our business is growing
EFF ENVIRONMENTAL FOREST FARMS

E.F.F. Limited

ACN 077 014 594

HALF YEAR FINANCIAL REPORT
31 DECEMBER 2006

Corporate information

Registered Office

Level 1, AustAsia House
412 - 414 Newscastle Street
West Perth WA 6005

PO Box 332
Leederville WA 6903

Telephone: (08) 9227 8422
Facsimile: (08) 9227 8455
Email: kpadmin@kiripark.com.au
Web: www.kiripark.com.au

Directors

Sydney Chesson (Chairman)
Victor Turco (Director)
Geoffrey Coad (Director)

Company Secretary

Simon Chesson

Members of the Consolidated Group

EFF Limited
ACN 077 014 594

Environmental Forest Farms Management Limited
ACN 087 201 670

EFF Timber Limited
ACN 082 882 960

Powton Land Holdings Limited
ACN 087 201 652

A&N Enterprises Pty Ltd
ACN 113 434 512

Forestry Finance Limited
ACN 108 513 239

Beenyup Forest Farms Pty Ltd
ACN 081 216 766

Auditor

Carlton & Partners
First Floor, 295a Lord Street
Perth WA 6000

Contents

Directors' Report

Your directors submit the financial report of the company for the six months ended 31 December 2006.

Directors

The names of the directors who held office during or since the end of the period are:

Sydney J. Chesson
Victor V. Turco
Geoffrey J. Coad

Review and results of operations

The net loss for the group amounted to ($174,492). The loss is mainly attributable to a reduction of income with income being $1,434,758. The net loss for the company amounted to ($179,379) which is mainly attributable to reduction of income with income being $291,238. These reductions in income are seasonal and strictly due to the nature of the industry E.F.F. Limited and its Controlled Entities are involved in.

The Group has also been expanding the trials at the Nowergup Research Plantation and is also continuing to develop the EFF Timber t/a High Timbers business.

Plantation Management

All plantations managed by the EFF Group performed strongly during the 6 month period to 31 December 2006. An investment in additional equipment as well as sound management principles has ensured the trees have performed well.

Marketing of Managed Investment Schemes

The Kiri Park Project 2005/2006 continued to be marketed from1 July 2006 to 30 September under Australian Taxation Office Product Ruling 2006/113. Woodlot sales were strong during this period considering most woodlots sales occur prior to the end of the financial year. This represents an increased strength in the Group's marketing and sales division.

Marketing of the next Kiri Park Project began later in period and with the Australian Taxation Office issuing 2006/150 and 2006/151 to the Kiri Park 2007 Growers.

Environmental Forest Farms Management Limited has begun to market and sell woodlots under its 2007 Growers Project as well as the Kiri Timber Trust.

Timber Harvesting

Timber continues to be harvested from the company's Nowergup Research Plantation. The thinning has contributed to the EFF Group developing a harvesting plan for other plantations that it manages.

Timber Sales

Sales of Paulownia timber grown by the EFF Group commenced during this period through EFF Timber Pty Ltd trading as Highpoint Timbers. Highpoint Timbers has performed well and timber produced from the Nowergup Plantation has proved to be of excelllent quality.

Significant After Balance Date Events

There have been no significant after balance date events.

Auditors Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors.

Sydney Chesson
Director
Perth, 16 March 2007

CARLTON & PARTNERS

Certified Practising Accountants

ABN 28 521 922 867

First Floor, 295a Lord Street PERTH WA 6000

Auditors' Independence Declaration

As lead auditor for the review of E.F.F Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of E.F.F Limited.

