Q2 2011 Interim Report

President's Letter

To our Shareholders,

We are pleased to report the operating and financial results for Acadian Timber Corp.'s ("Acadian") three month period ended June 25, 2011 (herein referred to as the "second quarter"). While the second quarter of the year is traditionally our weakest due to seasonal operating conditions, Acadian experienced particularly wet operating conditions in the second quarter of 2011 which further constrained harvesting opportunities. Acadian generated net sales of $11.7 million on consolidated sales volume of 243 thousand m³ in the second quarter of 2011. This compares to net sales of $12.1 million on consolidated sales volume of 270 thousand m³ in the second quarter of 2010. Acadian generated EBITDA of $0.6 million, which was $0.4 million lower than the second quarter of 2010.

Operations

Acadian continued to demonstrate strong safety performance during the second quarter with no recordable safety incidents among employees and one recordable incident related to a New Brunswick contractor, from which the individual has fully recovered.

Acadian's weighted average selling price across all products increased by 9% year-over-year largely attributable to improved market conditions. Hardwood pulpwood which accounted for 36% of consolidated sales volume, increased 6% year-over-year while pricing for softwood pulpwood improved by 11% over the same period. Prices for softwood and hardwood sawlogs increased by 3% and declined by 3%, respectively, in the second quarter of 2011 as compared to the second quarter of 2010. Biomass markets remained stable during the quarter while year-over-year pricing comparisons were not meaningful owing to changes in the point of sale (roadside versus delivered). Please note that the traditionally low level of production and sales in the second quarter leads to considerable volatility in period-over-period price comparisons reducing their utility.

Outlook

Signals for recovery of the U.S. housing continue to be very weak suggesting that any robust recovery of this market remains somewhat distant. However, Acadian continues to benefit from most of its softwood sawmilling customers maintaining active operations and, as a result, demand for spruce-fir sawlogs continues to be strong causing our outlook to be cautiously optimistic for the remainder of 2011. Markets for Acadian's other softwood species are mixed, with demand for hemlock being very strong while markets for white pine and cedar are softer. Spruce-fir comprises the majority of softwood sawlog sales.

Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for both softwood and hardwood pulp logs are strong with demand and pricing continuing to improve. While consensus expectations appear to forecast softening pulp markets during the second half of 2011, Acadian's major hardwood pulpwood customers are currently operating and actively competing for deliveries suggesting prices will remain stable through the third quarter with a possible softening of demand late in the year. Acadian continues to be able to sell all of its biomass, although more optimistic expectations for growth of this market have moderated with current low natural gas prices and little expectation of new economic incentives for conversion to renewable fuels in the United States.

Acadian continues to have a solid balance sheet, healthy and diverse markets and a strong operating team that remains committed to continuously improving our financial performance. We thank you for your continued support of Acadian Timber Corp.

Reid Carter
President and Chief Executive Officer
July 27, 2011

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Corp. ("Acadian" or the "Company") is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine. Acadian owns and manages approximately 765,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands.

Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass byproducts, sold to over 100 regional customers. Acadian's business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time.

Basis of Presentation

This section of our interim report presents management's discussion and analysis ("MD&A") of our financial results and is followed by our consolidated financial statements for the most recent period. The MD&A is intended to provide you with an assessment of our performance during the three-month period ended June 25, 2011, (herein referred to as the "second quarter") and the six-month period ended June 25, 2011 compared to the three- and six-month periods ended June 26, 2010.

Our second quarter financial results are determined in accordance with IAS 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged, unless otherwise noted.

As this is Acadian's first fiscal year of reporting in accordance with IFRS, the values on the balance sheets, statements of net income and statements of cash flows differ materially from those previously reported. Note 12, Transition to IFRS, of the Interim Condensed Consolidated Financial Statements, provides detailed explanations and reconciliations of the affect of IFRS on the balances previously reported.

This MD&A has been prepared based on information available as at July 27, 2011. Additional information is available on Acadian's website at *www.acadiantimber.com* and on SEDAR's website at *www.sedar.com*.

Non-IFRS Measures

Throughout the MD&A, reference is made to earnings before interest, taxes, depreciation and amortization ("EBITDA") and free cash flow. Management believes that EBITDA and free cash flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. As EBITDA and free cash flow do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income as determined in accordance with IFRS, to EBITDA and free cash flow in the "Free Cash Flow" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2010. There have been no changes in our disclosure controls and procedures during the period ended June 25, 2011 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2010. There have been no changes in our internal controls over financial reporting during the period ended June 25, 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Second Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three Months Ended		Six Months Ended	
Three Months Ended (CAD thousands, except where indicated)	**June 25, 2011**	June 26, 2010	**June 25, 2011**	June 26, 2010
Total				
Sales volume (000s m^3)	**242.7**	270.0	**669.1**	671.0
Net sales	**$ 11,723**	$ 12,137	**$ 33,479**	$ 32,595
EBITDA	**608**	971	**7,873**	6,710
EBITDA margin	**5%**	8%	**24%**	21%
Free cash flow	**$ (37)**	$ (391)	**$ 7,015**	$ 4,588
Net income[1]	**(261)**	565	**2,673**	25,645
Dividends declared	**3,451**	836	**6,902**	1,952
Payout ratio	**n/a**	n/a	**98%**	43%
Total assets	**$ 277,522**	$ 280,682	**$ 277,522**	$ 280,682
Total debt financing	**71,593**	76,811	**71,593**	76,811
Per share (fully diluted)				
Free cash flow	**$ —**	$ (0.02)	**$ 0.42**	$ 0.27
Dividends declared	**0.20**	0.05	**0.41**	0.12
Net income[1]	**(0.02)**	0.03	**0.16**	1.53
Book value	**10.74**	10.69	**10.74**	10.69
Common Shares outstanding	**16,731,216**	16,731,216	**16,731,216**	16,731,216

[1] Net income includes the impact of deferred income tax recovery/expense, depreciation and amortization expense and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

Free Cash Flow

Free cash flow for the three and six months ended June 25, 2011 was nil and $7.0 million, respectively, as compared to negative $0.4 million and positive $4.6 million during Acadian's second quarter and first six months of operations in 2010. Based on free cash flow generated to date, Acadian's undrawn revolving credit facility and existing cash reserves, Acadian is well positioned to meet dividend targets throughout 2011.

Free cash flow from operations represents cash that is generated from the sale of our timber, from land management service contract activities and from the sale of non-timber products. Harvest volumes, excluding biomass, for the second quarter and first six months of 2011 were 194 thousand m^3 and 566 thousand m^3, respectively, which was well within the harvest limits reflected by Acadian's Long Run Sustained Yield ("LRSY").

The following table provides a reconciliation of net income (loss), as determined in accordance with IFRS, to free cash flow from operations during each respective period:

Three Months Ended (CAD thousands)	Three Months Ended **June 25, 2011**	Three Months Ended June 26, 2010	Six Months Ended **June 25, 2011**	Six Months Ended June 26, 2010
Net income[1]	**$ (261)**	$ 565	**$ 2,673**	$ 25,645
Add (deduct):				
Interest expense, net	**737**	1,097	**1,677**	1,856
Deferred tax expense	**782**	603	**1,866**	1,481
Depreciation and amortization	**135**	121	**272**	241
Fair value adjustments	**(1,235)**	(1,415)	**398**	(1,427)
Unrealized exchange loss on long-term debt	**450**	—	**987**	—
Gain on corporate conversion	**—**	—	**—**	(21,086)
EBITDA	**608**	971	**7,873**	6,710
Deduct:				
Interest paid on debt, net	**(639)**	(1,097)	**(844)**	(1,856)
Capital expenditures	**(8)**	(263)	**(16)**	(264)
Gain on sale of timberlands	**(97)**	(30)	**(98)**	(32)
Proceeds on sale of timberlands	**99**	28	**100**	30
Free cash flow	**$ (37)**	$ (391)	**$ 7,015**	$ 4,588
Dividends declared	**$ 3,451**	$ 836	**$ 6,902**	$ 1,952

[1] Net income includes the impact of deferred income tax recovery/expense, depreciation and amortization expense and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

The following table provides a comparison of dividends declared on common shares during the three and six months ended June 25, 2011 and during the comparable periods in 2010, to the net income and cash flow from operating activities recorded during each of these respective periods.

Three Months Ended (CAD thousands)	Three Months Ended **June 25, 2011**	Three Months Ended June 26, 2010	Six Months Ended **June 25, 2011**	Six Months Ended June 26, 2010
Net Income[1]	**$ (261)**	$ 565	**$ 2,673**	$ 25,645
Cash flow from operating activities	**(1,393)**	(2,493)	**7,652**	4,100
Actual cash dividends declared on common shares	**3,451**	836	**6,902**	1,952
Excess (shortfall) of cash flows from operating activities over dividends	**(4,844)**	(3,329)	**750**	2,148
Excess (shortfall) of net income over cash dividends	**$ (3,712)**	$ (271)	**$ (4,229)**	$ 23,693

[1] Net income includes the impact of deferred income tax recovery/expense, depreciation and amortization expense and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

In determining the appropriate level of dividends, our Board of Directors considers the historic and forecasted quarterly free cash flow of Acadian. Given the seasonality of Acadian's operations, the Company's performance may vary significantly on a quarter by quarter basis. The payout ratio during the second quarter is not meaningful given this seasonality.

As described in more detail on page 9 of this report, Acadian has borrowings totaling $71.6 million that have a security interest over the assets and contain certain restrictive covenants relating to debt incurrence, sale of assets, and the maintenance of certain financial ratios, none of which are in default as at June 25, 2011. These covenants are not expected to restrict the ability of the Company to pay dividends to its shareholders. The obligations of these borrowings over the next five years are disclosed on page 14 of this report. All interest payments on the existing debt obligations are incurred in order to sustain the Company's productive capacity and are thus considered in determining the free cash flow of Acadian.

