34.2 None of the provisions of this Agreement may be varied, waived, discharged or released either at law or in equity, unless by the express consent of the parties in writing.

35. ASSIGNMENT

- 35.1 The Company may not without the prior written consent of Timbermans Group assign its rights and responsibilities under this Agreement to any person provided that Timbermans Group' consent will not be unreasonably withheld. Any Change in Control of the Company will be deemed to be an assignment of the Company's rights and entitlements under this Agreement.

35.2 The consent given by Timbermans Group may be subject to the assignee executing all agreements and other documents which Timbermans Group reasonably requires.

35.3 All money due to Timbermans Group under this Agreement must be paid before any assignment of it by the Company.

36. INTEREST

36.1 In the event that the Company fails to pay any money due to Timbermans Group when required to do so by this Agreement, interest will accrue on all unpaid money from the date of default until payment in full at the rate of interest per annum for the time being payable under Schedule J of the Supreme Court Rules (NSW).

37. NOTICE

37.1 Any notice required to be served under this Agreement may be served:

37.1.1 in the case of the Company:
Attention: Managing Director
Integrated Forest Products Pty Ltd
95 Salmon Street
Port Melbourne, VIC. 3207
Phone: 0386454300
Fax: 0386454301

37.1.2 in the case of Timbermans Group:
Attention: Managing Director
Timbermans Group Pty Ltd
11 - 12 Government Road
Eden, NSW, 2551

Phone (02) 64961222
Fax (02) 64963097

37.2 The parties may change the address for service of notice from time to time by notice in writing to the other party.

38. GOVERNING LAW

38.1 This Agreement is governed by the laws of New South Wales and the parties agree to the jurisdiction of the Courts of New South Wales.

39. SEVERABILITY

39.1 If any provisions of this Agreement are held to be invalid, illegal, or unenforceable by a Court or other tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

40. CONFIDENTIALITY

40.1 No party will disclose the contents or terms of this Agreement or any information or documents received by it in connection with the negotiation of this Agreement or pursuant to the provisions of this Agreement without the prior written consent of the other parties, except to the extent that:

- 40.1.1 the information is available to the public generally;
- 40.1.2 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
- 40.1.3 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorisation, approval or licence from any public body or authority;
- 40.1.4 it is necessary that the disclosure be made to any taxation or fiscal authority;
- 40.1.5 the disclosure is made on a confidential basis to the professional advisers of that party (including any industry association) for the purpose of obtaining advice in relation to this Agreement or the enforcement of this Agreement or otherwise for the purpose of consulting those professional advisers; or
- 40.1.6 the disclosure is required or desirable to be made in pursuance of any procedure for discovery of documents and any proceedings before any court, tribunal or regulatory body.

IN WITNESS WHEREOF the parties hereto execute this Agreement as a Deed and have signed, sealed and delivered this Agreement on the day and year hereinbefore written.

I, Tony Esplin
have hereunto affixed the Seal of the)
TIMBERMANS GROUP PTY LTD)

in the presence of:).....

THE COMMON SEAL of INTEGRATED)
FOREST PRODUCTS)
affixed in accordance with its Constitution)
in the presence of:)

Secretary

Director

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SCHEDULE 1

SPECIFICATIONS

Species

Logs shall be from the species Pinus radiata.

Log length and diameter

Logs shall have a minimum small end diameter under bark (SEDUB) of 18cm and a maximum large end diameter under bark (LEDUB) of 55cm.

Logs will be supplied in five (5) length classes unless otherwise agreed to.

Table 1 summarises the targeted log lengths;

Table1

Nominal	Targeted	Minimum	Maximum
---------	----------	---------	---------

Length	Presented Length	Length	Length
3.6m	3.74m	3.69m	3.79m
4.2m	4.34m	4.29m	4.39m
4.8m	4.94m	4.89m	4.99m
5.4m	5.54m	5.49m	5.59m
6.0m	6.14m	6.09m	6.19m

Length tolerance for all log lengths will be +/- 5cm. Logs with a length less than 3.69m or greater than 6.19m are out of specification. All logs greater than 3.69m or less than 6.19m in length are within specification. The following applies to logs between 3.69m and 6.19m:

- o Logs will be sold at the Nominal Length;
- o For any given Nominal Length, logs should be cut as close as possible to the Targeted Presented Length, but in any case should be between the Maximum and Minimum Lengths.
- o If a log length is less than the Minimum Length, the saleable length of the log will drop back to the next Nominal Length. The difference between the actual log length and the Maximum Length of the new Nominal Length will be converted to an approximate volume (based on the SEDUB of the log). The value of this portion of the log will be refunded.
- o If a log length is greater than the Maximum Length, the saleable length will remain at the same Nominal Length. The difference between the actual log length and the Maximum Length will be converted to an approximate volume (based on the SEDUB of the log). The value of this portion of the log will be refunded.

Log length is defined as the shortest distance between the sawn ends measured in a straight line. Ends to be cut square with a tolerance of ten (10) percent of diameter.

Logs will be delivered to the Mill unsorted for diameter or length.

The Large End of logs shall all be orientated in the same direction when delivered.

Sweep

Logs less than 28cm centre diameter under bark (CDUB) shall have a maximum sweep of 15% of CDUB over a 3.6m section of the log. Logs greater than 28cm centre diameter under bark (CDUB) shall have a maximum sweep of 20% of CDUB over a 3.6m section of the log.

Double sweep (or wobble) in one plane is acceptable. The maximum allowable sweep is as per the single sweep specification (above).