Graeme V Wovodich
Registered Company Auditor
Carlton & Partners

Dated this ......16...... day of ...March...... 2007

E.F.F. Limited and its Controlled Entities

ACN 077 014 594

Income Statement

for the Period 1 July 2006 to 31 December 2006

		Economic Entity		The Company	
	Notes	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
Revenue from ordinary activites					
Revenue Income	2 (a)	1,434,758	4,829,733	291,238	737,501
Expenses					
Administration Expenses		(1,468,011)	(2,540,063)	(470,329)	(532,332)
Borrowing Costs	2 (b)	(141,239)	(161,070)	(288)	(3,997)
Total Expenses Incurred		**(1,609,249)**	**(2,701,133)**	**(470,617)**	**(536,329)**
Profit/(Loss) from Ordinary Activites before Income Tax		(174,492)	2,128,600	(179,379)	(201,173)
Income Tax (Expense)/Benefit	**3**	**-**	**(507,144)**	**-**	**-**
Net Profit/Loss		(174,492)	1,621,456	-	-
Net Profit (Loss) from Ordinary Activities after Income Tax attributable to outside equity interest		-	-	-	-
Profit/(Loss) from Ordinary Activities after Income Tax Attributable to Members		**(174,492)**	**1,621,456**	**(179,379)**	**201,173**

The above income statement is to be read in conjunction with the attached notes.

E.F.F. Limited and its Controlled Entities

ACN 077 014 594

Balance Sheet

as at 31 December 2006

		Economic Entity		The Company	
	Notes	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
Current Assets					
Cash and cash equivalents	4	(548,460)	500,306	(311)	(262,824)
Trade and other receivables	5	1,022,850	1,104,410	264,344	43,812
Stock on hand	6	255,398	50,000	-	-
Other financial assets	7	112,838	136,048	-	-
Total Current Assets		**842,626**	**1,790,764**	**(264,033)**	**(219,012)**
Non-current Assets					
Trade debtors and other receivables	5	1,294,765	1,330,457	-	-
Other financial assets	8	-	-	4,872,266	4,863,120
Property, plant and equipment	9	4,863,100	4,576,112	53,419	65,855
Biological assets	10	6,702,184	6,977,900	1,702,184	1,690,731
Intangible assets	11	12,784	945	-	-
Deferred tax assets	12	748,251	748,251	940	940
Total Non-current Assets		**13,621,083**	**13,633,665**	**6,628,809**	**6,620,646**
Total Assets		**14,463,709**	**15,424,429**	**6,892,842**	**6,401,634**
Current Liabilities					
Trade creditors and other payables	13	699,859	835,754	207,959	164,053
Other financial liabilities	14	-	-	2,256,731	1,653,672
Other financial liabilities	16	845,246	1,588,274	-	-
GST	17	399,731	373,967	38,879	15,254
Provisions	18	-	-	-	-
Total Current Liabilities		**1,944,836**	**2,797,995**	**2,503,570**	**1,832,979**
Non-current Liabilities					
Other financial liabilities	15	2,996,388	2,737,123	151,966	151,966
Deferred tax liabilities	17	1,992,791	1,992,791	-	-
Total Non-current Liabilities		**4,989,180**	**4,729,915**	**151,966**	**151,966**
Total Liabilities		**6,934,016**	**7,527,910**	**2,655,536**	**1,984,945**
Net Assets		**7,529,694**	**7,896,519**	**4,237,306**	**4,416,689**
Equity					
Share Capital	19	5,452,859	5,649,075	4,651,125	4,647,603
Accumulated Losses	20	904,472	1,206,290	(413,819)	(230,918)
Revaluation Reserve	21	1,172,363	1,041,154	-	-
Parent Entity Interest		7,529,694	7,896,519	4,237,306	4,416,685
Total outside equity interest	**22**	**-**		**-**	**-**
Total Equity		**7,529,694**	**7,896,519**	**4,237,306**	**4,416,689**

The above balance sheet should be read in conjunction with the accompanying notes.

