

European Forest Resources Acquisition Limited

Annual report and financial statements

For the year ended 31st December 2010

Registered in England No 6276109

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European Forest Resources Acquisition Limited

Directors

R L Caperton
C G F Caperton
B P A Laferriere

Secretary

R G Bourne

Registered office

Queensberry House, 3 Old Burlington Street, London W1S 3LD

Directors' report

The directors present their annual report and audited financial statements for the year ended 31st December 2010. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 419(2)a of the Companies Act 2006.

Principal activities

The principal activity of the company is to invest in forestry related companies.

The profit for the year after taxation amounted to £4,992 (2009 – profit £68,763).

Business review

The company has not made any investments in the year.

The company's use of financial instruments and their associated risks are detailed in Note 10 of these accounts.

Dividends

The directors do not recommend the payment of a dividend.

Auditors

Deloitte LLP were appointed as auditors. The company has elected to dispense with the requirement to appoint auditors annually.

Each of the persons who is a director at the date of approval of this annual report confirms that so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the board



R G Bourne
Secretary
17 June 2011

European Forest Resources Acquisition Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

European Forest Resources Acquisition Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN FOREST RESOURCES ACQUISITION LIMITED

We have audited the financial statements of European Forest Resources Acquisition Limited for the year ended 31st December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board Ethical Standards of Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or

European Forest Resources Acquisition Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN FOREST RESOURCES ACQUISITION LIMITED *(continued)*

Matters on which we are required to report by exception *(continued)*

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- we have not received all the information and explanations we require for our audit



Stuart McLaren (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 June 2011

European Forest Resources Acquisition Limited

Statement of Comprehensive Income

for the year ended 31st December 2010

	Note	2010 £	2009 £
Other income	3	23,629	59,113
Administrative expense	3	(5,604)	(9,523)
Operating profit / (loss)		18,025	49,590
Finance expense		(9,600)	(17,345)
Profit / (loss) before tax		8,425	32,245
Taxation	6	(3,433)	36,518
Profit / (loss) for the year		4,992	68,763
Other comprehensive income		-	-
Total comprehensive income / (loss)		4,992	68,763

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations

The notes on pages 9 to 14 form part of these accounts

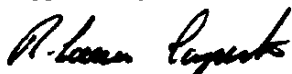
European Forest Resources Acquisition Limited

Statement of Financial Position

at 31st December 2010

	Note	2010 £	2009 £
Current assets			
Trade and other receivables	7	177	190
Deferred tax asset	6	29,022	32,455
Current assets		29,199	32,645
Total assets		29,199	32,645
Equity			
Share capital	8	2	2
Retained deficit		(667,082)	(672,074)
Total equity		(667,080)	(672,072)
Current liabilities			
Trade and other payables	9	696,279	704,717
Current liabilities		696,279	704,717
Total liabilities		696,279	704,717
Net equity and liabilities		29,199	32,645

Approved by the board on 17 June 2011 and signed on its behalf by



R.L. Caperton

Director

Registered in England No 6276109

The notes on pages 9 to 14 form part of these accounts

European Forest Resources Acquisition Limited

Statement of Cash Flows

for the year ended 31st December 2010

	2010	2009
	£	£
Cash flows from: Operating activities		
Profit for the year	4,992	68,763
Decrease (increase) in trade and other receivables	3,446	(30,331)
(Decrease) increase in trade payables	(8,438)	(38,432)
Add interest paid	9,600	17,345
Net cash from operating activities	9,600	17,345
Financing activities		
Interest paid	(9,600)	(17,345)
Net cash used in financing activities	(9,600)	(17,345)
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

The notes on pages 9 to 14 form part of these accounts

European Forest Resources Acquisition Limited

Statement of Changes in Equity

for the year ended 31st December 2010

	Share capital £	Retained deficit £	Total Equity £
Balance at 1 st January 2009	2	(740,837)	(740,835)
Total comprehensive income	-	68,763	68,763
Balance at 31 st December 2009	2	(672,074)	(672,072)
Total comprehensive income	-	4,992	4,992
Balance at 31 st December 2010	2	(667,082)	(667,080)

The notes on pages 9 to 14 form part of these accounts

European Forest Resources Acquisition Limited

Notes to the financial statements

1 General information

European Forest Resources Acquisition Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted for use in the EU. IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body as adopted by the EU.