Market Conditions

Acadian traditionally experiences very low levels of operating, marketing and selling activity during the second quarter of each year owing to spring break-up which causes much of the infrastructure to be temporarily inoperable. Cold weather early in the first quarter of 2011 allowed Acadian's New Brunswick operations to continue to harvest into early April allowing log sales to continue into the early part of the quarter. However, this benefit was offset by wet weather late in the quarter delaying production start-up following spring break-up thereby reducing the total sales volume for the period.

The market for hardwood and softwood sawlogs and pulpwood was relatively strong during the second quarter with demand and pricing for hardwood pulpwood being particularly strong. Regional operating levels continued to be positive with most sawmills operating and many on two shifts and all of Acadian`s pulp and paper customers operating at close to full production during the second quarter. Acadian's weighted average selling price across all products increased 9% year-over-year. Softwood sawlog prices increased by 3% year-over-year representing 34% of sales while prices for hardwood sawlogs declined by 3% representing 4% of sales. Selling prices for hardwood and softwood pulpwood increased by 6% and 11%, respectively year-over-year. Prices for biomass increased by 62% year-over-year, although this change is largely due to a change in selling strategy from pricing on a roadside basis versus a delivered basis. It is important to note that the traditionally low level of production and sales in the second quarter leads to considerable volatility in period-over-period price comparisons reducing their utility.

Results from Operations

The second quarter of each year is traditionally the weakest due to limited access to roads and timberlands as the ground thaws. While net sales of $11.7 million and sales volume of 243 thousand m^3 were well below the first quarter results, they were comparable to the second quarter 2010 results of $12.1 million and 270 thousand m^3. EBITDA of $0.6 million for the second quarter of 2011 was $0.4 million lower than Acadian's EBITDA in the second quarter of 2010, while EBITDA margin of 5% was relatively comparable to the same period of 2010.

For the six months ended June 25, 2011, Acadian generated net sales of $33.5 million on sales volume of 669 thousand m^3 as compared to net sales of $32.6 million on sales volume of 671 thousand m^3 in the comparable period of 2010.

EBITDA of $7.9 million during the six months ended June 25, 2011 is $1.2 million higher than the first half of 2010.

Income Tax Expense

Included in net income for the three months and six months ended June 25, 2011 is deferred income tax expense of $0.8 million and $1.9 million, respectively (2010 – $0.6 million and $1.5 million, respectively).

Segmented Results of Operations

The table below summarizes operating and financial results for the New Brunswick and Maine timberlands:

Three Months Ended June 25, 2011 (CAD thousands)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volumes (000s m^3)	**222.1**	**20.6**	**—**	**242.7**
Net sales	**$ 10,617**	**$ 1,106**	**$ —**	**$ 11,723**
EBITDA	**$ 1,139**	**$ (148)**	**$ (383)**	**$ 608**
EBITDA margin	**11%**	**(13)%**	**n/a**	**5%**

Three Months Ended June 26, 2010 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m^3)	221.6	48.4	—	270.0
Net sales	$ 9,724	$ 2,413	$ —	$ 12,137
EBITDA	$ 905	$ 257	$ (191)	$ 971
EBITDA margin	9%	11%	n/a	8%

Six Months Ended June 25, 2011 (CAD thousands)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volumes (000s m^3)	**574.7**	**94.4**	**—**	**669.1**
Net sales	**$ 28,548**	**$ 4,931**	**$ —**	**$ 33,479**
EBITDA	**$ 7,494**	**$ 1,081**	**$ (702)**	**$ 7,873**
EBITDA margin	**26%**	**22%**	**n/a**	**24%**

Six Months Ended June 26, 2010 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m^3)	543.5	127.5	—	671.0
Net sales	$ 26,155	$ 6,440	$ —	$ 32,595
EBITDA	$ 5,981	$ 1,423	$ (694)	$ 6,710
EBITDA margin	23%	22%	n/a	21%

NB Timberlands

NB Timberlands owns and manages 765,000 acres of freehold timberlands, provides management services relating to approximately 1.3 million acres of Crown licensed timberlands, and owns a forest nursery. Approximately two-thirds of harvesting operations are performed by third-party contractors and one-third by NB Timberlands employees.

The table below summarizes operating and financial results for NB Timberlands:

	Three Months Ended June 25, 2011			Three Months Ended June 26, 2010		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**88.9**	**96.3**	**$ 5,131**	71.6	72.4	$ 3,888
Hardwood	**87.6**	**91.6**	**5,315**	73.0	99.1	5,633
Biomass	**34.2**	**34.2**	**472**	50.2	50.1	393
	210.7	**222.1**	**10,918**	194.8	221.6	9,914
Other sales			**(301)**			(190)
Net sales			**$ 10,617**			$ 9,724
EBITDA			**$ 1,139**			$ 905
EBITDA margin			**11%**			9%

	Six Months Ended June 25, 2011			Six Months Ended June 26, 2010		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**254.8**	**252.6**	**$ 12,714**	205.8	194.6	$ 10,208
Hardwood	**225.2**	**218.2**	**12,921**	213.9	240.8	13,346
Biomass	**103.9**	**103.9**	**1,635**	108.2	108.1	1,575
	583.9	**574.7**	**27,270**	527.9	543.5	25,129
Other sales			**1,278**			1,026
Net sales			**$ 28,548**			$ 26,155
EBITDA			**$ 7,494**			$ 5,981
EBITDA margin			**26%**			23%

Softwood, hardwood and biomass shipments were 96 thousand m³, 92 thousand m³ and 34 thousand m³, respectively, for the second quarter of 2011. Approximately 37% was sold as sawlogs, 48% as pulpwood and 15% as biomass. This compares to 36% sold as sawlogs, 41% as pulpwood and 23% as biomass in the second quarter of 2010.

Net sales for the second quarter of 2011 was $10.6 million (2010 – $9.7 million) with an average selling price across all products of $49.18 per m³ which compares to an average selling price of $44.74 per m³ during the second quarter of 2010. The year-over-year increase in the average selling price resulted from improved spruce-fir sawlog demand and strong hardwood pulpwood markets. Net sales for the first six months ended June 25, 2011 were $28.5 million, an increase of $2.4 million over the first half of 2010.

Costs for the second quarter were $9.5 million (2010 – $8.8 million). Variable costs per m³ were 4% higher than the second quarter of 2010 as a result of sales made to more distant markets, particularly for hardwood pulpwood.

EBITDA for the second quarter was $1.1 million, compared to $0.9 million in the comparable period of 2010. For the six months ended June 25, 2011, EBITDA was $7.5 million as compared to $6.0 million for the first half of 2010. EBITDA margin increased to 11%, as compared to 9% for the second quarter of 2010, primarily reflecting the impact of increased proportion of softwood sawlog sales volume and higher prices for pulpwood.

During the second quarter of 2011, NB Timberlands experienced no recordable safety incidents among employees and one recordable incident among contractors from which the individual has fully recovered.

Maine Timberlands

Maine Timberlands owns and operates 310,000 acres of freehold timberlands and is operated exclusively by third-party contractors.

The table below summarizes operating and financial results for Maine Timberlands:

	Three Months Ended June 25, 2011			Three Months Ended June 26, 2010		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**11.7**	**11.8**	**$ 627**	32.9	33.0	$ 1,623
Hardwood	**5.8**	**6.7**	**380**	10.9	11.7	638
Biomass	**2.1**	**2.1**	**13**	3.7	3.7	52
	19.6	**20.6**	**1,020**	47.5	48.4	2,313
Other sales			**86**			100
Net sales			**$ 1,106**			$ 2,413
EBITDA			**$ (148)**			$ 257
EBITDA margin			**(13)%**			11%

	Six Months Ended June 25, 2011			Six Months Ended June 26, 2010		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**70.0**	**70.0**	**$ 3,685**	93.9	93.6	$ 4,755
Hardwood	**16.4**	**17.8**	**1,045**	28.2	27.9	1,394
Biomass	**6.6**	**6.6**	**57**	6.0	6.0	122
	93.0	**94.4**	**4,787**	128.1	127.5	6,271
Other sales			**144**			169
Net sales			**$ 4,931**			$ 6,440
EBITDA			**$ 1,081**			$ 1,423
EBITDA margin			**22%**			22%

Softwood, hardwood and biomass shipments were 12 thousand m³, 7 thousand m³ and 2 thousand m³, respectively, for the second quarter of 2011. Approximately 50% was sold as sawlogs, 40% as pulpwood and 10% as biomass. This compares to 49% sold as sawlogs, 43% as pulpwood and 8% as biomass in the second quarter of 2010.

Net sales for the second quarter of 2011 were $1.1 million (2010 – $2.4 million) with an average selling price across all products of $49.61 per m³ which compares to an average selling price of $47.79 per m³ during the second quarter of 2010. This variance in sales price was primarily attributable to greater demand for sawlogs of all species groups. A stronger Canadian/U.S. dollar exchange rate year-over-year reduced the benefit of these market changes in Canadian dollar terms. Sales volume was limited due to poor weather conditions in the region resulting in a late start from spring break up. Net sales for the first six months ended June 25, 2011 were $4.9 million, a decrease of $1.5 million over the first half of 2010.

Costs for the second quarter were $1.3 million (2010 – $2.2 million). Variable costs per m³ decreased 6% in Canadian dollar terms and 2% in U.S. dollar terms. This decrease reflects increased sales to closer markets in the second quarter of 2011.

EBITDA for the second quarter was negative $0.1 million, compared to positive $0.3 million in the comparable period of 2010. For the six months ended June 25, 2011, EBITDA was $1.1 million as compared to $1.4 million for the first half of 2010. EBITDA margin averaged negative 13% in the second quarter of 2011 as compared to positive 11% during the second quarter of 2010, although this negative margin simply reflects the low sales volume which resulted in lower contribution to fixed costs.