E.F.F. Limited and its Controlled Entities

ACN 077 014 594

Statement of Changes in Equity

as at 31 December 2006

	Issued Capital				
	Fully Paid Ordinary $	Retained Profits $	Asset Revaluation $	Outside Interest Equity $	Total $
At 1 July 2005	**4,448,103**	**(139,906)**	**1,227,019**	**956,741**	**6,491,957**
Shares issued during the year	1,979,472	-	-	-	1,979,472
Redeemable preference shares converted to EFF ordinary shares	(789,500)	214,048	-	-	(789,500)
Redeemable preference shares	11,000	-	-	-	11,000
Profit attributable to members of parent equity	-	1,621,456	-	-	1,621,456
Acquisition of minority interest	-	(264,754)	-	-	(264,754)
Dividend declared	-	(40,506)	-	-	(40,506)
AIFRS adjustment	-	30,000	(185,866)	-	(155,866)
Revaluation increment	-	-	-	-	-
Acquisition of outside equity interest	-	-	-	(956,741)	(956,741)
Deferred Tax	-	-	-	-	-
At 30 June 2006	**5,649,075**	**1,206,290**	**1,041,154**	**-**	**7,896,519**
Balance at 1 July 2006	**5,649,075**	**1,206,290**	**1,041,154**	**-**	**7,896,519**
Shares issued during the year	-	-	-	-	-
Redeemable preference shares converted to EFF ordinary shares	(207,217)	-	-	-	(207,217)
Redeemable preference shares	11,000	-	-	-	11,000
Profit attributable to members of parent equity	-	(301,818)	-	-	(301,818)
Acquisition of minority interest	-	-	-	-	-
Dividend declared	-	-	-	-	-
AIFRS adjustment	-	-	-	-	-
Revaluation increment	-	-	131,209	-	131,209
Acquisition of outside equity interest	-	-	-	-	-
Deferred Tax	-	-	-	-	-
At 31 December 2006	**5,452,859**	**904,472**	**1,172,363**	**-**	**7,529,694**

E.F.F. Limited and its Controlled Entities

ACN 077 014 594

Cash Flow Statement

for the Period 1 July 2006 to 31 December 2006

		Economic Entity		The Company	
	Notes	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
Cash flows from operating activities					
Cash receipts from customers		1,533,260	3,154,320	70,800	631,057
Cash payments to suppliers and employees		(1,270,824)	(2,796,843)	(422,167)	(386,864)
Net Taxes (paid)/received		25,765	(61,905)	23,625	(16,031)
Interest received		(16,943)	235,626	(94)	1
Interest and cost of finance paid		(141,239)	(161,070)	(288)	(3,997)
Net cash flows used in operating activities	22	**130,020**	**370,128**	**(328,125)**	**224,166**
Cash flows from investing activities					
Payment for property plant and equipment		(440,269)	(689,616)	8,182	(26,286)
Purchase of Investments		(11,839)	(420,959)	(9,146)	(350,004)
Proceeds from Sale of Plant and Equipment		275,716	-	(11,453)	-
Others		(922,395)	(828,244)	-	-
Net cash flows used in investing activities		**(1,098,786)**	**(282,331)**	**(12,417)**	**(376,290)**
Cash flows from financing activities					
Loans to Growers		-	-	-	-
Proceeds from borrowings		-	439,982	-	(49,000)
Proceeds from issue of shares		-	590,780	603,059	989,000
Repayment of inter company loans		-	(1,067,948)	-	(1,067,948)
Dividend declared		-	(25,554)	-	-
Proceeds from repayment of interest bearing liabililites		-	(22,984)	-	-
Net cash flows used in financing activities		**-**	**(85,724)**	**603,059**	**(127,948)**
Net increase/(decrease) in cash held		**(968,767)**	**2,073**	**262,517**	**(280,072)**
Cash at the beginning of financial year		500,306	498,232	(262,828)	17,243
Cash at the end of financial year		**(468,460)**	**500,306**	**(311)**	**(262,828)**

1. Basis of preparation

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issue Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by the consolidated entity during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

This half year report does not include disclosures of the type normally included in an annual financial report.

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

No reconciliations between Australian GAAP and AIFRS will be required under AASB 1 as these were already presented in the annual financial report for the year ended 30 June 2006.

Accounting Polices

(a) First Report

This is the first time that a half year report is required for the consolidated entity. Comparative figures are shown at 30 June 2006 as previous periods were not consolidated.