The financial statements are presented in £ because this is the currency of the primary economic environment which the Company operates.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are found in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Notes to the Financial Statements. In addition within the Notes to the Financial Statements one will find its financial risk management objectives, details of its financial instruments, and its exposures to credit risk, foreign exchange risk, interest risk and liquidity risk.

The Company meets its day to day working capital requirements through financial support provided by European Forest Resources (UK) S a r l. The Company has obtained a letter of support stating that European Forest Resource Holding S a r l will provide additional financial support, if required, to enable the Company to meet its obligations as they fall due, and continue as a going concern.

The Company forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

At the date of authorisation of these financial statements the following Standards and Interpretations have been issued, but are not yet effective:

- IFRS 7 Financial Instruments Disclosures – Amendments enhancing disclosures about transfer of financial assets effective for annual periods beginning on or after 1 July 2011
- IFRS 9 Financial Instruments – Classification and Measurement (revised November 2009) effective for annual periods beginning on or after 1 January 2013
- IAS 24 Related Party Disclosures – Revised definition of related parties (revised November 2009) effective for annual periods beginning on or after 1 January 2011
- IAS 32 Financial Instruments Presentation – Amendments relating to classification of rights issues (revised 2009) effective for annual periods beginning on or after 1 February 2010
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* effective for annual periods beginning on or after 1 July 2010
- IAS 32 *Financial Instruments Presentation* effective for annual periods beginning on or after 1 February 2010

These Standards and Interpretations are not expected to have a material impact on the Company's financial statements but may require additional disclosure in future accounting periods.

European Forest Resources Acquisition Limited

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

The Directors believe that other pronouncements which are in issue but are not yet operative or adopted by the Company will not have a material impact on the financial statements of the Company

Measurement convention

The financial statements are prepared on the historical cost basis

Expenses

All expenses are accounted for on an accruals basis

Financial instruments

Most of the Company's financial instruments are carried at fair value on the Statement of Financial Position. For certain other financial instruments, specifically trade and other receivables and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments

Trade and other payables

Trade payables, borrowings and other payables are measured at amortised cost using the effective interest rate method

Trade and other receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method, less any impairment

Financing income and expense

Financing costs comprise interest payable that are recognised in the Statement of Comprehensive Income

Interest payable is recognised in profit or loss as it accrues

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

European Forest Resources Acquisition Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

Taxation (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3 Administrative income and expenses

Included in administrative income and expenses are the following

	2010 £	2009 £
Audit fees	3,000	3,000
Professional consultancy fees	2,414	6,523
Other administrative expense	190	-
Foreign exchange (gain)	(23,629)	(59,113)
	18,025	(49,590)

4 Staff numbers and costs

The average number of persons employed by the Company during the year was nil (2009 nil)

No director received any remuneration from the Company during the year (2009 nil)

Services are provided to the Company by Convector LLP

5 Fees payable to the Company's auditor

	2010 £	2009 £
Fees for the audit of the Company	3,000	3,000
	3,000	3,000

6 Taxation

Recognised in the Statement of Comprehensive Income	2010 £	2009 £
Current tax expense		
Current year	-	-
Total current tax expense	-	-
Group relief	-	(4,063)
Deferred tax	3,433	-
Deferred tax prior year adjustment	-	(32,455)
Total tax (credit) in Statement of Comprehensive Income	3,433	(36,518)

European Forest Resources Acquisition Limited

Notes to the financial statements (continued)

6 Taxation (continued)

	2010 £	2009 £
Reconciliation of effective tax rate		
Profit (loss) before tax	8,424	32,245
Implied tax (credit) at 28% (2009 28%)	2,358	9,029
Prior year adjustment	-	(4,063)
Effect on deferred tax balance due to the change in tax rate from 28% to 27% (effective 1 st April 2011)	1,075	-
Deferred tax on losses not previously recognised	-	(41,484)
Total tax (credit) in Statement of Comprehensive Income	3,433	(36,518)

7 Trade and other receivables

	2010 £	2009 £
Other trade receivables and prepayments	177	190
	177	190

8 Share capital

	£
In issue at 31 st December 2009 and 31 st December 2010 - fully paid ordinary shares of £1 each	2
<i>Authorised</i>	
Ordinary shares of £1 each	100
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

9 Trade and other payables

	2010 £	2009 £
Trade payables due to group undertakings	692,079	701,717
Non-trade payables and accrued expenses	4,200	3,000
	696,279	704,717