As a general rule, double sweep in two planes is not acceptable. However, slight changes in direction do define double sweep. For a log to be rejected the sum of deviations in all planes must exceed 15% of CDUB over the length of the log.

Sudden changes in direction are not permitted.

Knot size

Logs shall have a maximum knot size of 6cm measured across the shortest axis for logs smaller than 28cm SEDUB and a maximum knot size of 8cm measured across the shortest axis for logs larger than 28cm SEDUB.

Spike Knots

Spike knots are defined when the angle between a branch and the trunk is 30 degrees or less. This is evident on a knot when the long axis of the knot is greater than twice the length of the shortest axis. Logs shall have a maximum spike knot size of 6cm measured across the shortest axis of the knot.

OTHER

Logs shall have no more than 10 percent of the cross sectional area of any end section of the log covered by visible blue stain at the time of delivery. Surface mould or blue stain is permitted. Timbermans Group will use all reasonable endeavours to minimise blue stain in logs.

Damage from harvesting operations, including log loading but not including log unloading, that penetrates the surface of the wood by more than 10 percent of the diameter at the point of penetration or 3cm, whichever is the lesser, is not permitted.

Butt pull or draw wood greater than 1cm is not acceptable.

Butt swelling or flare extending more than 10cm beyond the circumference of the log is not acceptable.

End splitting and falling shatter is not acceptable. The portion of end split log must be at least 1cm in depth. Shatter is defined as the breakage of fibre within the log.

Double heart is not acceptable.

The log is reasonably sound and free of rot. It must not be from a dead tree or a dead portion of a tree.

Foreign objects, insect damage and rot are not permitted. Fire damage on the debarked log is not permitted.

Scars which penetrate into the log more than 3cm from the log surface are not permitted.

SCHEDULE 2

MAP OF AREA OF SUPPLY

SCHEDULE 3

DELIVERED PRICE (DOUBLE SHIFT RATE)

To apply from Commencement Date to 30 June 2007 subject to the payment of the Premium and variation each Half Year of the Term in accordance with clause 18

Centre Diameter Overbark (CDOB) Class (cm)	Delivered Price (\$/tonne)
Less than 20	31.62
20-22	31.62
22-24	32.25
24-26	33.72
26-28	35.77
28-30	40.18
30-32	45.69
32-34	51.19
34-36	55.97
36-38	60.31
38-40	64.34
40-42	66.26
42-44	68.01
44-46	69.48
46-48	70.59
48-50	72.78
50 and above	74.85

Notes:

Assumed Weight Conversion Factor is 0.94

The Delivery destination is assumed to remain at the proposed mill location.

To apply from 1 July 2007 to 30 June 2009 subject to variation each Half Year of the Term in accordance with clause 18

Centre Diameter Overbark (CDOB) Class (cm)	Delivered Price (\$/tonne)
Less than 20	32.15
20-22	32.15
22-24	32.81
24-26	34.34
26-28	36.49

28-30	41.12
30-32	46.89
32-34	52.66
34-36	57.66
36-38	62.20
38-40	66.43
40-42	68.44
42-44	68.28
44-46	71.81
46-48	72.97
48-50	75.27

50 and above	77.44
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Notes:

Assumed Weight Conversion Factor is 0.94

The Delivery destination is assumed to remain at the proposed mill location.

To apply from 1 July 2009 subject to variation each Half Year of the Term in accordance with clause 18

Centre Diameter Overbark (CDOB) Class (cm)	Delivered Price (\$/tonne)
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Less than 20	33.21
20-22	33.21
22-24	33.93
24-26	35.60
26-28	37.95
28-30	43.00
30-32	49.29
32-34	55.58
34-36	61.04
36-38	65.99
38-40	70.61
40-42	72.79
42-44	74.80
44-46	76.48
46-48	77.74
48-50	80.25
50 and above	82.61

Notes:

Assumed Weight Conversion Factor is 0.94

The Delivery destination is assumed to remain at the proposed mill location.

SCHEDULE 4

DELIVERED PRICE REVIEW MECHANISM

Part 1: Definitions and interpretation

In this Schedule unless the context indicates to the contrary:

Estimated Market Price of a Product during a period is that fair and reasonable market price for the Product during the period determined by Timberrmans Group in consultation with the Company after taking into account:

- (i) The average of the average monthly price received by the Company for the Product during the period (if available);
- (ii) Data from the Australian Bureau of Statistics (or other relevant independent source); and
- (iii) Data obtained by Timberrmans Group on the prices obtained for the relevant end products by other NSW industry manufacturers during the period.

Cost Item means a factor relevant to the market value of Timber delivered at the Mill more particularly being any item set out in column 1 of Part 3;

Base Indicator Rate for a review means the Indicator Rate which was the Current Indicator Rate for the previous review;

Current Indicator Rate means the Indicator Rate at the time a review of the Schedule Prices is being conducted;

Indicator means an Indicator of a Cost Item more particularly being any

Indicator set out in column 2 of Part 3;
Indicator Rate means the value or status of an Indicator at a point in time;
Indicator Weighting means the weighting given to a Indicator for the purpose of calculating the weighted movement across all Indicators during a review more particularly being the weighting set out in column 4 of Part 3;
Products means the sawn timber products manufactured by the Company from Timber supplied under this Agreement including those sawn timber products which are (or potentially could be) Product A, Product B and Product C from time to time;
Product A for the purpose of a Delivered Price review means that sawn timber product manufactured by the Company from Timber supplied under this Agreement and sold by the Company which gave the Company the most revenue during the last Half Year prior to the Half Year in which the review is being conducted;
Product B for the purpose of a Delivered Price review means that sawn timber product manufactured by the Company from Timber supplied under this Agreement and sold by the Company which, except for Product A, gave the Company the most revenue during the last Half Year prior to the Half Year in which the review is being conducted;
Product C for the purpose of a Delivered Price review means that sawn timber product manufactured by the Company from Timber supplied under this Agreement and sold by the Company which, except for Product A and Product B, gave the Company the most revenue during the last Half Year prior to the Half Year in which the review is being conducted;

A reference to Part 3 means a reference to Part 3 of this Schedule as amended from time to time in accordance with this Agreement.

