

Appendix 4D

Half Year Report

Name of entity

WILLMOTT FORESTS LIMITED

ABN or equivalent
company reference

17 063 263 650

Half yearly
(tick)



Half Year ('current
period')

31 December 2003

Previous Corresponding Period

31 December 2002

Results for announcement to the market

(Rule 4.2A.3 Item No. 2)

\$A'000

Revenues from ordinary activities (Rule 4.2A.3 Item No. 2.1)	up	76.7%	to	\$19,194
Profit (loss) from ordinary activities after tax attributable to members (Rule 4.2A3 Item No. 2.2)	down	16.8%	to	\$ 2,933
Net profit (loss) for the period attributable to members (Rule 4.2A3 Item 2.3)	down	16.8%	to	\$ 2,933
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		Nil¢		Nil¢
Interim dividend		2¢		2¢
Total (Rule 4.2A3 Item No. 2.4)		2¢		2¢
⁺ Record date for determining entitlements to the dividend (Rule 4.2A3 Item No. 2.5)	1 st March 2004			
Brief explanation of any of the figures reported above (Rule 4.2A3 Item No. 2.6)				
<u>Review of Operations</u>				
The Company recorded a half year Net Profit, after tax, of \$2.9m from total revenue of \$19.2m compared to the previous corresponding period of \$3.5m from revenues of \$10.8m.				
As announced previously (10 th December 2003) agricultural conditions prevailing in the Bombala region, in which the Company operates, have dictated that plantation development activities will continue to be carried out in the second half of the financial year. At the 30 th June 2003 the Company had deferred plantation development revenue of \$14.6m relating to its 2003 year woodlot sales. The December 2003 half year accounts have recognized \$7m of this revenue with the balance of \$7.6m to be recognized in the full financial year accounts.				
In the previous corresponding financial period to the 31 st December 2002 all plantation development activities had been completed and no revenue was carried forward to the second half year.				
The effect of the delay in plantation development activities is that reported half year profits are down on the				

previous year when all plantation development activities had been completed. The Company remains on target to achieve net profit, after tax, in excess of the level achieved in the 2003 financial year (\$5.4m).

The Company currently has two projects on market, a retail prospectus known as the Willmott Forests Project – 2004 Prospectus and Willmott Forests Professional Investor 2003 Project. Each of these projects have been issued with an Australian Taxation Office Product Ruling.

The Company has continued to expand its Dealer network and market its products for development of softwood plantations.

The Company purchased the goodwill and timber processing plant assets of Prime Pine Pty Ltd on 25th July 2003 and has operated the business on a positive cash flow basis since this date.

The Company commenced operation of its sawmill plant in Bombala from the 1st July 2003. Initial trading losses have been incurred in the start up phase of this plant. The losses will be reduced in the second half of the financial year as the plant becomes fully operational.

Terms Receivables of \$4,044,048 were securitised during the period.

Net tangible assets per security

(Rule 4.2A3 Item No. 3)

	31/12/2003	31/12/2002
Net Tangible Assets Per Share	\$1.18	\$1.14

Details of entities over which control was gained during the period

(Rule 4.2A3 Item No. 4)

None

Details of entities over which control was lost during the period

(Rule 4.2A3 Item No. 4)

None

Dividend details

(Rule 4.2A3 Item No. 5)

A final dividend of 3.255¢ per share, fully franked, was paid by the Company on the 1st July 2003. An interim dividend of 2¢ per share, fully franked, has been declared by the Company and is payable on the 22nd March 2004. The record date for determining entitlements to the dividend is 1st March 2004.

Dividend reinvestment plan (DRP)

(Rule 4.2A3 Item No. 6)

The company operates a Dividend Reinvestment Plan to provide shareholders with the choice of reinvesting some or all of their dividends in new securities at a 5% discount to the prevailing market price. The last date for receipt of election notices under the Dividend Reinvestment Plan is 1st March 2004.

Details of associates and joint ventures

(Rule 4.2A3 Item No. 7)

None

Foreign entities

(Rule 4.2A3 Item No. 8)

Not applicable

Audit

(Rule 4.2A3 Item No. 9)

The accounts are not subject to audit dispute of qualification.