We are pleased to report that during the second quarter of 2011, Maine Timberlands experienced no recordable safety incidents among employees or contractors.

Financial Position

As at June 25, 2011, Acadian's balance sheet consisted of total assets of $277.5 million (December 31, 2010 - $282.4 million), represented primarily by timberlands, logging roads and fixed assets of $248.8 million (December 31, 2010 – $250.7 million) and the balance in cash and working capital of $15.8 million (December 31, 2010 – $17.1 million), deferred income tax assets of $5.9 million (December 31, 2010 – $7.5 million), investment property of $0.9 million (December 31, 2010 – $0.9 million) and intangible assets of $6.1 million (December 31, 2010 – $6.1 million). Timber has been recorded at fair value as determined through independent third party appraisal at December 31, 2010 and adjusted for growth estimates and harvest during the six months ended June 25, 2011. Reforestation costs have been expensed as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian's principal sources of liquidity include cash earned from operations and a US$10.0 million revolving credit facility which was undrawn at June 25, 2011. These sources, combined with existing cash and cash equivalents, are expected to allow the Company to meet its operating, debt service, capital expenditure and dividend requirements. As indicated previously, due to the seasonal nature of our business, it is typical that cash reserves are generated in the first quarter of the year and are then drawn down during periods such as the second quarter when harvesting conditions are not ideal. This remains unchanged from the prior year.

The Company expects to pay quarterly dividends to the extent determined prudent by the Company's Board of Directors.

Management will continue to assess financing alternatives which may include the issuance of additional shares and debt when funding requirements such as potential acquisitions and debt maturities, present themselves.

Capital Resources

Borrowings

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with The Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility in an amount up to US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 90 day LIBOR plus applicable margin.

As at June 25, 2011, Acadian has borrowed US$72.5 million under the Term Facility and nil under the Revolving Facility.

As security for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum ratio of loan to appraised value and Acadian is in compliance as of June 25, 2011.

Outstanding Shares

As at June 25, 2011, 16,731,216 common shares were issued and outstanding. The Company is authorized to issue an unlimited number of shares of the same class with equal rights and privileges. Shareholders are entitled to receive dividends as and when declared by the Directors of the Company and are entitled to one vote per share on all matters to be voted on by shareholders at each meeting of shareholders.

As at June 25, 2011, Brookfield owned 7,513,262 common shares. Brookfield's ownership interest is 45% of the outstanding common shares of Acadian.

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for fiscal 2011. Reference should be made to "Forward-looking Statements" on page 17. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

Signals for recovery of the U.S. housing continue to be very weak suggesting that any robust recovery of this market and an improvement in Acadian's softwood sawlog market remains somewhat distant. However, Acadian continues to benefit from most of its softwood sawmilling customers maintaining active operations and, as a result, demand for spruce-fir sawlogs continues to be strong causing our outlook to be cautiously optimistic for the remainder of 2011. Markets for Acadian's other softwoods species are mixed, with demand for hemlock being very strong while markets for white pine and cedar are softer. Spruce-fir comprises the majority of softwood sawlog sales.

Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for both softwood and hardwood pulp logs are strong with demand and pricing continuing to improve. While consensus expectations appear to forecast softening pulp markets during the second half of 2011, Acadian's major hardwood pulpwood customers are currently operating and actively competing for deliveries suggesting prices will remain stable through the third quarter with a possible softening of demand late in the year. Acadian continues to be able to sell all of its biomass although more optimistic expectations for growth of this market have moderated with current low natural gas prices and little expectation of new economic incentives for conversion to renewable fuels in the United States.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and is provided to facilitate additional analysis.

Selected Consolidated Quarterly Information

The table below sets forth selected consolidated quarterly information for the current and last five quarters. See "Additional Quarterly Information" section for the segmented quarterly results.

	2011		2010			
(CAD thousands, except per share data and where indicated)	**Q2**	Q1	Q4	Q3	Q2	Q1
Sales volume (000s m^3)	**243**	426	382	346	270	401
Net sales	**$ 11,723**	$ 21,756	$ 20,581	$ 17,820	$ 12,137	$ 20,458
EBITDA	**608**	7,265	6,393	4,672	971	5,739
Free cash flow	**(37)**	7,052	5,363	3,603	(391)	4,979
Net income[1]	**(261)**	2,934	2,622	3,039	565	25,080
Net income per share - basic	**(0.02)**	0.18	0.16	0.18	0.03	1.50
Net income per share - diluted	**$ (0.02)**	$ 0.18	$ 0.16	$ 0.18	$ 0.03	$ 1.50

[1] Net income includes the impact of deferred income tax recovery, depreciation and amortization expense and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

[2] The historical quarterly summary above has been revised as compared to previous periods to appropriately reflect IFRS adjustments.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. Actual results could differ from these estimates.

Acadian considers the following policies to be most critical in understanding the judgements that are involved in preparing the Company's consolidated financial statements and the uncertainties that could affect the Company's results of operations, financial position and cash flows.

Timber

Timber is stated at fair value less estimated costs of harvesting and sales. The fair value of standing timber is determined by deducting the fair value of higher and better use ("HBU") land, timberland, roads and bridges from the total value of the timberlands business. The value of the timberlands business and the fair value of higher and better use (HBU) land, timberland, roads and bridges are updated annually by licensed independent third party appraisers using a combination of the discounted cash flow and comparable sales value methods.

Quarterly valuations are determined by reducing the value of the timber by the fair value of the timber harvested in the period and adding back the fair value of the estimated timber growth in the period. As well, management reviews the underlying appraisal assumptions to determine if there has been a material change that would require a fair value adjustment based on changes in assumptions.

The fair value of timber harvested is charged to inventory when logs are measured. A distinct value is calculated for each harvest product group based on average market price less average cost of harvest and delivery.

The fair value of timber growth is credited to income based on a periodic growth rate. The value of growth is determined for each product grouping based on average market prices less average cost of harvest and delivery.

Translation of Foreign Currencies

The currency of measurement of the Company's Canadian operations and U.S. operations is the Canadian dollar and U.S. dollar, respectively. Monetary assets and liabilities denominated in a currency other than the operation's currency of measurement are translated at exchange rates prevailing at period end with the associated gain or loss recorded in the consolidated statement of operations.

The accounts of the Company's self-sustaining operations are translated using the current rate method under which assets and liabilities are translated at exchange rates prevailing at the end of the period and revenues and expenses are translated at average exchange rates during the period. Gains or losses on translation are not included in the consolidated statement of operations, but are presented as a separate item in shareholders' equity.

NB Timberlands enters into sales transactions denominated in U.S. dollars and the related revenues and accounts receivables are subject to exchange rate fluctuations. As a result, Acadian's earnings may be adversely affected by exchange rate fluctuations.

The carrying value of the Company's U.S. dollar denominated debt is subject to exchange rate fluctuations. The resulting unrealized gains and losses are recorded in Acadian's earnings in the period incurred.

Cash Flow Hedges

As a qualifying cash flow hedge, the derivative asset was recorded as an asset at its fair value. The effective portion of the gain on the derivative was designated as a cash flow hedge and is reported in other comprehensive income. Amounts in accumulated other comprehensive income are reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Future Accounting Policies

IAS 1 Presentation of Financial Statements

The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to profit and loss will be separated from items that will not. The standard is effective for financial years beginning on or after July 1, 2012 with early adoption permitted. The Company has not determined the impact of the new standard on the financial statements.

IAS 12 Income Taxes

In December 2010, the IASB amended IAS 12 for the recovery of underlying assets and the impact on deferred taxes. The amendments provide a solution to the problem of assessing whether recovery would be through use or through sale when the asset is measured at fair value under IAS 40 Investment Property, by adding the presumption 21 Income Taxes – Recovery of Revalued Non-depreciable Assets, as SIC-21 has been withdrawn. The effective date of amendment is January 1, 2012. The Company is in the process of reviewing the amendment to determine the possible impact on the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the Board also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard on the effective date of January 1, 2013. The Company has not determined the impact of the new standard on the financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation – Special Purpose Entities. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the financial statements.

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements will apply to interests in joint arrangements where there is joint control. IFRS 11 would require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed, equity accounting would be required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IFRS 11 will have a material impact on the Company's financial statements.

IFRS 12 Disclosure of Involvement with Other Entities

The IASB has issued IFRS 12 Disclosure of Involvement with Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. This standard is effective for annual periods beginning on or after January 1, 2013. Entities will be permitted to apply any of the disclosure requirements in IFRS 12 before the effective date. The Company does not believe IAS 12 will have a material impact on the Company's financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the 'exit price', and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the financial statements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 27 will have a material impact on the Company's financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 28 will have a material impact on the Company's financial statements.

Related Party Transactions

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at June 25, 2011, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company. Acadian is also a related party of Twin Rivers Paper Company ("Twin Rivers") as a result of their common significant shareholder.

On April 29, 2010 Fraser Papers Inc. ("Fraser") completed the sale of its specialty papers business including Crown timber harvest rights, two Canadian sawmills, the Edmundston pulpmill and the Madawaska paper mill along with fibre supply agreements between Fraser and Acadian to Twin Rivers. References in this report to Twin Rivers include references to transactions and relationships with Fraser prior to the sale of these assets.

