



**POWTON LAND
HOLDINGS LIMITED**
ACN 087 201 652

Financial Report

Year Ended 30 June 2008

Corporate Directory

Registered Office

Powton Land Holdings Limited
ACN 087 201 652
Level 1, AustAsia House
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West Perth WA 6005
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Facsimile: (+61 8) 9227 8455
E-mail: admin@kiripark.com.au
Web site: www.kiripark.com.au

Directors and Officers

Sydney Chesson

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

Chairman

Victor Turco

B.Bus, C.P.A

Director

Geoffrey Coad

M.Phil., L.L.B, G.A.I.C.D

Director

Simon Chesson

M.B.A (UWA), C.P.A, C.F.P, B.Comm, S.I.A (Aff)

Company Secretary

Auditor

Carlton and Partners
Level 1, 9-11 Drake Street
Osborne Park WA 6017

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Powton Land Holdings Limited

The major asset of PLH is a property known as “Kiri Park” at Regan’s Ford, in the shire of Gingin, Western Australia (“the Property”). The Property is approximately 150 kilometres north of Perth, and is used for establishing and operating commercial Paulownia plantations.

Kiri Park has the capacity to grow up to approximately 230,000 Paulownia trees. The Kiri Park Projects have been operated as Managed Investment Schemes, whereby PLH leases part of the Property, either directly or via a sub-lease, to Growers (Investors in the Projects).

Business and Operations

PLH has three primary business considerations as detailed below:

Landlord - of Kiri Park

The land used for the Kiri Park Projects is leased either directly or via a sub-lease to Growers in the Kiri Park Managed Investment Schemes.

In consideration for leasing the Property, PLH receives an agreed amount of rent per Woodlot per annum.

Financier

PLH has issued Debenture Stock to raise finance which is then lent to Growers who wish to invest in the Kiri Park Projects, or other Managed Investment Schemes for the purpose of growing and harvesting Paulownia trees.

PLH makes these loans on normal commercial terms based on personal loan rates and terms and conditions. PLH receives interest income from Growers, and the loan is secured against that Grower’s identifiable Woodlot investment.

Unitholder

PLH is the major unitholder in an unlisted unit trust which owns a plantation of 40,000 Paulownia trees that are located on the Kiri Park property. PLH may receive future distributions from the Trust from the sale of the timber generated from those trees.

Grower

At the end of the Kiri Park Projects, PLH will own the Paulownia tree stumps that remain on the Property after harvesting the timber and some of the plant and equipment servicing those trees. Any regrowth of the Paulownia timber will be owned by PLH, which may provide a future source of income.

There are currently approximately 196,440 trees in the existing Kiri Park Projects, with a maximum of an additional 30,000 trees under future Kiri Park Projects. It is likely that there will be approximately 58% of tree stumps available for re-growth.

Kiri Park

Introduction

“Kiri Park,” located at Lot M1254 Hunter Road, Regan’s Ford, in Western Australia, consists of approximately 536 hectares of land on the north bank of the Moore River and is located off the Brand Highway. Over 200 hectares of the Property is suitable for Paulownia plantations, with approximately 196,440 Paulownia trees already being planted, maintained, and managed on the Property. The plantation is considered to be one of the leading Paulownia plantations in Australia.

Location

Kiri Park meets all the criteria necessary to establish, maintain and operate successful Paulownia plantations. The key factors for growing Paulownia timber include constant sunshine, ample water, sandy but well drained soils, nutrients, and protection from severe winds.

Some of the specific characteristics of the Kiri Park property, which make it suitable for Paulownia plantations, include:

- ❖ Long, clear summers - which provide an extended growing season;
- ❖ Ample supply of underground water (subject to the water licence held by the consolidated Group);
- ❖ Soils which allow for the trees to establish and develop their deep root systems;
- ❖ The soil is a mix of sand and clay which provides a good ability to hold water and nutrients.
- ❖ The Property is located on the Brand Highway - which is a major arterial road, providing suitable transport links to Perth, and other locations in Western Australia. Perth has suitable ports and transport facilities to assist with global exporting in the future.

The Kiri Park Projects

The Kiri Park Projects have been established specifically for the growth, development, harvest, promotion and sale of Paulownia timber. There are currently nine projects which are all operated as a Managed Investment Scheme at Kiri Park, with each project operating for a 10 year period, except for the Kiri Timber Trust which is set to operate for a 6 year period.

The Kiri Park Projects combine to total approximately 1,722 Woodlots, which have been planted and are managed for approximately 685 Growers. The projects combine for a total of 196,440 Paulownia trees, all of which are managed by Environmental Forest Farms Management Limited (“EFFM”). Planting of new Woodlots sold under the latest Kiri Park Project, will be undertaken during the 2008 planting season.