(a) Principles of Consolidation

A controlled entity is any entity E.F.F. Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the economic entity, including any unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed when necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date the control was obtained or until the date control ceased. Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or a liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognized by the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilized.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Responsible Entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

(c) Stock on Hand

Inventories are measured at the lower of cost and net realizable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

The cost of stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to forestry activities.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on a periodic, but at least triennial, valuations by external independent valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement and depreciation based on the assets original cost is transferred from revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalized lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease of the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Building	2%
Leasehold Improvements	4 - 5%
Plant and Equipment	5 - 33%
Plant and Equipment Leased to External Parties	10 - 20%
Leased Plant and Equipment	15%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortised on a straight line basis over the life of the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(g) Financial Instruments

Financial instruments are measured initially at cost on trade fate, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recogniton these instruments are measured as set out below.

Financial assests at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorized as held for trading unless they are designated as hedges. Realised and unrealized gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to maturity investments

These investments have fixed maturities, and it is the Company's intentions to hold these investments to maturity. Any held to maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognized at amortised cost, comprising debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether these is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(h) Payables

The management agreement states that the manager is not to be remunerated until the fees are received by the Scheme. As a result, a corresponding payable is not recognised in note 6 to the financial statements.

(i) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
2 (a) Profit/(Loss) from Ordinary Activities				
EFF Management Fee	-	1,290,207	70,000	136,500
Managenment Fees - Other	741,723	-	30,000	60,000
Marketing Costs	45,677	244,398	45,677	244,398
Marketing Costs Charged to EFFM	-	-	-	168,832
Retail Sales	92,787	-	-	-
Timber Sales	147,777	-	147,777	-
Woodlot Project Fees	-	918,621	-	-
Lease Income	74,549	125,992	-	-
Interest Income	16,943	81,160	94	1
Other Income	89,740	169,697	-	37
Woodlot Management Fee	225,564	-	-	-
Net Increment/(writedown) in Value of Paulownia Trees	-	1,952,800	-	101,840
R&D Tax Concession Received	-	46,858	-	25,894
Total Operating Revenue	**1,434,758**	**4,829,733**	**293,548**	**737,501**
(b) Borrowing Costs				
Interest on Convertible Notes	288	3,997	288	3,997
Borrowing Costs	55,293	-	-	-
Interest in Other Persons	85,657	157,073	-	-
Total Borrowing Costs	**141,239**	**161,070**	**288**	**3,997**
3 Income Tax Expense				
The prima facie income tax payable on operating profit/(loss) is reconciled to the income tax provided as follows:				
Prima facie income tax payable on operating profit/(loss) at 30%	-	638,580	-	60,352
Add non allowable expenditure	-	3,000	-	-
Less: Non Taxable Income	-	(46,858)	-	(46,858)
Less: Income Tax Loss Not Recognised	-	(1,101,866)	-	(13,494)
Prior Year under/(over) provision	-	-	-	-
Timing Differences Not Recognised	-	-	-	-
Income Tax Expense/(Benefit) Attributable to operating Profit	**-**	**(507,144)**	**-**	**-**
4 Cash and Cash Equivalent				
Cash on hand	400	400	400	400
Cash at bank	(548,860)	499,906	(711)	(263,224)
Total Cash and Cash Equivalent	**(548,460)**	**500,306**	**(311)**	**(262,824)**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
5 Trade Debtors and Other Receivables				
Current				
Trade Debtors	49,114	16,681	24,668	-
Undeposited Funds	17,926	29,308	-	-
Growers Loans	527,006	534,502	108,365	-
Management Fees	-	20,164	-	-
Growers Fees	276,858	-	-	-
Less: Provision for Doubtful Debts	(124,747)	(124,747)	-	-
Loan Interest	31,428	-	-	-
Tax Refund Due	22,892	22,891	43,812	43,812
Growers Maintenance and Lease Fees	-	517,412	-	-
Less: Bank Suspense	(6,853)	-	-	-
Debenture Custodian	-	-	-	-
Prepaid Expenses	229,227	88,199	87,500	-
Total Current Trade Debtors and Other Receivables	**1,022,850**	**1,104,410**	**264,344**	**43,812**
Non Current				
Growers Loans	1,294,765	1,330,457	-	-
Total Non Current Trade Debtors and Other Receivables	**1,294,765**	**1,330,457**	**-**	**-**
6 Stock on Hand				
Stock	255,398	50,000	-	-
Total Stock on Hand	**255,398**	**50,000**	**-**	**-**
7 Other Financial Assets				
Seedlings	94,160	117,700	-	-
ABN witholding payable	33,301	33,301	-	
Dividend payables	(14,622)	(14,952)	-	-
Total Other Financial Assets	**112,838**	**136,048**	**-**	**-**
8 Investments				
Non Current				
Shares in Controlled Entities at Cost	-	-	4,872,266	4,863,120
Total Investments	**-**	**-**	**4,872,266**	**4,863,120**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
9 Plant, Property and Equipment				
Plant and equipment - at cost	441,004	381,331	79,909	79,909
Less: Accumulated depreciation	(241,072)	(221,664)	(73,510)	(72,594)
Total	**199,931**	**159,667**	**6,400**	**7,315**
Motor Vehicles - at cost	19,386	10,750	10,750	10,750
Less: Accumulated depreciation	(10,970)	(9,287)	(9,531)	(9,287)