A summary of the significant related party transactions is provided below.

a) Acadian has entered into a number of fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. Total sales to Twin Rivers and Brookfield during the three months ended June 25, 2011 totaled $3.6 million and $nil, respectively, which represented 26% of Acadian's consolidated total sales (2010 – $3.6 million and $0.3 million, respectively, or 27% of total sales). Included in accounts receivable at June 25, 2011 is $3.3 million related to these agreements (June 26, 2010 – $2.3 million). Total sales to Twin Rivers and Brookfield for the six-month period ended June 25, 2011 amounted to $12.5 million (2010 – $11.7 million) and $0.7 million (2010 – $0.8 million), respectively.

b) Maine Timberlands rents space in a shared office building from a wholly-owned subsidiary of Brookfield, which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were $4 thousand and $8 thousand during the three and six-month periods ended June 25, 2011 (2010 – $4 thousand and $8 thousand), respectively.

c) Acadian has entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and six months ended June 25, 2011 totaled $0.5 million (2010 – $0.5 million) and $1.1 million (2010–$1.1 million), respectively. All fees have been fully paid in accordance with the services agreement.

d) On October 14, 2010, Acadian entered into an agreement with the Metropolitan Life Insurance Company to refinance existing debt obligations maturing February 28, 2011 at fixed rates determined as US treasury yield plus margin. To mitigate market risk of US treasury yields changing prior to closing of the loan, Brookfield entered into a rate lock agreement on Acadian's behalf which upon maturity, Acadian assumed the settlement proceeds of. As at December 31, 2010, the derivative asset related to this agreement was valued at $1.6 million and was settled on February 1, 2011 for proceeds of $1.3 million.

Contractual Obligations

The Company has no material capital or operating lease obligations; however, it has three significant contractual obligations related to the supply of fibre to related parties and the provision of management services under a Crown License Agreement at the direction of a related party. See Related Party Transactions for further discussion of these contracts.

A summary of the Company's debt obligations is as follows:

		Payments Due by Period				
(CAD thousands)	Total Available	Total	Less Than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Debt						
Term loan[1]	$71,593	$71,593	$ —	$ —	$71,593	$ —
Revolving credit facility	9,875	—	—	—	—	—
	$81,468	$71,593	$ —	$ —	$71,593	$ —
Interest paid[2]		$14,009	$ 2,889	$ 5,669	$ 5,451	$ —

1. Represents principal of a U.S. dollar denominated term loan with a Canadian to U.S. dollar conversion of 0.9875, excluding the unamortized deferred financing costs incurred in the second quarter of 2011;
2. Interest paid was determined assuming a fixed interest rate at 3.97% with a Canadian to U.S. dollar conversion of 0.9875.

Additional Quarterly Information

The tables below set forth additional quarterly information for the last current eight quarters by reportable segment:

NB Timberlands

	2011 Q2			2011 Q1			2010 Q4			2010 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	**88.9**	**96.3**	**$ 5,131**	165.9	156.3	$ 7,583	95.5	109.5	$ 5667	94.1	98.5	$ 5,150
Hardwood	**87.6**	**91.6**	**5,315**	137.6	126.6	7,606	131.8	136.3	8,233	102.0	96.5	5,587
Biomass	**34.2**	**34.2**	**472**	69.7	69.7	1,163	55.2	55.1	572	68.1	68.2	705
	210.7	**222.1**	**10,918**	373.2	352.6	16,352	282.5	300.9	14,472	264.2	263.2	11,442
Other sales			**(301)**			1,579			1,975			1,828
Net sales			**$ 10,617**			$ 17,931			$ 16,447			$ 13,270
EBITDA			**$ 1,139**			$ 6,355			$ 5,628			$ 3,595
EBITDA margin			**11%**			35%			34%			22%

Maine Timberlands

	2011 Q2			2011 Q1			2010 Q4			2010 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	**11.7**	**11.8**	**$ 627**	58.3	58.2	$ 3,058	55.7	55.6	$ 2,890	58.4	58.4	$ 3,102
Hardwood	**5.8**	**6.7**	**380**	10.6	11.1	665	17.2	19.1	1,135	23.1	21.3	1,275
Biomass	**2.1**	**2.1**	**13**	4.5	4.5	44	6.1	6.3	59	3.0	2.9	35
	19.6	**20.6**	**1,020**	73.4	73.8	3,767	79.0	81.0	4,084	84.5	82.6	4,412
Other sales			**86**			58			50			138
Net sales			**$ 1,106**			$ 3,825			$ 4,134			$ 4,550
EBITDA			**$ (148)**			$ 1,229			$ 1,178			$ 1,275
EBITDA margin			**(13)%**			32%			28%			28%

Corporate

	2011 Q2			2011 Q1			2010 Q4			2010 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	**—**	**—**	**$ —**	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
Biomass	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
	—	**—**	**—**	—	—	—	—	—	—	—	—	—
Other sales			**—**			—			—			—
Net sales			**$ —**			$ —			$ —			$ —
EBITDA			**$ (383)**			$ (319)			$ (439)			$ (170)
EBITDA margin			**n/a**			n/a			n/a			n/a

NB Timberlands

	2010 Q2			2010 Q1			2009 Q4			2009 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	71.6	72.4	$ 3,888	134.2	122.2	$ 6,320	57.4	68.0	$ 3,771	68.6	67.8	$ 3,571
Hardwood	73.0	99.1	5,633	140.9	141.7	7,713	148.7	143.9	7,568	137.5	125.5	6,373
Biomass	50.2	50.1	393	58.0	58.0	1,182	58.8	58.8	1,127	80.2	80.2	1,397
	194.8	221.6	9,914	333.1	321.9	15,215	264.9	270.7	12,466	286.3	273.5	11,341
Other sales			(190)			1,216			767			314
Net sales			$ 9,724			$ 16,431			$ 13,233			$ 11,655
EBITDA			$ 905			$ 5,076			$ 2,538			$ 1,317
EBITDA margin			9%			31%			19%			11%

Maine Timberlands

	2010 Q2			2010 Q1			2009 Q4			2009 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	32.9	33.0	$ 1,623	61.0	60.6	$ 3,132	43.7	43.6	$ 2,109	38.5	40.9	$ 2,044
Hardwood	10.9	11.7	638	17.3	16.2	756	21.2	21.2	1,072	12.4	12.1	558
Biomass	3.7	3.7	52	2.3	2.3	70	7.5	7.5	90	4.1	4.1	43
	47.5	48.4	2,313	80.6	79.1	3,958	72.4	72.3	3,271	55.0	57.1	2,645
Other sales			100			69			45			135
Net sales			$ 2,413			$ 4,027			$ 3,366			$ 2,780
EBITDA			$ 257			$ 1,166			$ 709			$ 690
EBITDA margin			11%			29%			21%			25%

Corporate

	2010 Q2			2010 Q1			2009 Q4			2009 Q3		
	Harvest *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*	**Harvest** *(000s m^3)*	**Sales** *(000s m^3)*	**Results** *($000s)*
Softwood	—	—	$ —	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other sales			—			—			—			—
Net sales			$ —			$ —			$ —			$ —
EBITDA			$ (191)			$ (503)			$ (1,263)			$ (706)
EBITDA margin			n/a			n/a			n/a			n/a

Forward-Looking Statements

This interim management's discussion and analysis ("MD&A") contains forward-looking information and other forward looking statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements made in sections entitled "Market Overview," "Free Cash Flow," "Capital Resources" and "Outlook," and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; and other factors discussed under the heading "Risk Factors" in each of the Annual Information Form of Acadian dated March 28, 2011 and the Management Information Circular of Acadian dated March 28, 2011, and other filings of Acadian made with securities regulatory authorities available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information contained herein may include, but are not limited to: anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions for timber and wood products, and the economic situation of key customers. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward looking statements. Certain statements in this MD&A may also be considered "financial outlook" for the purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian Timber Corp. assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Interim Consolidated Statements of Net Income

(unaudited)

(CAD thousands)	Note	Three Months Ended June 25, 2011	Three Months Ended June 26, 2010	Six Months Ended June 25, 2011	Six Months Ended June 26, 2010
Net sales		**$ 11,723**	$ 12,137	**$ 33,479**	$ 32,595
Operating costs and expenses					
Cost of sales		**9,237**	9,603	**22,224**	22,446
Selling, administration and other		**1,682**	1,547	**3,187**	3,425
Depreciation and amortization		**135**	121	**272**	241
		11,054	11,271	**25,683**	26,112
Operating earnings		**669**	866	**7,796**	6,483
Interest expense, net		**(737)**	(1,097)	**(1,677)**	(1,856)
Other items					
Fair value adjustments	11	**1,235**	1,415	**(398)**	1,427
Unrealized exchange loss on long-term debt		**(450)**	—	**(987)**	—
Reforestation		**(293)**	(46)	**(293)**	(46)
Gain on sale of timberlands		**97**	30	**98**	32
Gain on corporate conversion	3	**—**	—	**—**	21,086
Earnings before income taxes		**521**	1,168	**4,539**	27,126
Deferred tax expense	8	**(782)**	(603)	**(1,866)**	(1,481)
Net income (loss) for the period		**$ (261)**	$ 565	**$ 2,673**	$ 25,645
Net income (loss) per share - basic		**$ (0.02)**	$ 0.03	**$ 0.16**	$ 1.53
Net income (loss) per share - diluted		**$ (0.02)**	$ 0.03	**$ 0.16**	$ 1.53

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(unaudited)

(CAD thousands)	Three Months Ended June 25, 2011	Three Months Ended June 26, 2010	Six Months Ended June 25, 2011	Six Months Ended June 26, 2010
Net income (loss)	**$ (261)**	$ 565	**$ 2,673**	$ 25,645
Other comprehensive income (loss):				
Unrealized foreign currency translation income (loss)	**704**	533	**(232)**	(900)
Amortization of derivatives designated as cash flow hedges	**(77)**	—	**(222)**	—
Comprehensive income	**$ 366**	$ 1,098	**$ 2,219**	$ 24,745

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Balance Sheets

(unaudited)