Sign here:



(Director/Company Secretary)

Date: 26 February 2004

JONATHAN DAVID MADGWICK



**WILLMOTT FORESTS LIMITED
and controlled entities**

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2003**

**Willmott Forests Limited
ABN 17 063 263 650**

Corporate Directory

Willmott Forests Limited

ABN 17 063 263 650

Directors

James William Antony Higgins (Chairman)
Marcus Derham (Managing Director)
Jonathan David Madgwick
Hugh Thomas Davies

Company Secretary

Jonathan David Madgwick

Registered Office

335 Ferrars Street
ALBERT PARK VIC 3206

Telephone: 61 3 9696 1355
Facsimile: 61 3 9696 5567
enquiries@willmottforests.com.au
www.willmottforests.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
MELBOURNE VIC 3000
Enquiries within Australia 1300 850 505
Enquiries outside Australia 61 3 9615 5970

Solicitors

Mallesons Stephen Jaques
Level 28
Rialto 525 Collins Street
MELBOURNE VIC 3000

Auditors

Armstrong Partners
Level 5
150 Albert Road
SOUTH MELBOURNE VIC 3205

Bankers

Commonwealth Bank of Australia
367 Collins Street
MELBOURNE VIC 3000

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WILLMOTT FORESTS LIMITED and controlled entities
A.B.N. 17 063 263 650

Directors' Report

The Directors of Willmott Forests Limited present their report together with the financial report of Willmott Forests Limited and controlled entities ("the economic entity") for the half year ended 31 December 2003, and the auditors' review thereon.

The Directors in office at any time during or since the end of the period are:

Mr James William Antony Higgins	Chairman
Mr Marcus Derham	Managing Director
Mr Jonathan David Madgwick	
Mr Hugh Thomas Davies	
Mr Ian Richard Bond	(retired 31 October 2003)

Directors have been in office since the start of the period unless otherwise stated.

Results

The consolidated profit of the economic entity, after providing for income tax, amounted to \$2,933,452 (2002: \$3,528,034).

Dividends

Dividends paid as follows

- Ordinary fully franked dividend of 3.255 cents per share paid as recommended in the 30 June 2003 report on 1 July 2003 : \$1,316,199; and
- Ordinary fully franked interim dividend of 2.0 cents per share to be paid on 22 March 2004; \$ 976,402

The amounts set out above have been paid by the company during the financial period or have been declared by the directors or the company, by way of dividend, but not paid to the date of this report.

Review of Operations

The economic entity currently has two projects on market, a retail prospectus known as the Willmott Forests Project – 2004 Prospectus and the Willmott Forests Professional Investor 2003 Project. Each of these projects have been issued with an Australian Taxation Office Product Ruling.

The economic entity has continued to expand its Dealer network and market its products for development of softwood plantations.

The economic entity purchased the goodwill and timber processing plant assets of Prime Pine Pty Ltd on 25 July 2003 and has operated the business on a positive cash flow basis since this date.

The economic entity has commenced operation of its sawmill plant in Bombala from the 1st July 2003. Initial trading losses have been incurred in the start up phase of this plant. The losses will be reduced in the second half of the financial year as the plant becomes fully operational.

Terms Receivables of \$4,044,048 were securitised during the period.

WILLMOTT FORESTS LIMITED and controlled entities
A.B.N. 17 063 263 650

Directors' Report (cont'd)

Capital Raising

On 1 July 2003 the company issued 86,393 shares at \$1.07 under the Dividend reinvestment plan.

On 15 August 2003 the company issued 18,877 shares at \$0.56 under the Dealer option plan.

On 22 August 2003 the company made a placement 1,818,182 new shares at \$1.10 per share associated with the purchase of the Prime Pine timber processing business.

On 3 October and 11 November 2003 the company made placement of 4,263,042 and 2,090,910 new shares respectively at \$1.37 each.

On 28 November and 10 December the company issued 28,908 and 27,166 shares respectively at \$0.78 and \$0.56 under the Dealer option plan.

On 19 December the company issued 50,399 shares at \$2.00 under the Employee share scheme.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the half year to 31 December 2003 and the date of this report any other matter of circumstance, in the opinion of the directors of the economic entity, that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in the subsequent financial years.

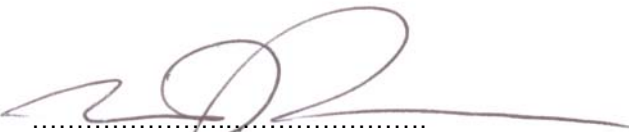
Proceedings on behalf of the economic entity


No person has applied for leave of a court to bring proceedings on behalf of the economic entity or intervene in any proceedings to which the economic entity is a party for the purpose of taking responsibility on behalf of the economic entity for all or any part of those proceedings.

