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Date: _____

Kiri Timber Trust

Financial Report

30 June 2013

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Corporate Directory

Directors of the Responsible Entity

Sydney Chesson
Thomas Henn
Simon Chesson

Company Secretary

Simon Chesson

Registered Office

Level 1, AustAsia House
412 – 414 Newcastle Street
West Perth WA 6005

PO Box 332
Leederville WA 6903

Telephone: 08 9227 6300

Facsimile: 08 9227 6400

Email: kpadmin@kirkpark.com.au

Web: www.kiripark.com.au

Grower Information

Enquiries

Growers with queries about their investment should contact the Responsible Entity Immediately.

Change of Address

Should a Grower's registered address change, they should notify the Responsible Entity in writing immediately.

Kiri Park

The Kiri Timber Trust

On 11 June 2013 the Responsible Entity applied to deregister the Trust. The Australian Securities and Investments Commission granted the deregistration on 18 June 2013

The Responsible Entity has agreed to pay all expenses in relation to the management of the Trust and the Trust's assets and will receive a fee in accordance with the Product Disclosure Statement when the trees are harvested.

The Land Owner has agreed to not charge rent for the use of the land upon which the plantation is growing for the Trust.

Director's Report

The Director's of the Responsible Entity, Environmental Forest Farms Management Limited, present their report for the financial year ended 30 June 2013.

Directors

The names of the Directors of the Responsible Entity who have held Office at any time during or since the end of the year are:

Mr Sydney Chesson

Mr Thomas Henn

Mr Simon Chesson

Mr Chesson, Mr Henn and Mr Chesson have been in office since the start of the financial year to the date of this Report.

Information on Directors

At the date of this Annual Report, the Board of Directors have not established any specialist committees to take on specific roles and duties of the Board. As such there are no special responsibilities assigned to any one Director.

Mr Sydney Chesson

Chairman

M.B.A, C.R.E.M, C.S.M, F.A.I.C.D

Mr Chesson has been awarded a Master of Business Administration degree from the University of Notre Dame Australia, where he was admitted to the Vice Chancellors list for academic excellence. He is a licensed real estate agent and business broker. He has extensive experience in importing and exporting, production and manufacturing. He has over 30 years experience in real estate and over 40 years experience in business and commercial activities.

As a Fellow of the Australian Institute of Company Directors, Mr Chesson has considerable experience as a Director of listed and unlisted public companies, unlisted property trusts, and several private companies.

Mr Thomas Henn

GAICD, FTIA, TEP, MTax, LLB (UWA), LLB (Munich) Director

Before emigrating from Germany to Australia in the mid 90s, Mr Henn practiced as a lawyer in Munich. After finishing a law degree in Australia, Mr Henn has worked for a Big 4 Accounting Firm and various law firms in Perth in tax and commercial law. He is now Head of Tax and Superannuation at HHG Legal Group. He was Managing Director of one of the first listed Australian Law Firms.

Mr Henn has a Master of Taxation from the University of Western Australia and a Bachelor of Laws Degree. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia. He has lectured for years in taxation at various Universities in Western Australia.

Mr Thomas Henn is also a Director of Forestry Finance Limited, Powton Land Holdings Limited and other subsidiaries of E.C.O. Limited.

Mr Simon Chesson

M.B.A (UWA), CPA, CFP, B.Comm, C.S.M, F Fin

Mr Simon Chesson has been awarded the degrees of Master of Business Administration, and a Bachelor of

Commerce. He is a qualified Certified Practising Accountant, a qualified Certified Financial Planner, and a Fellow of the Financial Services Institute of Australasia.

Mr Simon Chesson has over 15 years experience in business, accounting, and the property industry. He has extensive experience as a Director and company secretary of numerous public and private companies.

Directors' Interest

At the date of this Report, the Directors had the following number of Unit interests in the Scheme:

Director	Direct Holding	Indirect Holdings
Sydney Chesson	Nil	Nil
Thomas Henn	Nil	Nil
Simon Chesson	Nil	Nil

Fees Paid to the Responsible Entity

No fees were paid to the Responsible Entity from the Scheme Assets during the financial year.