As at *(CAD thousands)*	Note	**June 25, 2011**	December 31, 2010	January 1, 2010
Assets				
Current assets				
Cash and cash equivalents		**$ 6,546**	$ 7,333	$ 2,053
Accounts receivable and other assets	6	**7,852**	7,252	6,265
Inventory		**1,403**	990	2,289
Derivative asset		**—**	1,557	—
Note receivable	3	**—**	—	4,001
		15,801	17,132	14,608
Timber	11	**214,725**	216,181	216,751
Property, plant and equipment		**34,075**	34,508	36,275
Investment Property		**875**	875	875
Intangible assets		**6,140**	6,140	6,140
Deferred income tax asset	8	**5,906**	7,522	—
		$ 277,522	$ 282,358	$ 274,649
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		**$ 4,978**	$ 4,483	$ 4,275
Dividends payable to shareholders		**3,451**	837	—
Debt	4	**—**	73,752	—
		8,429	79,072	4,275
Long-term debt	4	**70,470**	—	80,739
Deferred income tax liability	8	**18,972**	18,952	34,553
Shareholders' equity	5	**179,651**	184,334	155,082
		$ 277,522	$ 282,358	$ 274,649

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited)

Six Months Ended June 25, 2011 (CAD thousands)	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2010	$ 140,067	$ 43,696	$ 2,354	$ (2,917)	$ 1,134	$ 184,334
Changes in period						
Net income						
Income prior to items noted below	—	5,209	—	—	—	5,209
Depreciation and amortization	—	(272)	—	—	—	(272)
Fair value adjustments	—	(398)	—	—	—	(398)
Deferred income taxes	—	(1,866)	—	—	—	(1,866)
	—	2,673	—	—	—	2,673
Other comprehensive income	—	—	—	(232)	(222)	(454)
Shareholders' dividends declared	—	(6,902)	—	—	—	(6,902)
Balances as at June 25, 2011	$ 140,067	$ 39,467	$ 2,354	$ (3,149)	$ 912	$ 179,651

See accompanying notes to interim consolidated financial statements.

Six months ended June 26, 2010 (CAD thousands)	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at January 1, 2010	$ 139,067	$ 16,015	$ —	$ —	$ —	$ 155,082
Changes in period						
Common share issuances	1,000	—	—	—	—	1,000
Net income						
Income prior to items noted below	—	25,940	—	—	—	25,940
Depreciation and amortization	—	(241)	—	—	—	(241)
Fair value adjustments	—	1,427		—	—	1,427
Deferred income taxes	—	(1,481)	—	—	—	(1,481)
	—	25,645	—	—	—	25,645
Other comprehensive income	—	—	—	(900)	—	(900)
Shareholders' dividends declared	—	(1,952)	—	—	—	(1,952)
Balances as at June 26, 2010	$ 140,067	$ 39,708	$ —	$ (900)	$ —	$ 178,875

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(unaudited)

		Three Months Ended		Six Months Ended	
(CAD thousands)	Note	**June 25, 2011**	June 26, 2010	**June 25, 2011**	June 26, 2010
Cash provided by (used for):					
Operating activities					
Net income (loss)		**$ (261)**	$ 565	**$ 2,673**	$ 25,645
Adjustments to net income (loss):					
Deferred tax expense	8	**782**	603	**1,866**	1,481
Depreciation and amortization		**135**	121	**272**	241
Fair value adjustments	11	**(1,235)**	(1,415)	**398**	(1,427)
Unrealized exchange loss on long term debt		**450**	—	**987**	—
Interest expense, net		**737**	1,097	**1,677**	1,856
Interest paid		**(639)**	(1,097)	**(844)**	(1,856)
Gain on sale of timberlands		**(97)**	(30)	**(98)**	(32)
Gain on corporate conversion	3	**—**	—	**—**	(21,086)
		(128)	(156)	**6,931**	4,822
Net change in non-cash working capital balances and other		**(1,265)**	(2,337)	**721**	(722)
		(1,393)	(2,493)	**7,652**	4,100
Financing activities					
Borrowings, net of repayments	4	**—**	(1,200)	**(3,031)**	(3,500)
Deferred financing costs	4	**—**	—	**(1,205)**	—
Dividends paid to shareholders		**(3,450)**	(836)	**(4,287)**	(1,115)
		(3,450)	(2,036)	**(8,523)**	(4,615)
Investing activities					
Additions to timber, property, plant and equipment		**(8)**	(263)	**(16)**	(264)
Proceeds from sale of timberlands		**99**	28	**100**	30
		91	(235)	**84**	(234)
Decrease in cash and cash equivalents during the period		**(4,752)**	(4,764)	**(787)**	(749)
Cash and cash equivalents, beginning of period		**11,298**	6,068	**7,333**	2,053
Cash and cash equivalents, end of period		**$ 6,546**	$ 1,304	**$ 6,546**	$ 1,304

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

Acadian Timber Corp. (the "Corporation") is governed by the Canada Business Corporation Act pursuant to articles of arrangement dated January 1, 2010. The Corporation is a reporting issuer and its common shares are publicly traded on the TSX under the stock symbol "ADN". The principal and head office of the Corporation is located at Suite 458, 550 Burrard Street, Bentall V, Vancouver, British Columbia, V6C 2B5.

In these notes "Acadian" means Acadian Timber Corp. and all of its consolidated operations, while the "Corporation" means Acadian Timber Corp. as a separate entity.

On January 1, 2010, Acadian Timber Income Fund (the "Fund") converted to Acadian Timber Corp. pursuant to a plan of arrangement under the Canada Business Corporations Act (the "Arrangement") with CellFor Inc. ("CellFor") which allowed for the conversion of the Fund from an income trust to a corporation. Prior to the conversion, the consolidated financial statements included the accounts of the Fund and its subsidiaries. The conversion is described further in Note 3.

Acadian owns and manages approximately 765,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to over 100 regional customers.

As at June 25, 2011, affiliates of Brookfield Asset Management Inc. (collectively "Brookfield") own 7,513,262 common shares representing approximately 45% of the outstanding common shares of the Corporation. Acadian and Twin Rivers Paper Company ("Twin Rivers") are related parties as a result of a common significant shareholder.

On April 29, 2010, Fraser Papers Inc. ("Fraser") completed the sale of its specialty papers business including Crown timber harvest rights, two Canadian sawmills, the Edmundston pulpmill and the Madawaska paper mill along with fibre supply agreements between Fraser and Acadian to Twin Rivers. References in this report to Twin Rivers include references to transactions and relationships with Fraser prior to the sale of these assets.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies Acadian expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011. The accounting policies the company expects to adopt in its financial statements as at and for the year ending December 31, 2011 are disclosed in Note 2 of the company's interim consolidated financial statements as at and for the three months ended March 26, 2011.

As these interim financial statements are prepared using International Financial Reporting Standards ("IFRS"), certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the company's most recent annual financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") were included in the company's financial statements as at and for the three months ended March 26, 2011.

These interim financial statements should be read in conjunction with Acadian's 2010 annual financial statements and in consideration of the IFRS transition disclosures included in Note 2 to these financial statements and the additional annual disclosures required under IFRS included in Acadian's financial statements as at and for the three months ended March 26, 2011.

These financial statements were authorized for issuance by the Board of Directors of the company on July 27, 2011.

Future Accounting Policies

IAS 1 Presentation of Financial Statements

The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income (“OCI”). Items within OCI that may be reclassified to profit and loss will be separated from items that will not. The standard is effective for financial years beginning on or after July 1, 2012 with early adoption permitted. The Company has not determined the impact of the new standard on the financial statements.

IAS 12 Income Taxes

In December 2010, the IASB amended IAS 12 for the recovery of underlying assets and the impact on deferred taxes. The amendments provide a solution to the problem of assessing whether recovery would be through use or through sale when the asset is measured at fair value under IAS 40 Investment Property, by adding the presumption 21 Income Taxes – Recovery of Revalued Non-depreciable Assets, as SIC-21 has been withdrawn. The effective date of amendment is January 1, 2012. The Company is in the process of reviewing the amendment to determine the possible impact on the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the Board also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard on the effective date of January 1, 2013. The Company has not determined the impact of the new standard on the financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation – Special Purpose Entities. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the financial statements.

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements will apply to interests in joint arrangements where there is joint control. IFRS 11 would require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed, equity accounting would be required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IFRS 11 will have a material impact on the Company’s financial statements.

IFRS 12 Disclosure of Involvement with Other Entities

The IASB has issued IFRS 12 Disclosure of Involvement with Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. This standard is effective for annual periods beginning on or after January 1, 2013. Entities will be permitted to apply any of the disclosure requirements in IFRS 12 before the effective date. The Company does not believe IAS 12 will have a material impact on the Company’s financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the ‘exit price’, and concepts of ‘highest and best use’ and ‘valuation premise’ would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the financial statements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 27 will have a material impact on the Company’s financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 28 will have a material impact on the Company’s financial statements.

NOTE 3. CORPORATE CONVERSION

On January 1, 2010, the Corporation completed the Arrangement with CellFor which allowed for the conversion of the Fund from an income trust to a corporation. Pursuant to the Arrangement, the Fund’s unitholders received one common share of CellFor for each trust unit held on January 1, 2010 and CellFor changed its name to Acadian Timber Corp. Upon completion of the Arrangement, Acadian indirectly owns and operates the existing business of the Fund, and the existing trustees of the Fund and management of the Fund became the directors and management of Acadian. Acadian retained and licensed certain business assets of CellFor related to the development of superior spruce stock (the “Retained Assets”). Concurrent with and subsequent to the signing of the definitive documents in the fourth quarter of 2009, Acadian loaned $4.0 million to CellFor (the “CellFor Loan”).