Part 2 : Methodology

The following describes the method of varying the Delivered Prices:

1. Ascertain the level of each Indicator in column 2 of Part 2, expressed in dollars and cents, percentage or as an index (as the case may be) current at the time of the review (the Current Indicator Rate).
2. Ascertain the movement in each Indicator during the relevant review period by establishing percentage increase (or decrease) in the Indicator Rate (by comparing the Current Indicator Rate (see clause 1) to the Base Indicator Rate) and applying any weighting specified in column 2 to that percentage change. An example of the methodology is shown in the example below:
 - (a) assume movement in Product A Indicator Rate is from \$500 (Base Indicator Rate) to \$520 (Current Indicator Rate);
 - (b) Product A Indicator Rate change is therefore + 4%;
 - (c) weighting for Product A is 100% (from column 2 of Part 3);
 - (d) 100% of +4% is +4.0%.Therefore +4.0% is the movement in Product A Indicator.
3. Calculate the weighted movement across all Indicators by applying the methodology below:
 - (a) multiply the movement in each Indicator (see clause 2) by the Indicator Weighting in column 4 of Part 3 (eg the + 4.0% for Product A from clause 2 above is multiplied by the relevant Indicator Weighting for Product A, i.e. 8%, with the product being .32%);
 - (b) the sum of the products of each calculation referred to in clause 3(a) is the weighted movement across all Indicators.
5. The weighted movement across all Indicators calculated in accordance with clause 3 is the variation in the Delivered Prices over the relevant review period for the purposes of this Agreement. The new Delivered Prices determined under this review mechanism are calculated by applying the weighted movement across all indicators (from clause 4 above) to the current Delivered Prices as per the methodology in the example below: (a) assume the weighted movement across all Indicators is +2.5%, and the existing Delivered Price is \$50.00; (b) the new Delivered Price is \$50.00 x 1.025 which equals \$51.25.
6. For the purposes of the next Delivered Price review ascertain new column 4 Part 3 Indicator Weightings for each Indicator by multiplying the then current column 4 Part 3 Indicator Weighting for each Indicator by the period movement in the relevant Indicator (see clause 2 above) and then dividing the result by the weighted movement across all Indicators (see clause 3 above). This will produce a new table of weightings which sum to 80 percent. For example:
 - (a) assume Product A movement (see clause 2 above) is +4.0%, the weighted movement across all cost items is +2%, and the Indicator Weighting for Product A (from column 4 of Part 3) is 8%;
 - (b) then the new Indicator Weighting for Timber Product 1 is calculated by the formula;
 - (c) $8\% \times 1.04 / 1.02$ which equals 8.16%.
7. For the purposes of calculating the movement in the Estimated Market Price for each of the Products which are the basis for the Indicators for Item 1 of the Cost Items:

- (a) the Current Indicator Rate will be the Estimated Market Price during the last Half Year prior to the Half Year in which the review is being conducted. and
- (b) in the first Delivered Price review in which those Indicators are applied the Base Indicator Rate will be the Estimated Market Price during the second last Half Year prior to the Half Year in which the review is being conducted;
8. For the purposes of calculating the movement in the average wholesale price for MGP 10 Structural Radiata Pine in NSW, Queensland, and Victoria:
- (a) the Current Indicator Rate will be the average wholesale price for MGP 10 Structural Radiata Pine in NSW Queensland, and Victoria established by Timbermans Group in its last market survey prior to the date of the review;
- (b) in the first Price review occurring on or about the Commencement Date the Base Indicator Rate will be the average wholesale price for MGP 10 Structural Radiata Pine in NSW established by the Timbermans Group in its market survey which last occurred before the date of this Agreement;
9. For the purposes of calculating the movement in the Sydney Softwood Producer Price Index of Materials used in House Building:
- (a) the Current Indicator Rate will be the value of the Sydney Softwood Producer Price Index of Materials used in House Building as last published by the Australian Bureau of Statistics (ABS) prior to the date of the review; and
- (b) in the first Price review occurring on or about the Commencement Date the Base Indicator Rate will be the value of the Sydney Softwood Producer Price Index of Materials used in House Building as last published by ABS before the date of this Agreement;
10. Unless otherwise agreed in each Delivered Price review until the Company has been manufacturing and selling 3 or more Products for at least 2 consecutive Half Years, the Indicators in relation to the Products shall be substituted by 100% of the movement in the Average wholesale price for MGP 10 (F5) Structural Radiata Pine in NSW as measured by Timbermans Group Timber Market Survey with an Indicator Weighting of 20% (making the total Indicator Weighting in relation to that Indicator 35%). On introduction of the Indicators in relation to the Products the Indicator Weighting for the Products A B and C shall be 40%, 30% and 30% respectively of the then applicable Indicator Weighting for the substitute Indicator (as varied from 20%).
11. In the first Delivered Price review occurring on or about the Commencement Date, the Base Indicator Rate for each of the Indicators (other than those for Cost Item 1) will be the relevant rate which was applicable at the date of this Agreement.