Principal Activities

The principal activity of the Scheme during the financial period was the management and maintenance of the assets of the Trust comprising part of a commercial Paulownia plantation known as "Kiri Park" which is located at Lot M1254 Hunter Road, Regans Ford, approximately 150 kilometres north of Perth Western Australia.

Operating Results

The operating profit of the Kiri Timber Trust for the financial year was Nil (2012: Nil). There should be no income tax liability.

Review of Operations and Significant Changes In the State of Affairs

During the financial year, the Responsible Entity and its parent company (Environmental Carbon Offset Limited) continued to implement key strategies and infrastructure developments at the Kiri Park Property that were designed to benefit all of the plantations of the Property including the Kiri Timber Trust.

As at 30 June 2013, the Kiri Timber Trust consisted of 6,000,000 Units which have been issued and allotted to 23 Unit holders.

The following significant changes in the state of the Scheme's affairs occurred during the financial year.

- On 11 June 2013 the Responsible Entity applied to have the Trust deregistered. The Australian Securities and Investments Commissions granted the deregistration on 18 June 2013. The Trust is now deregistered.

Significant After Balance Date Events

The directors of the Responsible Entity are not aware of any other significant events since the end of the reporting period.

Future Developments

The directors of the Responsible Entity do not consider that there will be any future events.

Environmental Issues

The operations of the Trust during the period met all development, operational and environmental conditions associated with the Scheme's operations.

Indemnifying Officers

The Responsible Entity has not, during or since the end of the period, in respect of any person who is or has been an Officer or auditor of the Trust or of a related body corporate:

Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Proceedings on Behalf of the Trust

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

The Trust has not been a party to any such proceedings during the year.

Scheme Withdrawals

There were no withdrawals from the Trust during the period.

Directors Authorisation

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity and is signed by authority for and on behalf of the Directors by:



Sydney Chesson

Chairman

Dated this 13 day of December 2013

Statement of Comprehensive Income

For the year ended 30 June 2013

	30 June 2013	Economic Entity	30 June 2012
	\$		\$
<i>Revenue from operating activities</i>		-	-
Timber sales		-	-
Less:			
Timber production costs		-	-
Harvest and marketing costs		-	-
<i>Profit from ordinary activities</i>		-	-
Other comprehensive income		-	-
<i>Total comprehensive income for the period attributable to Growers</i>		-	-
Distributed to Growers		-	-
Total Changes in Scheme Property		-	-

Statement of Financial Position

For the year ended 30 June 2013

	Economic Entity	
	30 June 2013 \$	30 June 2012 \$
Current Assets		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
	-	-
Total Current Assets	-	-
Non Current Assets		
Biological Assets	772,661	772,661
Total Non-current Assets	772,661	772,661
Total Assets	772,661	772,661
Current Liabilities		
Trade creditors and other payables	-	-
Total Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	772,661	772,661
Equity		
Contributed Equity	6,000,000	6,000,000
Asset Revaluation	(5,227,339)	(5,227,339)
Retained Earnings	-	-
Capital Loss Carried Forwards	-	-
Total Equity	772,661	772,661

Statement of Recognised Income & Expense

For the year ended 30 June 2013

	Economic Entity	
	2013 \$	2012 \$
Income and Expenses		
Revaluation of Property Plant and Equipment	-	-
Net change in fair value for available for sale financial assets	-	-
Net change in fair value for available for sale financial assets transferred to profit and loss	-	-
Income and expense recognised directly in equity	-	-
Profit for the year	-	-
Total Recognised income and expenses for the period	-	-
Equity		
Attributable to:		
Equity holders of the Trust	-	-
Total recognised income and expenses for the year	-	-
Retained earnings	-	-
Impact on correction of prior year error on retained earnings	-	-