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

Dated at Melbourne, on 24 February 2004.

Signed in accordance with a resolution of the Directors:


.....
Marcus Derham
Director


.....
Jonathan David Madgwick
Director

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**
(The accompanying notes form part of these financial statements)

	Note	ECONOMIC ENTITY	
		31 December 2003 \$	31 December 2002 \$
Revenue from ordinary activities	2(b)	19,194,255	10,861,793
Depreciation and amortisation		(691,845)	(112,935)
Borrowing cost expense		(948,535)	(425,319)
Employee Costs		(3,568,175)	(1,476,634)
Other expenses from ordinary activities		(9,779,501)	(3,824,208)
Profit from ordinary activities before income tax expense		4,206,199	5,022,697
Income tax expense attributable to ordinary activities		(1,272,799)	(1,541,182)
Net Profit from ordinary activities after income tax expense		2,933,400	3,481,515
Net loss attributable to outside equity interests		52	46,519
Net Profit attributable to members of the parent entity		2,933,452	3,528,034
Share Issue Costs		(348,196)	-
Total revenues, expenses and valuation adjustments attributable to members and recognised directly in equity		(348,196)	-
Total changes in equity other than those resulting from transactions with owners as owners		2,585,256	3,528,034
Basic Earnings per share		6.91c	8.75c
Diluted Earnings per share		6.66c	8.45c

STATEMENT OF FINANCIAL POSITION – AS AT 31 DECEMBER 2003
(The accompanying notes form part of these financial statements)

	ECONOMIC ENTITY	
	31 December 2003 \$	30 June 2003 \$
Current Assets		
Cash	13,980,766	6,029,525
Receivables	6,552,665	7,269,829
Inventories	1,960,013	5,033,034
Other	3,774,593	4,523,674
Total Current Assets	26,268,037	22,856,062
Non-Current Assets		
Receivables	67,915,366	71,786,351
Investments	5,465,117	5,057,352
Property, plant and equipment	23,238,364	14,637,564
Self-generating and regenerating assets	4,657,874	4,353,789
Intangibles	1,675,247	-
Other	907,027	200,977
Total Non-Current Assets	103,858,995	96,036,033
TOTAL ASSETS	130,127,032	118,892,095
Current Liabilities		
Accounts payable	3,343,246	4,940,783
Borrowings	1,525,060	406,551
Provisions	15,185,394	27,216,271
Total Current Liabilities	20,053,700	32,563,605
Non-Current Liabilities		
Borrowings	26,131,275	14,409,977
Provisions	24,705,191	25,229,295
Total Non-Current Liabilities	50,836,466	39,639,272
TOTAL LIABILITIES	70,890,166	72,202,877
NET ASSETS (LIABILITIES)	59,236,866	46,689,218
Equity		
Contributed equity	38,269,288	27,678,638
Retained profits	20,962,703	19,005,653
Outside equity interest	4,875	4,927
TOTAL EQUITY	59,236,866	46,689,218

STATEMENT OF CASH FLOWS - FOR THE HALF YEAR ENDED 31 DECEMBER 2003
(The accompanying notes form part of these financial statements)

	ECONOMIC ENTITY	
	31 December 2003 \$	31 December 2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,820,026	799,368
Interest received	3,248,146	2,700,603
Payments to suppliers & employees	(14,349,707)	(5,941,831)
Borrowing costs paid	(948,534)	(425,329)
Income taxes paid	(1,710,889)	(1,038,027)
Net cash provided by (used in) operating activities	(9,940,958)	(3,905,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(8,389,423)	(1,012,263)
Realisation of (payments for) investments	4,108,494	3,372,589
Net cash provided by (used in) investing activities	(4,280,929)	2,360,326
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	10,649,521	65,085
Proceeds from (to) outside equity interests	-	69,090
Proceeds from (repayment of) borrowings	12,839,807	527,978
Dividends paid	(1,316,200)	(1,077,941)
Net cash provided by (used in) financing activities	22,173,128	(415,788)
Net increase (decrease) in cash held	7,951,241	(1,960,678)
Cash at beginning of period	6,029,525	5,068,964
Cash at end of period	13,980,766	3,108,286

[NOTE 1] STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half year consolidated financial statements are a general purpose financial report prepared in accordance with AASB 1029: *Interim Financial Reporting* and other professional reporting requirements.