10 Financial instruments

The Company's financial instruments comprise cash balances, receivables, borrowings and payables that arise from its operations

The Company's activities expose it to credit risk, foreign exchange risk, interest rate risk and liquidity risk

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The Company has credit policies in place and exposure to credit risk is monitored on an ongoing basis. At 31st December, the financial assets exposed to credit risk were as follows

European Forest Resources Acquisition Limited

Notes to the financial statements (continued)

10 Financial instruments (continued)

<i>Financial Assets</i>	2010	2009
	£	£
Trade and other receivable	177	190
	177	190

Credit risk arising on trade and other receivables and financial assets is mitigated by management involvement in the group companies

Fair value

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate fair value due to the immediate or short term nature of these financial instruments

Foreign exchange risk

Changes in the exchange rate between the Euro and pound sterling can effect the financial results as the Company receives financing in Euro. For example, each 1% movement in the value of the Euro against pound sterling would have an effect of approximately £6,851 (2009 £6,870) on the Statement of Comprehensive Income, before tax

Interest rate risk

The Company is exposed to interest rate risk on its borrowings from European Forest Resources (UK) S a r l and changes in interest rates can effect the financial results of the Company. For example, a 1% movement in interest rates would have an effect of approximately £6,920 (2009 £7,778) on the Statement of Comprehensive Income, before tax

Liquidity risk

The Company meets its day to day working capital requirements through financial support provided by European Forest Resources (UK) S a r l. The Company has obtained a letter of support stating that European Forest Resource Holding S a r l will provide additional financial support, if required, to enable the Company to meet its obligations as they fall due, and continue as a going concern

The following tables details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be expected to pay

<i>Maturity analysis of financial liabilities</i>	Payable on demand	Less than 3 months	Total
	£	£	£
<i>31 December 2010</i>			
Trade payables due to group undertakings	691,984	95	692,079
Non-trade payables and accrued expenses	-	4,200	4,200
	691,984	4,295	696,279
<i>31 December 2009</i>			
Trade payables due to group undertakings	697,381	4,336	701,717
Non-trade payables and accrued expenses	-	3,000	3,000
	697,381	7,336	704,717

European Forest Resources Acquisition Limited

Notes to the financial statements (continued)

11 Related parties

Identity of related parties

The Company has a related party relationship with its parent, subsidiaries, fellow subsidiaries of its parent and with its key management personnel, being its directors

The Company is in the same VAT group as Convector LLP, Drum Ba Sustainable Energy Limited, EFR Service Company Limited, EFR (Scotland) Limited, European Forest Resources GP Limited and Fauch Hill Sustainable Energy Limited

The following companies are related parties as a director of the Company held a directorship or was a partner in those companies during the period -

Chasses et Forêt SAS
Convector LLP
Drum Ba Sustainable Energy Limited
EFR (Scotland) Limited
EFR Service Company Limited
European Forest Resources Holdings Limited
European Forest Resources Holdings LP
European Forest Resources Holdings GP Limited
European Forest Resources Limited
European Forest Resources Holdings S à r l
European Forest Resources (France) S à r l
European Forest Resources (UK) S à r l
European Forest Resources LP
European Forest Resources (Scotland) LP
European Forest Resources GP Limited
Fauch hill Sustainable Energy Limited
Forestis SAS
Groupement Forestier des Bois de L'Avenir
Kastanie Limited
Les Moulins du Lohan SAS
Louis Dreyfus Holdings Limited
Louis Dreyfus Energy Holdings Limited
Ressources Forestieres SAS

Amounts due to related parties at the period end representing payments of administrative expenses made on behalf of the Company and interest are

	2010	2009
	£	£
Convector LLP	-	15
European Forest Resources (UK) S à r l	691,984	697,381
EFR Service Company Limited	95	4,321
	<u>692,079</u>	<u>701,717</u>

12 Ultimate parent company and group financial statements

The ultimate parent undertaking and controlling party is Louis Dreyfus Holding B V , a company registered in the Netherlands

The smallest parent undertaking for which Group financial statements are prepared is European Forest Resources Holdings Limited, incorporated in Guernsey

The largest parent undertaking for which Group financial statements are prepared is Louis Dreyfus Holding B V Copies of these group financial statements may be obtained from Zuidplein 208 Tower H, L 25, 1077XV Amsterdam, Netherlands