A total of approximately 90% of the plantable land is under plantation, which includes the Kiri Timber Trust and the plantations for individual Growers. Future Kiri Park Projects will be designed to facilitate additional planting to reach the maximum plantation capacity of the Property.

Directors' Report

Directors' Report

Your Directors' present their Report on the Company for the financial year ended 30 June 2008.

Your Company was incorporated on 22 April 1999 and commenced trading on 1 August 1999.

Directors

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

Sydney Chesson M.B.A, C.RE.M, C.S.M, F.A.I.C.D

Chairman

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, and a licensed finance broker. He has extensive experience in importing and exporting, production and manufacturing. He has over 25 years experience in real estate and over 35 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, managed investment schemes, and several private companies.

Mr Chesson is the Chairman of E.F.F Limited, Environmental Forest Farms Management Limited, EFF Timber Pty Ltd, Forestry Finance Limited, Beenyup Forest Farms Pty Ltd and A&N Enterprises Pty Ltd

Victor Turco B.Bus, C.P.A

Director

Mr Turco has been involved in the Public Accounting Arena for approximately 25 years. During this time, Mr Turco has gained considerable experience in Australian and Overseas accounting, taxation, financing, corporate and property issues.

Mr Turco has experience as a Director of numerous companies, including serving as a Director of the Board of a Terminating Building Society managing a \$100 million portfolio. He is also a Director of E.F.F Limited, Environmental Forest Farms Management Limited, Forestry Finance Limited, Beenyup Forest Farms Pty Ltd, EFF Timber Pty Ltd and A&N Enterprises Pty Ltd.

Geoffrey Coad M.Phil., L.L.B., G.A.I.C.D

Director

Mr Coad was admitted to the Supreme Court of Western Australia in 1973, and has practiced law in Western Australia since 1975. He practices law in areas of commercial law, conveyancing and civil litigation.

Mr Coad is a member of the Australian Institute of Company Directors, and an external member of several other compliance committees for Managed Investment Schemes.

Mr Coad is also a Director of E.F.F Limited, Environmental Forest Farms Management Limited, Forestry Finance Limited, EFF Timber Pty Ltd Powton Land Holdings Limited, Beenyup Forest Farms Pty Ltd, EFF Timber Pty Ltd and A&N Enterprises Pty Ltd.

Directors' Meetings

During the year, 9 meetings of Directors were held, with the attendances reported as follows:

Director	No. of Meetings Eligible to Attend	No. Attended
S. Chesson	9	9
V. Turco	9	8
G. Coad	9	7

Directors' and Senior Executive Emoluments

Disclosure relating to Directors' and Executive Officers' emoluments has been included in Note 17 of the Financial Report.

Directors' Interests

The Director's of the Company hold the following interests in fully paid ordinary shares and partly paid ordinary shares in the Company as at the date of this Report:

Fully Paid Ordinary Shares			
Director	Direct Holding	Indirect Holding	Total
S. Chesson	NIL	13,162	13,162
V. Turco	NIL	564	564
G. Coad	NIL	1700	1700

Employees

There were no employees of the Company during the year or at year end.

Principal Activities

The principal activities of the Company during the financial year were:

- ❖ Kiri Park Project leasing of Woodlots
- ❖ Ownership of units in the Kiri Timber Trust

No significant changes in the nature of these activities occurred during the year.

Significant Changes in State of Affairs

There was no significant changes in the state of the Company's affairs during the financial year.

Review and Results of Operations

The Company posted a loss of \$103,942 this financial year (2007: loss \$291,876).

During the financial year, the Company continued to implement its capital works program for the plantation. This program is an important activity for the Company and may assist in adding value to the Kiri Park Plantations, the Company's Plantation and the underlying Kiri Park property.

The capital works program included the installation of further infrastructure to provide irrigation to new Woodlots.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends as the Company has carried forward losses.

Options

No options to acquire shares in the Company have been granted during this financial year and there were no options outstanding at the end of the financial year.

Indemnification and Insurance of Officers and Auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company 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.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Company has not paid any fees to external auditors for any services other than the independent audit of the Company's financial statements.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 9 of this Annual Report.

Significant After Balance Date Events

No significant after balance events have occurred

Future Developments

The likely developments in the operation of the Company and the expected results of those operations in future financial years are as follows:

- ❖ The Company expects to continue with its capital works program, thereby potentially adding value to the Kiri Park plantations and the Kiri Park Property.
- ❖ The Company is currently identifying additional land suitable for Paulownia Plantations that may be able to be operated in a similar manner to the Kiri Park Projects.