Part 3 : Indicators and Weightings

<TABLE>
<CAPTION>

Column 1	Column 2	Column 3	Column 4
Cost Item	Indicator	Indicator Rate	Weighting at Commencement Date
<S> Item 1: Timber Products	<C> 100% of the movement in the Estimated Market Price for Product A	<C> Market Survey April 2003	<C> 8%
	100% of the movement in the Estimated Market Price for Product B	Market Survey April 2003	6%
	100% of the movement in the Estimated Market Price for Product C	Market Survey April 2003	6%
	100% of the movement in the Average wholesale price for MGP 10 (F5) Structural Radiata Pine in NSW Queensland, and Victoria, as measured by Timbermans Group Timber Market Survey	Market Survey April 2003	15%
	100% of the movement in the ABS Producer Price Index of Materials used in House Building - Softwood in Sydney -	March Quarter 2003	5%

(Unpublished Series
from Cat No. 6427.0)

Item 2: Wages	100% of the movement in the ABS Average Weekly Earnings, State and territories: Original (13) NSW (All employees total earnings - Cat No. 6302.0)	February Quarter 2003	30%
Item 3: Diesel	100% of the movement in the Shell Wholesale Value for diesel in NSW (free delivery area) being movement in the Net Price as follows in the example. March 2003		10%
	Base Price (excluding GST)	\$0.4696	
	Plus Federal Excise	\$0.3864	
	Less 50% of the Diesel Fuel Rebate	\$0.1915	
	Less 50% of the On Road Grant	\$0.0926	
	Net Price	\$0.5720	

</TABLE>

RADIATA FORESTRY SERVICES LIMITED
ACN 106 099 941
("RFS")

AND

INTEGRATED FOREST PRODUCTS PTY LIMITED
ACN 52083521966
("Purchaser")

PINE LOG SALE
AGREEMENT

THIS AGREEMENT is made the day of

BETWEEN:

RADIATA FORESTRY SERVICES LIMITED 142 Gladstone Street, Fyshwick, 2609, ("RFS")

AND:

THE PARTY NOTED IN ITEM 1 OF THE FIRST SCHEDULE ("Purchaser")

RECITAL:

WHEREAS:

- A. RFS sells Logs produced from plantations in the Australian Capital Territory, the State of New South Wales.
- B. The Purchaser operates the Plant.
- C. The Purchaser has agreed to purchase and RFS has agreed to supply Logs on the terms set out in this Agreement.

NOW THIS AGREEMENT WITNESSES AS FOLLOWS:

1. Interpretation

1.1. In this Agreement, unless the context otherwise requires:

"Agreement" means this Agreement and the Schedules to it.

"Annual Volume" means the annual volume of logs specified in Item 2 of the First Schedule.

"Delivered Price Review" means the price review mechanism in the Fourth Schedule.

"Log" means Pinus radiata in Log form as specified in the Second Schedule or such other species that the parties may from time to time agree on.

"Timber Delivery Docket" means the sequentially numbered document issued by RFS to the Purchaser that identifies the contractor and logging area where the logs have been sourced and the weight and grade of logs and the date that the logs are delivered to the Plant.

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"Public Weighbridge Docket" means the document issued at a public weighbridge within the meaning of the Trade Measurement Act 1991 of the Australian Capital Territory and the Act of NSW that specifies the weight of each load of Logs.

"Mill Door Price" means specified price plus GST.

"Month" means a calendar month except that, for the purposes of calculating the Monthly Volume in Clause 6, the Month of December in any Year and Month of January in the next succeeding Year shall be counted together as one Month.

"Monthly Volume" has the meaning given in Clause 6.1.

"Person" includes a body corporate or politic as well as an individual.

"Plant" means the timber processing plant operated by the Purchaser and located at the address set out in the First Schedule.

"Purchasers Representative" means the person or persons appointed in writing by the Purchaser for the purposes of clause 4 of the Agreement.

"Schedule" means a schedule to this Agreement.

"Specified Prices" means the price or prices specified in Third Schedule or calculated in accordance with the Forth Schedule and is exclusive of GST.

"Term" means the Term of this Agreement set out in Item 4 of the First Schedule

"Termination Date" means the date set out in Item 5 of the First Schedule

"Year" means the period of 12 Months beginning on the first day of July.

1.2. In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural.

2. Purchase and Sale of Logs

2.1. The Purchaser shall during the Term endeavour to buy and RFS shall endeavour to sell the Annual Volume of Logs at the Specified Prices.

2.2. RFS shall deliver the Logs to the Plant at its own cost and expense during the hours and on the days set out in the First Schedule and at the Monthly Volume determined under Clause 6. The parties may by agreement vary the hours and days for delivery.

3. Term

3.1. The Agreement shall commence on the date it bears and shall continue in force for the Term unless terminated earlier as set out in clause 14. The Term may be extended as contemplated in Clause 9.

4. Specifications

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4.1. The Logs delivered to the Plant by RFS shall comply with the specifications set out in the Second Schedule. Should the Purchasers representative or RFS believe that a Log does not meet the specifications either party may institute the rejection procedures set out in the Second Schedule. If the rejection procedures are not instituted the Log is deemed to be accepted.

4.2. Upon each delivery of a load of Logs to the Plant RFS shall deliver or cause to be delivered to the Purchaser a Timber Delivery Docket in duplicate showing the weight of the Logs contained in that load. Where the load is for fixed length Logs the Timber Delivery Docket shall also show the number of Logs in the load.