Pursuant to the plan of Arrangement, CellFor transferred all of its assets (other than the Retained Assets) to a new subsidiary (“New Cellfor”) and all of Cellfor’s liabilities (other than the liability relating to the CellFor loan) were repaid, settled or assumed by New Cellfor.

All of the securities of New Cellfor were distributed to the CellFor security holders. New CellFor has agreed to indemnify Acadian for losses or damages that may have resulted from the activities of CellFor prior to the conversion.

The transaction resulted in an one time gain from corporate conversion of $21.1 million recorded in the six month period ended June 26, 2010.

NOTE 4. DEBT

Debt consisted of the following:

As at *(CAD thousands)*	**June 25, 2011**	December 31, 2010
Term credit facility, due March 2016	**$ 71,593**	$ —
Bank term credit facility, repaid in February 2011	**—**	41,960
Term loan facility, repaid in February 2011	**—**	31,792
Less: Deferred debt issuance costs	**(1,123)**	—
Total	**$ 70,470**	$ 73,752

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with The Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility in an amount up to US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 90 day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates.

As at June 25, 2011, Acadian has borrowed US$72.5 million under the Term Facility and nil under the Revolving Facility.

As security for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum ratio of loan to appraised value. Acadian is in compliance as of June 25, 2011.

At December 31, 2010, Acadian had a term credit facility of up to $42.0 million and a revolving credit facility of up to $10.0 million. As at December 31, 2010, Acadian has borrowed $42.0 million under the term facility and $nil under the revolving facility. The full principle of this loan was repaid as scheduled on February 28, 2011 and the revolving credit facility was wound up.

The Maine Timberlands had a term loan facility of up to US$31.5 million which was fully drawn as at December 31, 2010. The full principle of this loan and the US$0.4 million of deferred financing costs payable upon maturity of the facility were repaid as scheduled on February 28, 2011.

NOTE 5. SHAREHOLDERS' EQUITY

Shares outstanding as at June 25, 2011 were 16,731,216.

For the six months ended June 25, 2011 and the comparable period of 2010, there were no dilutive instruments outstanding.

NOTE 6. RELATED PARTY TRANSACTIONS

In the normal course of operations, Acadian enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. Acadian has one significant related party, Brookfield. As at June 26, 2011, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Corporation. Acadian is also a related party of Twin Rivers as a result of their common significant shareholder.

A summary of the significant related party transactions is provided below.

a) Acadian has entered into a number of fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. Total sales to Twin Rivers and Brookfield during the three months ended June 25, 2011 totaled $3.6 million and $nil, respectively, which represented 26% of Acadian's consolidated total sales (2010 – $3.6 million and $0.3 million, respectively, or 27% of total sales). Included in accounts receivable at June 25, 2011 is $3.3 million related to these agreements (June 26, 2010 – $2.3 million). Total sales to Twin Rivers and Brookfield for the six-month period ended June 25, 2011 amounted to $12.5 million (2010 – $11.7 million) and $0.7 million (2010 – $0.8 million), respectively.

b) Maine Timberlands rents space in a shared office building from a wholly-owned subsidiary of Brookfield, which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were $4 thousand and $8 thousand during the three and six-month periods ended June 25, 2011 (2010 – $4 thousand and $8 thousand), respectively.

c) Acadian has entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and six months ended June 25, 2011 totaled $0.5 million (2010 – $0.5 million) and $1.1 million (2010 – $1.1 million), respectively. All fees have been fully paid in accordance with the services agreement.

d) On October 14, 2010, Acadian entered into an agreement with the Metropolitan Life Insurance Company to refinance existing debt obligations maturing February 28, 2011 at fixed rates determined as US treasury yield plus margin. To mitigate market risk of US treasury yields changing prior to closing of the loan, Brookfield entered into a rate lock agreement on Acadian's behalf which upon maturity, Acadian assumed the settlement proceeds of. As at December 31, 2010, the derivative asset related to this agreement was valued at $1.6 million and was settled on February 1, 2011 for proceeds of $1.3 million.

NOTE 7. SEGMENTED INFORMATION

The Company's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The Company has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income and assets by reportable segments are as follows:

Three Months Ended June 25, 2011 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 5,758	$ 5,131	$ 627	$ —
Hardwood	5,695	5,315	380	—
Biomass and other	270	171	99	—
Total net sales	11,723	10,617	1,106	—
Operating costs	(10,919)	(9,256)	(1,280)	(383)
Operating earnings (loss)	804	1,361	(174)	(383)
Gain on sale of timberlands	97	51	46	—
Reforestation	(293)	(273)	(20)	—
Depreciation and amortization	(135)	(58)	(77)	—
Fair value adjustments	1,235	85	1,150	—
Earnings (loss) before the under noted	1,708	1,165	926	(383)
Unrealized exchange loss on long-term debt	(450)			
Interest expense, net	(737)			
Deferred income tax expense	(782)			
Net loss	$ (261)			

As at June 25, 2011 (CAD thousands)				
Timber, property, plant and equipment, investment property and intangible assets	$ 255,815	$ 151,042	$ 104,773	$ —
Total assets	$ 277,522	$ 161,730	$ 106,835	$ 8,957
Total liabilities	$ 97,871	$ 3,709	$ 19,271	$ 74,891

Three Months Ended June 26, 2010 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 5,511	$ 3,888	$ 1,623	$ —
Hardwood	6,271	5,633	638	—
Biomass and other	355	203	152	—
Total net sales	12,137	9,724	2,413	—
Operating costs	(11,150)	(8,800)	(2,159)	(191)
Operating earnings (loss)	987	924	254	(191)
Gain on sale of timberlands	30	27	3	—
Reforestation	(46)	(46)	—	—
Depreciation and amortization	(121)	(36)	(85)	—
Fair value adjustments	1,415	948	467	—
Earnings (loss) before under noted	2,265	1,817	639	(191)
Interest expense, net	(1,097)			
Income tax recovery	(603)			
Net income	$ 565			

As at June 26, 2010 (CAD thousands)				
Timber, property, plant and equipment, investment property and intangible assets	$ 259,954	$ 152,524	$ 107,430	$ —
Total assets	$ 280,682	$ 160,821	$ 109,857	$ 10,004
Total liabilities	$ 101,807	$ 3,558	$ 53,359	$ 44,890

Six Months Ended June 25, 2011 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 16,399	$ 12,714	$ 3,685	$ —
Hardwood	13,966	12,921	1,045	—
Biomass and other	3,114	2,913	201	—
Total net sales	33,479	28,548	4,931	—
Operating costs	(25,411)	(20,833)	(3,876)	(702)
Operating earnings (loss)	8,068	7,715	1,055	(702)
Gain on sale of timberlands	98	52	46	—
Reforestation	(293)	(273)	(20)	—
Depreciation and amortization	(272)	(117)	(155)	—
Fair value adjustments	(398)	(1,583)	1,185	—
Earnings (loss) before the under noted	7,203	5,793	2,112	(702)
Exchange loss on long-term debt	(987)			
Interest expense, net	(1,677)			
Deferred income tax expense	(1,866)			
Net income	$ 2,673			

Six Months Ended June 26, 2010 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 14,963	$ 10,208	$ 4,755	$ —
Hardwood	14,740	13,346	1,394	—
Biomass and other	2,892	2,601	291	—
Total net sales	32,595	26,155	6,440	—
Operating costs	(25,871)	(20,155)	(5,022)	(694)
Operating earnings (loss)	6,724	6,000	1,418	(694)
Gain on sale of timberlands	32	27	5	—
Reforestation	(46)	(46)	—	—
Depreciation and amortization	(241)	(71)	(170)	—
Fair value adjustments	1,427	1,093	334	—
Earnings (loss) before under noted	7,896	7,003	1,587	(694)
Gain on corporate conversion	21,086			
Interest expense, net	(1,856)			
Income tax recovery	(1,481)			
Net income	$ 25,645			

During the three months ended June 25, 2011 approximately 13% of total sales were originated with customers domiciled in the U.S. and the balance in Canada. During the same period in 2010 approximately 15% of total sales were denominated in U.S. dollars.

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of the Company's cost of sales. For the three-month period ended June 25, 2011, Acadian's top three suppliers accounted for approximately 16%, 12% and 12%, respectively, of Acadian's total harvesting and delivery costs.

Acadian sells its products to many forest product companies in North America. For the three-month period ended June 25, 2011, related parties (see Note 6) and the next largest customer accounted for 26% and 12% of total sales, respectively.

NOTE 8. INCOME TAXES

The Company's effective tax rate is different from the Company's domestic statutory income tax rate due to the differences set out below:

Six Months Ended (CAD thousands)	June 25, 2011	Effective Rate
Deferred income tax expense		
Income tax at statutory rate	$ 1,226	27%
Foreign tax rate differential	207	4%
Permanent differences	(322)	(7)%
Rate adjustments	771	17%
Tax assets not benefited	115	3%
Other	(131)	(3)%
Total deferred income tax	$ 1,866	41%

As at (CAD thousands)	June 25, 2011	December 31, 2010	January 1, 2010
Deferred income tax asset	$ 5,906	$ 7,522	—
Deferred income tax liability	(18,972)	(18,952)	(34,553)
Total net deferred income tax liability	$ (13,066)	$ (11,430)	$ (34,553)

NOTE 9. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution plans covering substantially all employees. During the three and six months ended June 25, 2011, contributions recorded as expenses amounted to $75 thousand (2010 – $72 thousand) and $137 thousand (2010 – $132 thousand), respectively.

NOTE 10. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors.

Total dividends declared for the three months ended June 25, 2011 were $3.5 million (2010 – $0.8 million), respectively, or $0.20625 per share (2010 – $0.05 per share).