The Board expect that the above developments will provide benefits for the Company and its shareholders.

Shareholders

The Company extends a special acknowledgement to all shareholders of all companies within the EFF Group.

Environmental Issues

The Company currently meets all development and operational conditions associated with the Company's operations.

Directors' Interests

Directors' interests in contracts and related party transactions are detailed in note 18 of the Financial Report.

Rounding of Amounts

The amounts in the Financial Report and the Directors' Report have been rounded to the nearest dollar.

Directors' Authorisation

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



Sydney Chesson
Director

Dated this 24th day of September 2008.

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

9-11 DRAKE STREET OSBORNE PARK WA 6017

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF
POWTON LAND HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Carlton & Partners



G.V Wovodich
Registered Company Auditor

Dated this 24th day of September 2008 at Perth Western Australia

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PO BOX 1860
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**POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FINANCIAL STATEMENTS

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	30 June 2008 \$	30 June 2007 \$
<i>Revenue from ordinary activities</i>			
Revenue Income	2 (a)	109,462	297,257
<i>Expenses</i>			
Administration Expenses	2 (b)	(106,244)	(395,843)
Borrowing Costs and Interest Expenses	2 (c)	(107,159)	(129,780)
Total Expenses Incurred		(213,404)	(525,623)
Profit/(Loss) From Ordinary Activities Before Income Tax		(103,942)	(228,366)
Income Tax Benefit/(Expense)	3	-	(63,510)
Profit/(Loss) From Ordinary Activities After Income Tax Attributable to Members		(103,942)	(291,876)

The above statement of financial performance is to be read in conjunction with the attached notes.

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	30 June 2008 \$	30 June 2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	4	368,418	1,304
Trade and other receivables	5	874,409	951,297
Total current assets		1,242,826	952,601
NON-CURRENT ASSETS			
Property, plant & equipment	6	2,766,774	2,781,005
Financial Assets	7	5,000,000	5,000,000
Receivables	8	32,693	673,282
Deferred tax assets	9	229,907	229,907
Total non-current assets		8,029,373	8,684,195
TOTAL ASSETS		9,272,200	9,636,796
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	545,102	626,053
Interest bearing liabilities	12	422,000	191,703
Total current liabilities		967,102	817,755
NON-CURRENT LIABILITIES			
Interest bearing liabilities	12	1,243,200	1,653,200
Deferred tax liability	11	1,933,206	1,933,207
Total non-current liabilities		3,176,406	3,586,407
TOTAL LIABILITIES		4,143,508	4,404,162
NET ASSETS		5,128,692	5,232,634
EQUITY			
Contributed equity	13	4,990,468	4,990,468
Asset Revaluation Reserve	15	1,041,153	1,041,153
Accumulated Losses	14	(902,929)	(798,988)
TOTAL EQUITY		5,128,692	5,232,634

The above statements of financial position should be read in conjunction with the accompanying notes.

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	\$	\$	\$	\$
	Share Capital Fully-Paid Ordinary	Retained Profits	Asset Revaluations	Total
Balance at 1.7.2006	4,990,468	(507,111)	1,041,153	5,524,510
Shares issued during the year	-	-	-	-
Profit attributable to members of parent entity	-	(291,876)	-	(291,876)
Balance at 30.6.2007	<u>4,990,468</u>	<u>(798,988)</u>	<u>1,041,153</u>	<u>5,232,634</u>
Balance at 1.7.2007	4,990,468	(798,988)	1,041,153	5,232,634
Profit attributable to members of parent entity	-	(103,942)	-	(103,942)
Balance at 30.6.2008	<u>4,990,468</u>	<u>(902,930)</u>	<u>1,041,153</u>	<u>5,128,692</u>

The accompanying notes form part of these financial statements.

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	30 June 2008 \$	30 June 2007 \$
<i>Cash Flows From Operating Activities</i>			
Receipts from customers		27,722	147,000
Payments to suppliers and employees		(172,046)	(342,237)
Interest received		81,740	150,257
Income taxes paid	3	-	(63,510)
Finance costs		(107,106)	(129,764)
Interest expense		(53)	(16)
Net Cash Provided By/ (Used in) Operating Activities	19	(169,743)	(238,270)
<i>Cash Flows From Investing Activities</i>			
Payment for property, plant and equipment		(919)	(42,812)
Net Cash Provided By/(Used in) Investing Activities		(919)	(42,812)
<i>Cash Flows From Financing Activities</i>			
Growers loans repayments		640,589	-
Proceeds from Loans (Loans Made)		76,889	50,265
Proceeds from (repayment of) interest bearing liabilities		(6,853)	(28,297)
Net Cash Provided By/(Used in) Financing Activities		710,625	21,968
Net Increase/(Decrease) in Cash Held		539,963	(259,114)
Cash at the Beginning of Financial Year		(171,546)	87,569
Cash at the End of Financial Year	4	368,418	(171,546)

NOTES TO THE FINANCIAL STATEMENTS

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Powton Land Holdings Limited as an individual parent entity. Powton Land Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Powton Land Holdings Limited as an individual parent entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial 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.