4.3. The Purchasers representative (who shall be present at the Plant at the delivery times set out in the First Schedule) shall sign the duplicate of the Timber Delivery Docket and return it to RFS's haulage operator.

4.4. The Purchaser may by written notice to RFS request the delivery of Logs of a specified length and diameter and RFS shall endeavour to comply with that request provided that to do so is consistent with good forest management.

5. Purchase Price and Payment Terms

5.1. The Purchaser shall pay for the Logs purchased within forty five (30) days of the date of the RFS's invoice.

5.2. RFS will invoice on a 30 day cycle.

5.3. No reasonable dispute in relation to an invoice shall affect the obligation of the Purchaser to pay the invoiced amount as required by clause 5.1.

5.4. If the Purchaser shall fail to pay the invoiced amount by the due date RFS may, in addition to any other rights or remedies it has:

(a) charge the Purchaser interest at the rate set out in Item 9 of the First Schedule; and

(b) suspend all further deliveries of Logs to the Purchaser until all overdue accounts and interest thereon have been paid.

6. Monthly Volume and Stumpage

6.1. The Monthly Volume shall be nine per centum (9%) of the Annual Volume of

Logs. The Purchaser may vary the Monthly Volume to a maximum of eleven per centum (11%) or to a minimum of seven per centum (7%) provided that it gives written or verbal notice to RFS specifying the variation by the fifteenth (15th) day of the Month preceding the Month whose Monthly Volume is to be varied. Subject to clause 6.6 any variation shall have no effect to the extent that it may cause the Annual Volume of Logs to be exceeded unless agreed in writing by RFS.

6.2. At the time of giving the notice under clause 6.1 the Purchaser shall also give a written or verbal estimate of the Monthly Volume to be purchased in the two Months following the Month whose rate is to be increased or decreased under clause 6.1.

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6.3. The Purchaser may with the consent in writing of RFS increase the Monthly Volume above eleven per centum (11%).

6.4. The Purchaser shall give written or verbal notice to RFS by the fifteenth (15th) day of the preceding Month if it expects that it will be unable to purchase a minimum of seven per centum (7%) of the Annual Volume of Logs in any Month.

6.5. Where in any Year the parties agree that the Purchaser will purchase or RFS will supply less than the full Annual Volume, RFS or the Purchaser may require that the shortfall in volume be carried over to the following Year or Years whereupon the Annual Volume for the following Year or Years will be adjusted. Any decision by RFS or the Purchaser to carry over or deny the carry over of unused volume shall not be subject to the dispute resolution process set out in clause 11.

6.6. If the parties agree in writing to bring forward Log volume from the next Year RFS or the Purchaser may require that volume brought forward under this clause be deducted from the Annual Volume for that next Year. Any such decision by RFS or the Purchaser shall not be subject to the dispute resolution process set out in clause 11.

7. Suspension of Agreement

7.1. Where a party is reasonably prevented from fulfilling its obligations, that is to say for RFS to make Logs available or for the Purchaser to purchase Logs, under this Agreement, by reason of the causes set out in subclauses (a) to (e) then either party may invoke the provisions of clause 7.2.

- (a) damage or destruction of forests or any part thereof due to tempest, fire, flood, disease or other cause;
- (b) a strike or lockout (including action in the nature of a strike or lockout) provided that the lockout was not caused by the Purchaser;
- (c) damage to or major breakdown of the Purchaser's Plant;
- (d) war or other catastrophe; or
- (e) any other cause beyond the reasonable control of the Purchaser or of RFS.

7.2. To the extent that a party is reasonably prevented from fulfilling its obligations under this Agreement and for so long as the cause or causes shall last those obligations shall:

- (a) be suspended or;
- (b) be continued, subject to such modification of the Terms of the Agreement as the parties agree in writing.

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8. Variation in the Specified Prices

8.1. The Specified Prices shall on the first day of July each Year (commencing on the first day of July 2005) be varied in accordance with the process outlined in the Specified Price Review Mechanism in the Fourth Schedule.

- (a) At any time during the Term either party may by not less than thirty (30) days notice in writing to the other party request a meeting to conduct a review of the current Specified Prices.
- (b) The party requesting the meeting shall set out its proposed Specified Prices and shall set out changes (since the last review or the date of the Agreement if there was no earlier review) in relevant costs (including RFS's cost of harvesting and delivering

Logs, and the Purchaser's costs of milling, processing and marketing its timber products and the sale prices of the Purchaser's timber products) that it has taken into account in calculating the proposed Specified Prices.

- (c) The party requesting the meeting shall also deliver with the notice relevant data in verifiable form that it has used in establishing the changes in costs and prices together with any other data that is relevant to a review of the Specified Prices. The other party may deliver any relevant data in verifiable form to the party requesting the meeting provided it is delivered prior to the meeting.
- (d) In the calculation of the proposed Specified Prices it is relevant to take into account changes in industry wide costs and prices of those activities and products set out in (b).

8.2. Upon new Specified Prices being agreed to under either the annual review or by application of one party, the parties shall sign a memorandum setting out the new Specified Prices.

8.3. All new Specified Prices shall take effect from the first day of the month immediately following that review or such date as otherwise agreed to, and payments already made (if any) shall be adjusted to take account of the new Specified Prices and implementation date, and the Schedule shall be read as referring to those new Specified Prices and date.