NOTE 11. TIMBER

(CAD thousands)	
Fair Value at January 1, 2010	**$ 216,751**
Gains arising from growth	19,597
Decrease arising from harvest	(18,347)
Appraisal adjustment	3,022
Foreign exchange	(4,842)
Balance at December 31, 2010	**$ 216,181**
Gains arising from growth	9,240
Decrease arising from harvest	(9,748)
Foreign Exchange	(948)
Balance at June 25, 2011	**$ 214,725**

NOTE 12. TRANSITION TO IFRS

IFRS 1, First Time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to shareholders' equity unless certain exemptions are applied.

Acadian has applied the following exemptions to its opening balance sheet dated January 1, 2010:

a) Elected exemptions from full retrospective application

In preparing these financial statements in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), Acadian has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

i) Fair value or revaluation as deemed cost
Acadian has elected to measure certain items of property, plant and equipment at fair value as at January 1, 2010 or revaluation amounts and use that amount as deemed cost as at January 1, 2010.

ii) Cumulative translation differences
The Company has elected to set the previously accumulated cumulative translation account, which was included in accumulated other comprehensive income, to zero at January 1, 2010 and the amount was absorbed into retained earnings. This exemption has been applied to all subsidiaries.

b) Mandatory exceptions to retrospective application

In preparing these financial statements in accordance with IFRS 1 Acadian has applied certain mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below.

i) Estimates
Hindsight was not used to create or revise estimates and accordingly the estimates previously made by Acadian under Canadian GAAP are consistent with their application under IFRS as at January 1 and December 31, 2010.

In order to allow the users of these financial statements to better understand the changes under IFRS, Acadian's Canadian GAAP statement of net income, statement of equity, comprehensive income, balance sheet, and statement of cash flows for the year ended December 31, 2010 have been reconciled to IFRS. Key sources of differences are identified below:

ii) Inventories
Logs are valued at the lower of average cost, including fair value of harvest, and net realizable value. Upon adoption of IFRS, inventory value increased by $0.6 at January 1, 2010 and $0.2 at December 31, 2010 resulting in a fair value change of $0.4. Under GAAP guidelines, logs were valued at the lower of average cost and net realizable value, but did not include a charge for the fair value of timber harvested.

iii) Buildings, pavement and equipment
Under IAS 16, items of property, plant and equipment are initially measured at cost, but the provisions of IFRS 1 First time adoption of International Financial Reporting Standards ("IFRS 1") allow for the measurement at a deemed cost upon initial adoption. The choices are the cost model and the revaluation model. Acadian elected the cost model for buildings, pavement and equipment with the December 31, 2009 net book value becoming the original cost.

iv) Land
Land was valued at deemed cost (fair value) upon adoption with revaluation being the ongoing method of valuation. Historical cost was the method of valuation under GAAP guidelines.

v) Roads
Roads were valued at deemed cost (fair value) upon adoption with revaluation being the ongoing method of valuation. Historical cost less amortization was the basis of valuation under GAAP guidelines.

vi) Bridges
Bridges on freehold lands that are 9 metres or greater in length and located on permanent roads were valued at deemed cost (fair value) upon adoption. The net book value of bridges on freehold lands that did not meet this description was written off. All bridges on crown lands were valued at deemed cost (historical net book value) upon adoption. Cost is the ongoing method of valuation. Under GAAP, bridges were carried as part of the road cost and were amortized with the road or charged directly to expense.

vii) Timber
The applicable IFRS Standard for determining the value of standing timber and cost of trees harvested is IAS 41 Agriculture. Upon adoption and on an ongoing basis, timber is valued at fair value less estimated cost to sell. Under GAAP, timber was valued at historical cost less accumulated depletion.

viii) Investment property
The applicable IFRS Standard for investment property and the method of valuation is IAS 40 Investment Property. Upon adoption and on an ongoing basis, investment property is valued at fair value. Under GAAP, investment property was valued at historical cost.

ix) Deferred income tax asset, liability and deferred credit
The deferred income tax asset and liabilities were adjusted for the tax impact of the change in temporary differences resulting from the effect of the IFRS adjustments on asset values. IAS 12 does not support the Canadian GAAP approach of recognizing a deferred credit for the excess of the value of deferred tax assets over their cost. As a result, upon adoption of IFRS, the excess value was recorded as income in the period the Arrangement was completed (see Note 3).

x) Revaluation surplus
Any revaluation increase arising from the revaluation of permanent roads and any land being utilized for growing timber is recognized in other comprehensive income and accumulated in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation of such assets is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Under GAAP guidelines, historical cost was the applicable measure and no revaluation reserve was required.

xi) Depreciation, amortization and depletion
Under IFRS guidelines the historical approaches to depreciation, amortization and depletion are no longer applicable and were reversed.

xii) Fair value adjustments
Details of fair value adjustments recorded to the statement of net income are:

As at *(CAD thousands)*	June 26, 2010
Inventory	$ (116)
Timber harvested	(7,887)
Timber growth	9,430
Valuation change	—
	$ 1,427

As at *(CAD thousands)*	December 31, 2010
Inventory	(322)
Timber harvested	(18,347)
Timber growth	19,597
Valuation change	3,022
	$ 3,950

xiii) Reforestation
Upon adoption of IFRS, Acadian elected to expense reforestation.

xiv) Gain on sale of assets
Under IFRS guidelines investment property is carried at fair value. Dispositions are at cost under the GAAP historical cost approach. The disposition gain was adjusted to reflect fair value accounting.

xv) The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP.

Reconciliation of the balance sheet as at January 1, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Assets				
Current assets				
Cash and cash equivalents	$ 2,053		$ —	$ 2,053
Accounts receivable and other assets	6,265		—	6,265
Note receivable	4,001		—	4,001
Inventory	1,737	ii	552	2,289
	14,056		552	14,608
Timber	165,854	vii	50,897	216,751
Property, plant and equipment	23,233	iii,iv,v,vi	13,042	36,275
Investment property	875	viii	—	875
Intangible assets	6,140		—	6,140
	$ 210,158		$ 64,491	$ 274,649
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	$ 4,275		$ —	$ 4,275
	4,275		—	4,275
Deferred income tax liability	13,815	ix	20,738	34,553
Long-term debt	80,739		—	80,739
Shareholders' equity	111,329		43,753	155,082
	$ 210,158		$ 64,491	$ 274,649

Reconciliation of the statement of net income for the three months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Net sales	$ 12,159		$ (22)	$ 12,137
Operating costs and expenses				
Cost of sales	9,556	xii	47	9,603
Selling, administration and other	1,547		—	1,547
Depreciation, amortization and depletion	1,144	xi	(1,023)	121
	12,247		(976)	11,271
Operating earnings	(88)		954	866
Interest expense, net	(1,097)		—	(1,097)
Other items				
Reforestation	—	xiii	(46)	(46)
Gain on sale of timberlands	30		—	30
Fair value adjustments	—	xii	1,415	1,415
Earnings before income tax	(1,155)		2,323	1,168
Current income tax expense	34		(34)	—
Deferred income tax recovery (expense)	(428)	ix	(175)	(603)
Net income for the period	$ (1,549)		$ 2,114	$ 565
Net income per share – basic	$ (0.09)		$ 0.12	$ 0.03
Net income per share – diluted	$ (0.09)		$ 0.12	$ 0.03

Reconciliation of the statement of net income for the six months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Net sales	$ 32,605		$ (10)	$ 32,595
Operating costs and expenses				
Cost of sales	22,370	xii	76	22,446
Selling, administration and other	3,425		—	3,425
Depreciation, amortization and depletion	3,176	xi	(2,935)	241
	28,971		(2,859)	26,112
Operating earnings	3,634		2,849	6,483
Interest expense, net	(1,856)		—	(1,856)
Other items				
Reforestation	—	xiii	(46)	(46)
Gain on sale of timberlands	32		—	32
Fair value adjustments	—	xii	1,427	1,427
Gain on corporate conversion	—	ix	21,086	21,086
Earnings before income tax	1,810		25,316	27,126
Deferred income tax recovery (expense)	80	ix	(1,561)	(1,481)
Net income for the period	$ 1,890		$ 23,755	$ 25,645
Net income per share – basic	$ 0.11		$ 1.42	$ 1.53
Net income per share – diluted	$ 0.11		$ 1.42	$ 1.53

Reconciliation of the statements of comprehensive income and shareholders' equity for the three months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Effect of Transition	IFRS
Net income	$ (1,549)	$ 2,114	$ 565
Other comprehensive income			
Unrealized foreign currency translation gain	257	276	533
Other comprehensive loss	257	276	533
Comprehensive income	$ (1,292)	$ 2,390	$ 1,098
Accumulated other comprehensive loss, beginning of period	(5,616)	4,183	(1,433)
Other comprehensive loss	257	276	533
Accumulated other comprehensive loss, end of period	$ (5,359)	$ 4,459	$ (900)

(CAD thousands)	Canadian GAAP	Effect of Transition	IFRS
Shareholders' equity, beginning of period	$113,841	$ 64,773	$178,614
Net income (loss)	(1,549)	2,114	565
Dividends declared	(837)	—	(837)
	111,455	66,887	178,342
Other comprehensive loss	257	276	533
Shareholders' equity, end of period	$111,712	$ 67,163	$178,875

Reconciliation of the statements of comprehensive income and shareholders' equity for the six months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Effect of Transition	IFRS
Net income	$ 1,890	$ 23,755	$ 25,645
Other comprehensive loss			
Unrealized foreign currency translation loss	(555)	(345)	(900)
Other comprehensive loss	(555)	(345)	(900)
Comprehensive income	$ 1,335	$ 23,410	$ 24,745
Accumulated other comprehensive loss, beginning of period	(4,804)	4,804	—
Other comprehensive loss	(555)	(345)	(900)
Accumulated other comprehensive loss, end of period	$ (5,359)	$ 4,459	$ (900)