Total	**8,416**	**1,463**	**1,219**	**1,463**
Office Equipment - at cost	52,896	51,516	52,896	50,987
Less: Accumulated depreciation	(45,947)	(45,178)	(45,947)	(44,782)
Total	**6,949**	**6,338**	**6,949**	**6,205**
Leasehold Improvements - at cost	154,475	109,866	44,608	44,608
Less: Accumulated depreciation	(114,694)	(84,109)	(26,792)	(25,554)
Total	**39,780**	**25,758**	**17,816**	**19,054**
Laboratory equipment - at cost	24,071	24,071	24,071	24,071
Less: Accumulated depreciation	(19,231)	(18,539)	(19,231)	(18,539)
Total	**4,840**	**5,532**	**4,840**	**5,532**
Land and Buildings - at cost	1,837,630	1,715,853	18,236	27,670
Disposal	-	-	-	-
Less: Accumulated depreciation	(34,807)	(29,150)	(2,041)	(1,384)
Total	**1,802,823**	**1,686,703**	**16,195**	**26,286**
Irrigation System - at cost	1,468,111	1,269,303	-	-
Less: Accumulated depreciation	(1,051,159)	(1,012,472)	-	-
Total	**416,953**	**256,831**	**-**	**-**
Land at Valuation	1,534,000	1,534,000	-	-
Leased Assets - Vehicles	952,847	940,206	-	-
Less: Accumulated Amortisation	(293,252)	(232,773)	-	-
Total	**(659,595)**	**707,433**	**-**	**-**
Dam - at cost	205,968	205,968	-	-
Less: Accumulated depreciation	(16,156)	(13,581)	-	-
Total	**189,812**	**192,387**	**-**	**-**
Total Plant, Property and Equipment	**4,863,100**	**4,576,112**	**53,419**	**65,855**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
10 Biological Assets				
Paulownia Trees on leasehold Property	6,702,184	6,977,900	1,690,731	1,690,731
Milling Equipment Installation	-	-	11,453	-
Total Biological Assets	**6,702,184**	**6,977,900**	**1,702,184**	**1,690,731**
11 Intangibles				
Trade Mark	7,500	-	-	-
Goodwill	5,284	-	-	-
Formation Expenses	-	945	-	-
Total Intangibles	**12,784**	**945**	**-**	**-**
12 Tax Assets				
Future Income Tax Benefits	748,251	748,251	940	940
Total Tax Assets	**748,251**	**748,251**	**940**	**940**
13 Trade Creditors and Other Payables				
Current				
Heritage Payables	-	1,822	180,052	-
Trade Creditors	621,061	287,000	-	130,505
Sundry Creditors	-	(1,471)	-	-
Insurance	73,537	-	-	-
Accruals	6,733	77,965	-	33,548
Debenture Interest Payable	-	31,978	-	-
Bank Card	(1,471)	-	-	-
Payroll Payable	-	-	27,907	-
Loan - AREIL	-	438,460	-	-
Total Current Trade Creditors and Other Payables	**699,859**	**835,754**	**207,959**	**164,053**
14 Intercompany Loan				
Amount owing to subsidiaries				
PLH	-	-	1,226,071	1,183,071
EFFM	-	-	1,410,397	785,181
BFF	-	-	-	10,676
FFL	-	-	131,615	25,994
A&N	-	-	(125,330)	(190,580)
EFF Timber	-	-	(386,022)	(160,670)
Total Intercompany Loans	**-**	**-**	**2,256,731**	**1,653,672**
15 Interest Bearing Liabilities				
Current				
Wholly owned controlled entity				
Beenyup Forest Farms	-	-	-	-
Short Term Borrowings	-	-	-	-
Debenture Stock Secured	-	-	-	-
Lease Liability	-	-	-	-
Total Current Interest Bearing Liabilities	**-**	**-**	**-**	**-**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
15 Interest Bearing Liabilities (continued)				
Non Current				
6% Debenture Stock - secured	1,243,200	1,243,200	-	-
9.5% Debenture Stock - secured	205,000	205,000	-	-
10% Debenture Stock - secured	425,000	425,000	-	-
Lease Liability	801,116	711,957	-	-
Bank Loans	12,072	-	-	-
Others	310,000	151,966	151,966	151,966
Total Non Current Interest Bearing Liabilities	**2,996,388**	**2,737,123**	**151,966**	**151,966**
16 Other Financial Liabilities				
Income Received in Advance	-	-	-	-
Management Fees	63,391	126,783	-	-
Unearned Income EFFM	467,085	1,051,409	-	-
Lease Fees	-	26,408	-	-
Unearned Rent Income	8,431	-	-	-
Woodlot Planting Fees	229,000	229,000	-	-
Interest	77,337	154,674	-	-
Total Unearned Income	**845,246**	**1,588,274**	**-**	**-**
17 Tax Liabilities				
Current				
Income Tax	-	-	-	-
GST Payable	399,731	373,967	38,879	15,254
Deferred Company Tax Installment	-	-	-	-
Total Current Tax Liabilities	**399,731**	**373,967**	**38,879**	**15,254**
Non Current				
Provision for Deferred Income Tax	1,992,791	1,992,791	-	-
Total Non Current Tax Liabilities	**1,992,791**	**1,992,791**	**-**	**-**
18 Provisions				
Current				
Provision for Employee Entitlements	-	-	-	-
Provision for Share Subscriptions	-	-	-	-
Provision for Franking Deficits Tax	-	-	-	-
Total Provisions	**-**	**-**	**-**	**-**
19 Contributed Equity				
Paid Up Capital				
EFF				
314,683 (2006: 314,683) ordinary shares, fully paid	5,441,859	5,638,075	4,651,125	4,647,603
Convertible Note	-	60,000	-	60,000
Redeemable Convertible Preference Shares				
1,100 (2006: 1,100)	11,000	11,000	-	-
Total Paid up Capital	**5,452,859**	**5,709,075**	**4,651,125**	**4,707,603**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
19 Contributed Equity (continued)				
Movmements during the year				
(a) EFF				
Ordinary Shares				
Balance at the beginning of the year				
155,408 (2006: 155,408) ordinary shares, fully paid	5,638,075	3,658,603	3,658,603	3,658,603
Shares issued				
- NIL (2006: NIL)	-	1,979,472	-	-
- Transaction costs arising from issue for cash	(196,216)	-	-	-
Total Movements	5,441,859	5,638,075	3,658,603	3,658,603
(b) Convertible Note 2003				
Opening Balance	-	-	-	-
Repaid Convertible Note	-	-	-	-
Closing Balance	**-**	**-**	**-**	**-**
(c) Redeemable Convertible Preference Shares				
1,100 (2006: 1,100)	11,000	11,000	-	-
Balance at the end of the year	**11,000**	**11,000**	**-**	**-**
20 Retained Profits/(Accumulated Losses)				
Retained Profit at the beginning of the year	1,206,290	(139,906)	(234,440)	(432,091)
Acquisition of minority interest	-	(264,754)	-	-
Dividend Declared	-	(40,506)	-	-
Transfer of Provision of Franking Deficits Tax	-	-	-	-
AIFRS Adjustments	-	30,000	-	-
Net Profit/(Loss) attributed to members	(301,818)	1,621,456	(179,379)	201,173
Retained Profit/(Accumulated Loss)	**904,472**	**1,206,290**	**(413,819)**	**(230,918)**
21 Asset Revaluation Reserve				
Opening	1,041,154	1,227,019	-	-
Asset Revaluation	-	-	-	-
Deferred Tax (AIFRS Adjustments)	131,209	(185,865)	-	-
Transfer to Minority Interest	-	-	-	-
Total Asset Revaluation Reserve	**1,172,363**	**1,041,154**	**-**	**-**