9. Extension of the Agreement

At any time during the extension review period set out in the First Schedule either party may give notice in writing to the other party that it desires the Agreement to be extended for such further period and on such terms and conditions (including changes in the Schedule) specified in the notice. The notice shall operate as an irrevocable offer capable of written acceptance for 3 Months after its receipt. The party receiving the notice has three (3) Months from the date of receiving the notice to accept the request for an extension by service of a written acceptance whereupon the Term and the Termination Date shall be extended for the period and the terms and conditions of this Agreement shall be varied in accordance with the notice as from the date of service of the acceptance. If the request for an extension is not accepted in writing within three (3) Months the request for an extension will lapse.

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10. Variation of the Annual Volume of Logs

The parties acknowledge that because of many factors they may wish to vary the Annual Volume of Logs and such variation shall be by mutual agreement only and a failure to agree shall not be a dispute as contemplated in clause 11.

11. Dispute Resolution

- 11.1. Unless a party to this Agreement has complied with sub-clauses 11.2 to 11.4, that party may not commence court proceedings or arbitration relating to any dispute arising from this Agreement except where that party seeks urgent interlocutory relief in which case that party need not comply with this clause before seeking such relief.
- 11.2. Either party to this Agreement claiming that a dispute with the other has arisen under this Agreement shall give written notice to that other party designating as its representative in negotiations relating to the dispute the person with authority to settle the dispute and the other party shall not later than seven (7) days thereafter give notice in writing to the other designating as its representative in negotiations relating to the dispute a Person with similar authority.
- 11.3. The designated Persons shall within ten days of the last designation required by sub-clause 11.2 seek to resolve the dispute.
- 11.4. If the dispute is not resolved within the period specified in clause 11.3 (or within such further period as the designated Persons may agree is appropriate) the parties shall within a further 10 days (or within such further period as the designated Persons may agree is appropriate) seek to agree on a process for resolving the dispute (through means other than litigation or arbitration) including:

- (a) the procedure and timetable for any exchange of documents and other information relating to the dispute;
- (b) procedural rules and a timetable for the conduct of the selected mode of proceedings;
- (c) a procedure for selection and compensation of any neutral Person who

may be employed by the parties; and

- (d) whether the parties should seek the assistance of a dispute resolution organisation.

11.5. The parties acknowledge that the purpose of any exchange of information or documents or the making of any offer of settlement pursuant to this clause is to settle the dispute between them. Neither party may use any information or documents obtained through the dispute resolution process by this clause for any other purpose other than an attempt to settle the dispute between them.

11.6. After the expiration of the time established by or agreed under sub clause 11.4 for agreement on a dispute resolution process, either party may in writing terminate the dispute resolution process provided in this clause and may then refer the dispute to arbitration or commence court proceedings relating to the dispute.

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12. RFS Default

In the event of RFS committing an act or omission constituting a material breach of any obligation required on its part to be performed or observed under the Agreement and failing to take action to remedy such default within 28 days of delivery of a notice from the Purchaser requiring RFS to remedy the breach the Purchaser shall be entitled by notice in writing to terminate the Agreement forthwith but without prejudice to any right of action or remedy which shall have accrued or which shall accrue thereafter in favour of either party.

13. Purchaser Default

In the event of the Purchaser:

- (a) being a company, if it
 - (i) goes into liquidation, otherwise than for the purpose of reconstruction or amalgamation, or
 - (ii) has a receiver, receiver and manager, administrator or provisional liquidator appointed to it or any of its assets, or
 - (iii) is subject to any petition presented or proceedings taken or instituted in any Court (which the Purchaser does not oppose) for the compulsory winding up of the Purchaser, or
 - (iv) passes a resolution for winding up; or
 - (v) is subject to the supervision of the Court either voluntarily or otherwise howsoever; or
 - (vi) enters any arrangement or composition for the benefit of creditors or any class of them;
- (b) suffering any execution against an asset of the Purchaser; or
- (c) committing any act or omission constituting a material breach of any obligation required on its part to be performed or observed under the Agreement and failing to take action to remedy such default within 28 days of delivery of a notice from RFS requiring the Purchaser to remedy the breach;

THEN RFS shall be entitled by notice in writing to terminate the Agreement forthwith but without prejudice to any right of action to remedy which shall have accrued or which shall accrue thereafter in favour of either party.

14. Notices

14.1. Any notice to be served on a party under this Agreement may be served by delivering it, posting it by prepaid post or transmitting it by facsimile to the relevant address specified in the First Schedule.

14.2. Any notice served in accordance with subclause 14.1 shall be deemed to be received;

- (a) in the case of delivery by hand - on the day of delivery.

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- (b) In the case of posting - three days after the date of posting

whether or not the notice is returned, or

- (c) In the case of facsimile transmission - upon receipt by the transmitting machine of confirmation from the receiving machine that the message has been received.

15. General

- 15.1. If a provision of this Agreement is void or voidable by either party or unenforceable or illegal that provision shall be severed from this Agreement and the remainder of this Agreement has full force and effect.
15.2. No amendment to this Agreement shall be effective unless and until embodied in writing and signed by each of the parties.
15.3. Failure or neglect by the Purchaser or RFS to enforce at any time any of the provisions hereof shall not be construed as nor shall be deemed to be a waiver by either the Purchaser or RFS of their rights hereunder nor in any way affect the validity of the whole or any part of this Agreement.
15.4. Neither RFS nor the Purchaser shall assign or purport to assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. RFS shall be entitled to consider the public interest in deciding whether to withhold its consent.
15.5. This Agreement shall be governed by and construed in accordance with the laws of the State of New South Wales. The parties submit to the exclusive jurisdiction of the Courts of that State in respect of any matters arising out of this Agreement.
15.6. Each provision of the Agreement, and each part thereof shall, unless the context otherwise necessarily requires it, be read and construed as a separate and severable provision, or as a separate and severable part thereof, so that if any provision, or part thereof, is void or otherwise unenforceable for any reason, then that provision, or part thereof, as the case may be, shall be severed and the remainder shall be read and construed as if the severable provision of part thereof, had never existed.
15.7. The Purchaser and RFS shall in carrying out the Agreement and operating the Plant comply with the provisions of the relevant Statutes, Regulations and By-Laws, and the requirements of any Commonwealth, State, Territory or local authority.