Statement of Cash Flow

For the year ended 30 June 2013

	30 June 2013	Economic Entity	30 June 2012
	\$		\$
Cash flows from operating activity		-	-
Funds received from manager		-	-
Net cash flows provided by operating activities		-	-
Net increase/(Decrease) In Cash Held		-	-
Cash at the Beginning of the Year		-	-
Cash at the End of Year		-	-

Notes to the Financial Statements

Note 1 The Scheme

The Kiri Timber Trust ("the Scheme") was established pursuant to the terms of a Constitution made on 26 October 2006 and registered with the ASIC on 26 October 2006. Subject to the provisions of the Constitution for early termination of the Scheme, the scheme will terminate upon the earlier of final distribution of receipts to Unitholders following sale of assets or winding up of the Scheme.

Environmental Forest Farms Management Ltd (ACN 087 201 670) is the Responsible Entity of the Scheme and Powlon Land Holdings Limited (ACN 087 201 652) is the Lessor of the Land. The terms and conditions of the Constitution govern the relationship between the Responsible Entity, the Lessor and the Unitholders.

The Responsible Entity will carry out or cause to be carried out such services and duties in relation to the Assets of the Scheme as set out in the Constitution and which are usual or necessary for carrying on the business of Paulownia tree farming.

The Scheme will conclude upon harvest of the trees and sale of the timber. Under the terms of the Constitution, the Responsible Entity is also entitled to a harvest and marketing fee equivalent to 5.5% of the gross sale proceeds from the timber sales.

Note 2 Statement of Accounting Policies

Basis of Preparation

(a) Reporting Basis and Conventions

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Standards Board (AASB) the Corporations Act 2001, and the Scheme's Constitution. The Scheme is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes to comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cashflow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

Under current legislation, the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to Unitholders.

The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's Constitution and applicable taxation legislation, to the Unitholders who are presently entitled to income under the Constitution.

(b) Cash and Cash Equivalents

Cash and cash equivalents include 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 borrowings in current liabilities on the statement of financial position.

(c) Goods and Services Tax (GST)

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 Taxation Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables and payables in the balance sheet are shown inclusive of GST.

Cashflows 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.

(d) Trade and Other Payables

The management agreement states 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 5 to the financial statements.

(e) Biological Assets

It is the policy of the Responsible Entity to formally review the carrying value of its biological assets at the reporting date. External valuations of the biological assets are carried out in accordance with the Scheme Constitution.

The valuations are measured at fair value being the amounts for which assets could be exchanged between knowledgeable willing parties at an arm's length transaction.

The revaluation increment is recognised directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the income statement.

A revaluation decrement is recognised as an expense in the income statement, unless it is reversing a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve in respect of the same class of assets in which case it is debited directly to the asset revaluation reserve.

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposals and is included in the income statement in the year of disposal.

Note 3 Responsible Entity

During the financial period, Environmental Forest Farms Management Limited was the Responsible Entity for the Scheme.

The Responsible Entity represents the interest of Unitholders in the Scheme.

Note 4 Custodian

The Australian Financial Services License of Environmental Forest Farms Management Limited (AFSL Number : 239 635) does not require the Responsible Entity to have an external custodian for the Project. The Constitution of the Responsible Entity details how the Responsible Entity must deal with Scheme Property.

Note 5 Trade and Other Receivable

This Financial Report records the assets, liabilities, revenues and expenses of the Scheme. No application monies for the Scheme were received during the period. Rent and management fees were received during the period. As rent and management fees are immediately payable to the lessor or to the Responsible Entity, this money does not at any stage become property of the Scheme. Any management fees received by the Responsible Entity are immediately payable to the Manager (less money owing by the Manager to the Responsible Entity). Accordingly, this money is not recorded in the Scheme's Financial Report.

Note 6 Biological Assets

	Economic Entity	
	2013	2012
	\$	\$
Paulownia Plantation	772,661	772,661

A 30 June 2012 the standing timber comprised approximately 38,915 trees that are 10 years old. The fair value of the plantation was determined to be \$6,000,000 by the Independent Forester Mr Charles Peaty at the date of the Product Disclosure Statement 26 October 2006. In accordance with the policy of the Responsible Entity the plantation has been revalued by the Directors using calculations based in current stock from related plantations and the current market price at 30 June 2012.