The half year report does not include full disclosure of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Willmott Forests Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual financial report. The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

Comparatives

In accordance with AASB 1029: *Interim Financial Reporting*:

Comparatives for Statement of Financial Position items are based on 30 June 2003

Comparatives for Statement of Financial Performance and Statement of Cash Flows are based on 31 December 2002

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	ECONOMIC ENTITY	
	December 2003	December 2002
	\$	\$
[NOTE 2] PROFIT FROM ORDINARY ACTIVITIES		
(a) Profit from ordinary activities before income tax has been determined after:		
Crediting as Income:		
Interest received:		
Bank	184,583	34,981
Other persons	3,375,631	2,937,457
Net gain on disposal of non current assets	9,316	2,793
Charging as Expense:		
Borrowing costs:		
Bank	700,700	392,096
Other persons	247,835	33,223
Movement in Provisions:		
Depreciation of property, plant and equipment	654,544	112,935
Amortisation of goodwill	37,301	-
Net loss on disposal of non-current assets	18,148	-
Remuneration of the auditors:		
Auditing the Accounts	31,500	26,904
Other Services	24,587	9,210
(b) Revenue from ordinary activities:		
Included in operating profit are the following items of operating revenue:		
Plantation Income	8,154,110	7,580,037
Timber & Products Sales	6,835,227	-
Interest	3,560,214	2,972,438
Increment in Net Market Value – Forest Plantations	304,085	261,157
Other Income	340,619	48,161
	19,194,255	10,861,793

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2003

[NOTE 3] SEGMENT INFORMATION

The economic entity operates in the Management Investment Scheme (MIS) and Timber Processing industries, in the Bombala and surrounding regions of South East New South Wales and North East Victoria.

	MIS Services		Milling		Consolidated	
	6 months to Dec 2003	6 months to Dec 2002	6 months to Dec 2003	6 months to Dec 2002	6 months to Dec 2003	6 months to Dec 2002
REVENUE						
External income	12,328,774	10,861,793	6,865,481	-	19,194,255	10,861,793
RESULT						
Segment result	4,698,185	5,022,697	(491,986)	-	4,206,199	5,022,697
Profit from ordinary activities before income tax	4,698,135	5,022,697	(491,986)	-	4,206,199	5,022,697
Income tax expense					(1,272,799)	(1,541,182)
Profit (loss) from ordinary activities after income tax					2,933,400	3,481,515
Acquisition of property plant & equipment and intangible assets	2,699,939	1,015,057	8,342,017	-	11,041,956	1,015,057
Depreciation	143,484	112,935	511,060	-	654,544	112,935
Non-cash expenses other than depreciation	-	-	37,301	-	37,301	-
Interest	713,109	425,319	235,426	-	948,535	425,319
	MIS Services		Milling		Consolidated	
	As at Dec 2003	As at June 2003	As at Dec 2003	As at June 2003	As at Dec 2003	As at June 2003
Segment assets	114,168,118	117,080,342	15,958,914	1,012,553	130,127,032	118,092,895
Segment liabilities	60,167,539	72,157,769	9,746,225	45,108	69,913,764	72,202,877


WILLMOTT FORESTS LIMITED and controlled entities
A.B.N. 17 063 263 650

Directors Declaration

The directors of Willmott Forests Limited declare that:

1. The financial statements and notes set out on pages 1 to 11 are in accordance with the Corporations Act 2001 , including:
 - (a) comply with Accounting Standard AASB 1029: *Interim Financial Reporting* and the Corporations Regulations; and
 - (b) giving a true and fair view of the financial position of the consolidated company as at 31 December 2003 and of its performance , as represented by the results of its operations and cash flows for the half year ended on that date ;
2. In the directors' opinion there are reasonable grounds to believe that the company and its controlled entities will be able to pay its debts as and when they become due and payable.

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


.....
Marcus Derham
Director


.....
Jonathan David Madgwick
Director

Dated at Melbourne on 24 February 2004

Armstrong Partners

CHARTERED ACCOUNTANTS

Independent Review Report to the members of Willmott Forests Limited

Scope

We have reviewed the financial report of Willmott Forests Limited for the half year ended 31 December 2003 as set out on pages 6 to 12. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the levels of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Willmott Forests Limited is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the economic entity's financial position at 31 December 2003 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: *Interim Financial Reporting* and the Corporations Regulations; and
- (b) other mandatory reporting requirements

Armstrong Partners



David A Armstrong
Principal

dated this 25 February 2004