EXECUTION

In witness whereof the Parties have hereunto set their hands and seals the day and the Year first herein before written

EXECUTED by RADIATA
FORESTRY SERVICES LIMITED
ACN 106 099 941

In accordance with Section 127 of The Corporations Act:

Director *Director/Secretary

Print Full Name Print Full Name

EXECUTION BY PURCHASER

EXECUTED by INTEGRATED
FOREST PRODUCTS
PTY LIMITED ACN 52083521966

In accordance with Section 127 of The Corporations Act:

Director *Director/Secretary

Print Full Name Print Full Name

FIRST SCHEDULE

- 1. PURCHASER

Name: Integrated Forest Products PTY LTD
ABN 52083521966
Address: P.O. Box 120 Mawson ACT 2607

2. ANNUAL VOLUME OF LOGS

44,000 cubic metres of sawlogs

3. PLANT - ADDRESS

Tralee Street Hume ACT 2620

4. TERM

The period commencing on the date of this Agreement and ending on the Termination Date

5. TERMINATION DATE

30/06/2008

6. EXTENSION REVIEW PERIOD

The period between 1st day of July 2007 and the 31st day of December 2007.

7. DELIVERY OF THE LOGS

Delivery hours are Monday to Friday between 6.30am and 5.30pm excluding public holidays and Rostered Days Off.

8. ADDRESSES FOR NOTICES

(a) Notices for RFS

Radiata Forestry Services Limited
142-144 Gladstone Street
Fyshwick, ACT

Facsimile: 6280 8044
Attention: Jim Adams

(b) Notice for the Purchaser

Address: P.O. Box 120 Mawson ACT 2607

Facsimile: 02 62852654
Attention: IFP Wood Supply Manager

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9. INTEREST RATE ON OVERDUE ACCOUNTS

The interest rate payable is two per centum per annum above the highest interest rate charged by the Commonwealth Bank of Australia on overdraft accounts under one hundred thousand dollars (\$100,000.00) on the first day that the invoiced amount is overdue

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SECOND SCHEDULE

1. LOG SPECIFICATIONS

(a) Length

(i) Nominal lengths:- 3.95m, 4.25m, 4.55m, 4.85m, 5.15m, 5.45m, 5.75m & 6.05m

(ii) RFS will use reasonable endeavours to produce logs to the following length mix:

- 6.08-6.15, 5.78-5.85 and 5.48-5.55 target lengths minimum 60% by log volume
- 4.88-4.95 and 5.18-5.35 target lengths maximum 35% by log volume
- 3.98-4.05, 4.28-4.35 and 4.58-4.65 target lengths maximum 5% by log volume.

(iii) RFS will use reasonable endeavours to produce logs to the following diameter mix:

- SEDUB 20-30cm maximum 25% by log volume
- SEDUB 30-40cm minimum 50% by log volume
- SEDUB 44-55cm maximum 25% by log volume.

- (iv) Where a log exceeds a nominal length the log will be deemed to be that nominal length.
- (v) All logs will be square cut at both ends with no significant fibre pull, falling splits or shatter.

(b) Diameter

- (i) Minimum small end diameter under bark is 20cm
- (ii) Maximum large end diameter under bark in all cases shall be 58cm

(c) Knots

- (i) All knots will be flush trimmed and measured across the smallest diameter
- (ii) Allowable Knot Size - Sawlog

Single Green Knot Diameter < the lesser of 30% Mean diam of log OR 10cm

Single Dead Knot Diameter < the lesser of 25% Mean diam of log OR 10cm

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Green Knot Diameter in Whorl < the lesser of 20% Mean diam of log OR 8cm

Dead Knot Diameter in Whorl < the lesser of 15% Mean diam of log OR 6cm

(d) Sweep

- (i) Sweep will be allowed in one plane only and in one direction. Sweep should be uniform over the whole length of the log. Sweep will be measured as the deviation of the log from a straight edge over the length of the log.
- (ii) The allowable sweep is:

Sawlog <25% of Mean diam of log

- (iii) The maximum allowable sweep is 10cm

(e) Other Defects

- (i) Bluestain infection is limited to no more than 10% of either end of the log
- (ii) There shall be no sudden changes in diameter
- (iii) There shall be no scaring or dead or burnt sides of a size greater than the maximum knot size
- (iv) End splitting is not acceptable
- (v) Double heart is not acceptable
- (vi) Foreign objects, insect damage, rot and shatter are not permitted. Shatter is defined as the breakage of fibre within the log.

2. LOG REJECTION PROCEDURES

- (a) If the Purchaser believes that any load of logs contains logs that do not meet the specifications the Purchaser may bring this to the attention of RFS, who will inspect the load before it is unloaded and then: -

- (i) If RFS accepts that the load contains an unacceptable number of logs that do not meet the specification the load will be returned to the forest.
- (ii) If the RFS believes that the load contains a smaller number of logs that do not meet the specifications the load will be unloaded and the Purchaser will accept any logs that meet specifications, but any logs that do not meet the specifications will be returned to the forest at RFS's cost.