Note 7 Financial Risk Management

The Scheme is not exposed to any financial instruments, as there are no Scheme assets or liabilities.

(a) Interest Rate Risk

The Scheme is not exposed to interest rate risk as there are no Scheme assets.

(b) Net fair value

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and liabilities recorded in the statement of financial position.

(c) Credit Risk Exposures

The Scheme's exposure to credit risk at 30 June 2012 in relation to each class of recognised asset is the carrying amount of those assets located in the statement of financial position.

Note 8 Remuneration and Retirement Benefits to Directors**(a) Remuneration of Directors**

The Directors of the Responsible Entity did not receive any remuneration directly from the Scheme during the financial year. All Directors remuneration is paid by Environmental Carbon Offset Limited, the parent company of the Responsible Entity. During the financial year, the remuneration paid to Director's by Environmental Carbon Offset Limited for services relating to the Scheme were as detailed in the table below.

Director	Year	Salary & Fees \$	Superannuation \$	Other \$	Total \$
Sydney Chesson	2013	-	-	-	-
	2012	-	-	-	-
Simon Chesson	2013	-	-	-	-
	2012	-	-	-	-
Thomas Henn	2013	-	-	-	-
	2012	-	-	-	-

(b) Retirement Benefits

The Directors of the Responsible Entity did not receive any retirement benefits directly from the Scheme during the financial year. The Directors of the Responsible Entity did not receive any retirement benefits from the Responsible Entity nor the parent company of the Responsible Entity nor any other entity related to the Responsible Entity.

(c) Director Related Party Transactions

The following transactions between the Responsible Entity and Director related parties, for services in relation to the Scheme, occurred on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	30 June 2013 \$	30 June 2012 \$
Annual report fees paid to AustAsia Group an entity related to Syd Chesson	Nil	Nil

Note 9 Related Party Transactions

(a) Responsible Entity

The Responsible Entity of the Kiri Park Projects Environmental Forests Farms Management Limited, whose immediate and ultimate parent company is Environmental Carbon Offset Limited.

(b) Directors

The Directors of Environmental Forests Farms Management Limited at the date of this Report are:

- Sydney J. Chesson (Chairman)
- Thomas Henn
- Simon Chesson

(c) Fees

No fees were paid to the Responsible Entity from the Scheme Assets during the financial year.

(d) Interests of Directors

The interests of the Directors of the Responsible Entity are detailed in the Director's Report.

Note 10 Segment Information and Industry Investment Exposures

The Scheme operates in one business segment, being investment management. The Scheme also operates from one geographic location being Australia, from where its investing activities are managed. Revenue is derived from distributions and interest.

The Scheme has investment exposures currently only in the Western Australia geographical market and all assets service the forestry industry.

Note 11 New Standards and Interpretations Issued But Not Yet Effective

Note 12 Events Subsequent to Reporting Date

Since 30 June 2013 no transaction or event of a material nature has occurred which is likely to significantly affect the operations of the scheme, the results of those operations, or the state of affairs of the scheme, apart from those listed below:

Note 13 Contingent Liability

The Scheme has no major capital commitment and has no known contingent liability as at 30 June 2013.

Note 14 Registered Scheme Details

The registered office and principal place of business of the Scheme is at the office of the Responsible Entity:
Environmental Forest Farm Management Limited

Level 1, AustAsia House

412 – 414 Newcastle Street


West Perth WA 6005

Directors' Declaration

The Directors of the Responsible Entity declare that:

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the financial position and performance of the company; and
 - b. complying with Australian Accounting Standards, including the Interpretations and Corporations Regulations 2001;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of Environmental Forest Farms Management Limited.



Sydney Chesson
Chairman

Date at West Perth this 13 day of December 2013.

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