	Economic Entity		The Company	
	31 December 2006 $	30 June 2006 $	31 December 2006 $	30 June 2006 $
22 Reconciliation of Cash				
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:				
Cash at bank	(548,460)	500,306	(311)	(262,824)
Reconciliation of Net Cash provided by Operating Activities to Profit/(Loss) from Ordinary Actvities after Income Tax				
Operating profit.(loss) from ordinary activities after income tax	(174,492	1,621,426	(179,379)	201,173
Non Cash Flows om Operating Profit/(Loss)				
Depreciation	153,280	227,890	4,255	11,649
Amortisation	-	46,518	-	-
Loss on Sale of Assets	-	-	-	-
Increase in Value of Paulownia Trees	-	(1,952,800)	-	(101,840)
Management Fee Accruals	-	-	-	-
R&D Tax Concession	-	-	-	-
Project Strructuring Costs	-	-	-	-
Provision for Doubtful Debts	-	-	-	-
Changes in Assets and Liabilities				
(Increase)/decrease in receivables	81,560	(175,820)	(220,532)	(4,604)
Increase/(decrease) in accounts payable	43,097	30,076	43,907	133,819
Increase/(decrease) in other liabilities	-	-	-	-
Increase/(decrease) in employee entitlements	-	-	-	-
Plantation Fees Received in Advance	-	-	-	-
Decrease/(Increase) in FITB	-	34,586	-	-
Increase/(decrease) in provision for income tax	25,765	546,698	23,625	(16,031)
Increase/(decrease) in PDIT	-	38,043	-	-
Movement in Intercompany balance	-	-	-	-
Net Cash Provided by Operating Activities	**130,020**	**370,129**	**(328,125)**	**224,166**