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- (iii) Any logs that can be modified to meet specifications may be modified by RFS.
 - (iv) The Purchaser will be given full credit for any logs or parts of logs that are returned to the forest.
 - (v) RFS and the Purchaser may agree to the downgrading of any load or part of a load to a lower class of log if they agree that an unacceptable number of the logs do not meet specifications.
- (b) The Purchaser may also bring to the attention of RFS any individual log that fails to meet specification and if the Purchaser can identify the source of the log and the contractor who delivered the log then:-
- (i) RFS may instruct the contractor to return the log to the forest or to modify the log to meet specification and part of the log may be returned to the forest.
 - (ii) The Purchaser will be given full credit for any logs or parts of logs that are returned to the forest.
- (c) The Purchaser may refer any decision of RFS on log quality to the dispute resolution procedure in clause 14 and the Purchaser will retain any log referred for dispute resolution until the dispute is resolved.

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THIRD SCHEDULE

1. SPECIFIED PRICE

\$63.00 per tonne

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FOURTH SCHEDULE

Specified Price Review Mechanism

Part 1: Definitions and interpretation

In this schedule unless the context indicates to the contrary:

Estimated Market Price of a product is the average of the monthly wholesale price received by the Purchaser net to mill of freight for MGP 10 (excluding any future direct sales of MGP 10 to wall and truss manufacturers) over a 3 month period prior to the annual review.

Harvest and Haulage Cost means the base cost for harvesting and hauling logs to the Purchaser over a 3 month period prior to the annual review.

Purchaser's Wages Cost means the average dollar cost per employee (this excludes salaried and administration staff) over a 3 month period prior to the annual review.

Base indicator rate for a review means the indicator rate which was the current indicator rate for the previous review;

Current indicator rate means the indicator rate at the time a review of the Delivered Price is being conducted;

Indicator means an indicator of a cost item more particularly being an indicator set out in column 2 of Part 3;

Indicator rate means the value or status of an indicator at a point in time;
Indicator weighting means the weighting given to an indicator for the purpose of calculating the weighted movement across all indicators during a review more particularly being the weighting set out in column 4 of Part 3;

Part 2: Methodology

The following describes the method of varying the Specified Prices:

1. Ascertain the level of each indicator in column 2 of Part 2, expressed as dollars and cents, percentage or as an index (as the case may be) current at the time of the review (the current indicator rate). The current indicator rate will be the base indicator rate for the next review.
2. Ascertain the movement in each indicator during the relevant review period by establishing percentage increase (or decrease) in the indicator rate (by comparing the current indicator rate (see clause

1) to the base indicator rate) and applying any indicator weighting specific in column 2 to that percentage change.

3. Calculate the weighted movement across all the indicators by applying the methodology below:
 - a. Multiply the movement in each indicator (see clause 2) by the weighting in column 4 of Part 3.
 - b. The sum of the products of each calculation referred to in clause 3(a) is the weighted movement across all indicators.
4. The weighted movement across all indicators calculated in accordance with clause 3 is the variation in the Delivered Prices over the relevant review period for the purposes of this Agreement. The new Delivered Prices determined under this review mechanism are calculated by applying the weighted movement across all indicators (from clause 3 above) to the current Delivered Prices as per the methodology in the example below:
 - a. Assume the weighted movement across all indicators is +2.5%, and the existing Delivered price is \$50.00.
 - b. The new Delivered Price is \$50.00 x 1.025 which equals \$51.25.

Part 3: Indicators and Weightings

<TABLE>
<CAPTION>

Column 1	Column 2	Column 3	Column 4
Cost Item	Indicator	Indicator rate	Weighting
<S>	<C>	<C>	<C>
Item 1 - Timber Product - MGP 10	The movement in the Purchasers wholesale price (net to mill of freight) for MGP10 over the previous three months.		25%
Item 2: Harvesting and Haulage costs	The movement in the contracted base harvesting costs to RFS over the previous 3 months	\$	25%
	The movement in the haulage costs over the previous 3 months shown as cents per kilometer	cents/km	25%
Item 3: The Purchasers wages costs for employees working in the log yard and sawmill sections of the plant (excludes salaried and administration staff)	The movement in the employee for wages over the previous three months.	\$ per	25%
Total			100%

</TABLE>

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Michael Timms, certify that:

1. I have reviewed this quarterly report on Form 10-KSB of Australian Forest Industries;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 18, 2005

/s/ Michael Timms

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Name: Michael Timms

Title: Chief Executive Officer, President and Chairman

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Colin Baird, certify that:

1. I have reviewed this quarterly report on Form 10-KSB of Australian Forest Industries;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 18, 2005

/s/ Colin Baird

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Name: Colin Baird

Title: Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section
906 of the Sarbanes-Oxley Act of 2002

I, Michael Timms, President of Australian Forest Industries (the "Company"),
certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C.
Section 1350, that:

(1) the Annual Report on Form 10-KSB of the Company for the quarter ended
December 31, 2004 (the "Report") fully complies with the requirements of Section
13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material
respects, the financial condition and results of operations of the Company.

Date: May 18, 2005

/s/ Michael Timms

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Michael Timms

Chief Executive Officer and President

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section
906 of the Sarbanes-Oxley Act of 2002

I, Colin Baird, Chief Financial Officer of Australian Forest Industries (the
"Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-KSB of the Company for the quarter ended
December 31, 2004 (the "Report") fully complies with the requirements of Section
13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material
respects, the financial condition and results of operations of the Company.

Date: May 18, 2005

/s/ Colin Baird

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Colin Baird
Chief Financial Officer