(CAD thousands)	Canadian GAAP	Effect of Transition	IFRS
Shareholders' equity, beginning of period	$111,329	$ 43,753	$155,082
Issuance of shares	1,000	—	1,000
Net income	1,890	23,755	25,645
Dividends declared	(1,952)	—	(1,952)
	112,267	67,508	179,775
Other comprehensive loss	(555)	(345)	(900)
Shareholders' equity, end of period	$111,712	$ 67,163	$178,875

Reconciliation of statement of cash flows for the three months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Operating activities				
Net income for the period	$ (1,549)		$ 2,114	$ 565
Adjustments to net income				
Depreciation	1,144	xi	(1,023)	121
Fair value adjustments	—	xii	(1,415)	(1,415)
Gain on sale of timberlands	(30)		—	(30)
Current tax expense	(34)		34	—
Deferred income tax recovery	428	ix	175	603
	(41)		(115)	(156)
Net change in non-cash working capital balances and other	(2,406)	ii	69	(2,337)
	(2,447)		(46)	(2,493)
Investing activities				
Additions to timber, property, plant and equipment	(263)		—	(263)
Proceeds from sale of timberlands	28		—	28
Reforestation expenditures	(46)	xiii	46	—
	(281)		46	(235)
Financing activities				
Dividends paid to shareholders	(836)		—	(836)
Repayment of revolving credit facility	(1,200)		—	(1,200)
	(2,036)		—	(2,036)
Increase in cash and cash equivalents during the year	(4,764)		—	(4,764)
Cash and cash equivalents, beginning of year	6,068		—	6,068
Cash and cash equivalents, end of year	$ 1,304		$ —	$ 1,304

Reconciliation of statement of cash flows for the six months ended June 26, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Operating activities				
Net income for the period	$ 1,890		$ 23,755	$ 25,645
Adjustments to net income				
Depreciation	3,176	xi	(2,935)	241
Fair value adjustments	—	xii	(1,427)	(1,427)
Gain on corporate conversion	—	ix	(21,086)	(21,086)
Gain on sale of timberlands	(32)		—	(32)
Deferred income tax expense (recovery)	(80)	ix	1,561	1,481
	4,954		(132)	4,822
Net change in non-cash working capital balances and other	(808)	ii	86	(722)
	4,146		(46)	4,100
Investing activities				
Additions to timber, property, plant and equipment	(264)		—	(264)
Proceeds from sale of timberlands	30		—	30
Reforestation expenditures	(46)	xiii	46	—
	(280)		46	(234)
Financing activities				
Dividends paid to shareholders	(1,115)		—	(1,115)
Repayment of revolving credit facility	(3,500)		—	(3,500)
	(4,615)		—	(4,615)
Increase in cash and cash equivalents during the year	(749)		—	(749)
Cash and cash equivalents, beginning of year	2,053		—	2,053
Cash and cash equivalents, end of year	$ 1,304		$ —	$ 1,304

Reconciliation of the balance sheet as at December 31, 2010:

(CAD thousands	Canadian GAAP	Note	Effect of Transition	IFRS
Assets				
Current assets				
Cash and cash equivalents	$ 7,333		$ —	$ 7,333
Accounts receivable and other assets	7,252		—	7,252
Inventory	759	ii	231	990
Derivative asset	1,557		—	1,557
Deferred income tax asset	1,958		(1,958)	—
	18,859		(1,727)	17,132
Timber	157,088	vii	59,093	216,181
Property, plant and equipment	22,576	iii,iv,v,vi	11,932	34,508
Investment property	875	viii	—	875
Intangible assets	6,140		—	6,140
Deferred income tax asset	12,382	ix	(4,860)	7,522
	$ 217,920		$ 64,438	$ 282,358
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	$ 4,483		$ —	$ 4,483
Dividends payable to shareholders	837		—	837
Debt	73,752		—	73,752
Deferred credit	1,576	ix	(1,576)	—
	80,648		(1,576)	79,072
Deferred credit	17,206	ix	(17,206)	—
Deferred income tax liability	3,162	ix	15,790	18,952
Shareholders' equity	116,904		67,430	184,334
	$ 217,920		$ 64,438	$ 282,358

Reconciliation of the income statement for the year ended December 31, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Net sales	$ 71,016		$ (20)	$ 70,996
Operating costs and expenses				
Cost of sales	46,030		13	46,043
Selling, administration and other	7,026		—	7,026
Depreciation, amortization and depletion	6,618	xi	(6,119)	499
	59,674		(6,106)	53,568
Operating earnings	11,342		6,086	17,428
Interest expense, net	(3,791)		—	(3,791)
Other items				
Gain on sale of timberlands	40		—	40
Fair value adjustments	—	xii	3,950	3,950
Loss on revaluation of roads and land	—		(5,005)	(5,005)
Reforestation	—	xiii	(192)	(192)
Gain on corporate conversion	—	ix	21,086	21,086
Earnings before income tax recovery	7,591		25,925	33,516
Deferred income tax recovery (expense)	1,183	ix	(3,393)	(2,210)
Net income for the period	$ 8,774		$ 22,532	$ 31,306
Net income per share – basic	$ 0.53		$ 1.35	$ 1.87
Net income per share – diluted	$ 0.53		$ 1.35	$ 1.87

The reconciliation presented above has been revised as compared to previous periods to appropriately reflect the IFRS adjustment related to the non-cash revaluation adjustment and certain minor presentation differences.

Reconciliation of the statements of comprehensive income and shareholders' equity for the year ended December 31, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Net income	$ 8,774		$ 22,532	$ 31,306
Other comprehensive income (loss)				
Unrealized foreign currency translation losses	(1,708)		(1,209)	(2,917)
Fair value gains on derivatives designated as cash flow hedges	1,134		—	1,134
Gain on revaluation of roads and land	—	x	2,354	2,354
Other comprehensive income (loss)	(574)		1,145	571
Comprehensive income	$ 8,200		$ 23,677	$ 31,877
Accumulated other comprehensive loss, beginning of period	(4,804)		4,804	—
Other comprehensive income (loss)	(574)		1,145	571
Accumulated other comprehensive loss, end of period	$ (5,378)		$ 5,949	$ 571

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Shareholders' equity, beginning of period	$111,329		$ 43,753	$155,082
Issuance of shares	1,000		—	1,000
Net income	8,774		22,532	31,306
Dividends	(3,625)		—	(3,625)
	117,478		66,285	183,763
Other comprehensive loss	(574)		1,145	571
Shareholders' equity, end of period	$116,904		$ 67,430	$184,334

The reconciliation presented above has been revised as compared to previous periods to appropriately reflect the IFRS adjustment related to the non-cash revaluation adjustment and certain minor presentation differences.

Reconciliation of statement of cash flows for the year ended December 31, 2010:

(CAD thousands)	Canadian GAAP	Note	Effect of Transition	IFRS
Operating activities				
Net income for the period	$ 8,774		$ 22,532	$ 31,306
Adjustments to net income				
Depreciation	6,618	xi	(6,119)	499
Fair value adjustments	—	xii	(3,950)	(3,950)
Loss on revaluation of roads and land	—	x	5,005	5,005
Gain on corporate conversion	—	ix	(21,086)	(21,086)
Gain on sale of timberlands	(40)		—	(40)
Deferred income tax expense (recovery)	(1,183)	ix	3,393	2,210
	14,169		(225)	13,944
Net change in non-cash working capital balances and other	60	ii	27	87
	14,229		(198)	14,031
Investing activities				
Proceeds from sale of timberlands	40		—	40
Additions to timber, property, plant and equipment	(430)		—	(430)
Reforestation expenditures	(198)	xiii	198	—
	(588)		198	(390)
Financing activities				
Dividends paid to shareholders	(2,789)		—	(2,789)
Deferred financing costs	(72)		—	(72)
Repayment of revolving credit facility	(5,500)		—	(5,500)
	(8,361)		—	(8,361)
Increase in cash and cash equivalents during the year	5,280		—	5,280
Cash and cash equivalents, beginning of year	2,053		—	2,053
Cash and cash equivalents, end of year	$ 7,333		$ —	$ 7,333

The reconciliation presented above has been revised as compared to previous periods to appropriately reflect the IFRS adjustment related to the non-cash revaluation adjustment and certain minor presentation differences.

NOTE 13. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other key personnel of the company is follows:

	Three Months Ended		Six Months Ended	
Three Months Ended (CAD thousands)	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Salaries, incentives and short-term benefits	$ 173	$ 157	$ 609	$ 576

Board and Management

Corporate and Shareholder Information

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 458, Bentall 5, 550 Burrard Street, Box 51
Vancouver, B.C. V6C 2B5
Please direct your inquiries to:
Robert Lee
Investor Relations and Communications
t. 604.661.9607   f. 604.562.6674
e. rlee@acadiantimber.com

TRUSTEE, TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Corporation's transfer agent:
CIBC Mellon Trust Company, P.O. Box 7010,
Adelaide Street Postal Station, Toronto, Ontario M5C 2W9
t. 416-643-5500 or 800-387-0825 (toll free in North America)
f. 416-643-5501   www.cibcmellon.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (June 25, 2011): 16,731,216
Targeted 2011 Quarterly Dividend: $0.20625 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

This interim management's discussion and analysis ("MD&A") contains forward-looking information and other forward looking statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements made in sections entitled "Market Overview," "Free Cash Flow," "Capital Resources" and "Outlook," and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; and other factors discussed under the heading "Risk Factors" in each of the Annual Information Form of Acadian dated March 26, 2011 and the Management Information Circular of Acadian dated March 26, 2011, and other filings of Acadian made with securities regulatory authorities available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information contained herein may include, but are not limited to: anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions for timber and wood products, and the economic situation of key customers. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward looking statements. Certain statements in this MD&A may also be considered "financial outlook" for the purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian Timber Corp. assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

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