23. Financial Instruments

	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		**Total**	
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
Financial Assets										
Cash and Stock	2.00%	2.00%	(293,062)	550,306	-	-	-	-	(293,062)	550,306
Receivable	0.00%	0.00%	-	-	2,187,408	2,307,096	243,045	263,820	2,430,453	2,570,916
Total Financial Assets	-	-	(293,062)	550,306	2,187,408	2,307,096	243,045	263,820	2,137,391	3,121,222
Financial Liabilities										
Account Payable	0.00%	0.00%	-	-	-	-	2,358,874	2,949,961	2,358,874	2,949,961
Debentures	8.00%	8.00%	-	-	1,873,200	1,873,200	-	-	1,873,200	1,873,200
Bank Loans	7.30%	7.30%	-	-	-	-	-	-	-	-
Short Term Borrowings	9.00%	9.00%	-	-	-	-	-	-	-	-
Taxation	-	-		-	-	-	-	-	-	-
Lease Liabilities	8.50%	8.50%	-	-	709,150	711,957	-	-	709,150	711,957
Total Financial Liabilities			-	-	2,582,350	2,585,157	2,358,874	2,949,961	4,941,224	5,535,118
Net Financial Assets	-	-	(293,062)	550,306	(394,942)	(278,061)	(2,115,829)	(2,686,141)	(2,803,833)	(2,413,897)

Reconciliation of Net Financial Assets to Net Assets

	31 Dec 2006	30 June 2006
Net Financial Assets as above	(2,803,833)	(2,413,897)
Plus No Financial Assets		
Fixed Asset	4,863,100	4,576,112
Paulownia Trees	6,702,184	6,977,900
Intangibles	12,784	945
Tax Assets	748,251	748,251
Tax Liabilities	(1,992,791)	(1,992,791)
Net Assets as per Balance Sheet	7,529,694	7,896,519

24. Segment Reporting

	Financing & Investment		Tree Plantation		Unallocated		**Total**	
	31 Dec 2006 $	30 June 2006 $	31 Dec 2006 $	30 June 2006 $	31 Dec 2006 $	30 June 2006 $	31 Dec 2006 $	30 June 2006 $
Revenue								
External Revenue	677,466	1,371,367	396,313	2,078,792	360,979	1,379,574	1,434,758	4,829,732
Total Sales Revenue	677,466	1,371,367	396,313	2,078,792	360,979	1,379,574	1,434,758	4,829,732
Total Segment Revenue	677,466	1,371,367	396,313	2,078,792	360,979	1,379,574	1,434,758	4,829,732
Total revenue from ordinary activities	677,466	1,371,367	396,313	2,078,792	360,979	1,379,574	1,434,758	4,829,732
Result								
Segment Result	536,227	1,143,229	263,734	1,713,173	(974,453)	(727,801)	(174,492)	(2,128,601)
Income tax expense / benefit	-	-	-	-	-	-	-	(507,144)
Post-Tax Profit	536,227	1,143,229	263,734	1,713,173	(974,453)	(727,801)	(174,492)	1,621,457
Assets								
Segment Assets	1,728,452	1,740,212	11,842,141	12,071,424	851,649	1,592,630	14,422,242	15,404,266
Liabilities								
Segment Liabilities	2,123,200	1,873,200	1,554,396	2,300,231	3,214,953	3,334,316	6,892,549	7,507,747
Net Segment Assets	(394,748)	(132,988)	10,228,746	9,771,193	(2,363,304)	(1,741,686)	7,529,694	7,896,519

25. Dividends

No Dividends have been declared or paid.

26. Contingent Liabilities

Insurance Risk

The trees in the plantation are insured for fire, lightning, aircraft, hailstones and windstorm to the value of $2,413,816.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 22:

   a. comply with Accounting Standard AASB 134: Interim Financial Reporting, and the Corporations Regulations; and

   b. give a true and fair view of the company's financial position as at 31 December 2006, and of its performance for the half-year ended on that date,

2. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Sydney J Chesson
Director
Perth, 16 February 2007

CARLTON & PARTNERS

Certified Practising Accountants

ABN 28 521 922 867

First Floor, 295a Lord Street PERTH WA 6000

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF

E.F.F. Limited

Scope

We have reviewed the financial report of E.F.F. Limited, for the half-year ended 31 December 2006, consisting of the statements of financial performance, statement of financial position, statement of cash flows, accompanying notes and the Directors' declaration. The financial report included the financial statements of the Company at the end of the half-year. The Company's Directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results
of its operations and its cash flows, and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of Company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting control, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit and, accordingly, we do not express and audit opinion

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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

a) the Corporations Act 2001, including:

  i) giving a true and fair view of the entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
  ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements.

Carlton & Partners

Graeme. V. Wovodich
Registered Company Auditor

Dated this 16 day of March 2007 at Perth, Western Australia

ENVIRONMENTAL FOREST FARMS

E.F.F. Limited
Level 1 AustAsia House, 412 - 414 Newcastle Street, West Perth WA 6005 · PO Box 332 Leederville, WA 6903
Phone (08) **9227 8422** Fax (08) **9227 8455** Email kpadmin@kiripark.com.au **www.kiripark.com.au** ACN 087 201 670