(b) Income Tax

The change for current income tax expenses is based on 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 recognised from the initial recognition of an asset or 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 realised 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 recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Investments

Investments brought to account are at cost or at valuation. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of the investments.

(d) Interest and Dividend Revenue

Interest is brought to account in the profit and loss statement when earned. Dividends are brought to account in the profit and loss statement when received.

(e) 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 periodic but at least triennial, valuations for external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued 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 that 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 cash flows have been discounted to their present values in 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 assets carrying amount or recognised 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. All other repairs and maintenance are charged to the income statement 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 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. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

the 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 or the estimated useful lives of the improvements.

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

Leasehold Improvement	2%
Plant and equipment	5-15%
Motor Vehicle	10%
Office equipment	10%
Buildings	2%

All items of property, plant and equipment are depreciated using the diminishing value method.

(f) 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 balance sheet.

(g) Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(h) Revenue Recognition

Revenue from the sale of goods is recognised upon delivery of the goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Accounts Payable

Accounts payable represents the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(j) Leases

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

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Finance leases are capitalised by recording as an asset and a liability equal at the lower of the amounts equal to 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 liability and the lease interest expense for the period.

Lease assets are depreciated on a short line bases over the shorter of their estimated useful lives or the lease term.

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 it is incurred.

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

(I) Financial Instruments

Recognition

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

Financial Assets 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 requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the 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 financial 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 recognised at amortised cost, comprising original debt less principal payments and amortisation.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 Company reviews whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(m) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there 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 assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expenses 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.

(n) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Company's share of post acquisition reserves of its associates.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised 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 recognised 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.

(p) Comparative Figures

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

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2008	2007
	\$	\$
2 (a) Revenue Income		
Operating Revenue		
Interest Received- Other Parties	950	286
Other Income-Other Parties	3,722	20
Long Term Loan Interest	80,791	149,951
Sale of Kiri Timber Tree Units	24,000	147,000
	<u>109,462</u>	<u>297,257</u>
2 (b) Administrative Expenses		
Auditors Remuneration	9,000	9,000
Depreciation of Non-current assets	15,150	15,150
Management Fees-Related Parties (EFF Ltd)	-	300,000
Other Expenses	82,094	71,693
	<u>106,244</u>	<u>395,843</u>
2 (c) Borrowing Costs and Interest Expenses		
Interest on Debentures	107,106	128,054
Debenture Prospectus Costs	-	1,710
Other Interest Expense	53	16
	<u>107,159</u>	<u>129,780</u>
3. Income Tax Benefit		
The prima facie income tax payable on operating profit/(loss) is reconciled to the income tax provided as follows:		
Prima facie income tax expense/(benefit) on operating profit/(loss) at 30%	(31,182)	(68,510)
Non-deductible Expenditure	3,000	3,000
Income Tax expense/(benefit) attributable	<u>(28,182)</u>	<u>(65,510)</u>
Losses transferred to head entity	(20,032)	-
Income tax benefit not brought to account	48,215	129,020
Income tax Expense/(Benefit)	<u>-</u>	<u>63,510</u>
<i>Represented By:</i>		
Movement in PDITL	-	-
Movement in FITB	-	63,510
	<u>-</u>	<u>-</u>
4. Cash and Cash Equivalents		
Cash and cash equivalents	368,418	1,304
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:		
Cash at bank and on hand	368,418	1,304
Bank overdraft	-	(172,850)
Balance per cash flow statement	<u>368,418</u>	<u>(171,546)</u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2008	2007
	\$	\$
5. Current Receivables		
Amount receivable from EFF Limited	567,067	599,108
Long Term Loan interest	206,029	236,980
Growers Loan	147,869	144,735
Less: Provision for Doubtful Debts	(94,747)	(94,747)
Undeposited Funds	-	16,936
BAS Tax Refund	48,191	48,285
Total Current Receivables	<u>874,409</u>	<u>951,297</u>
6. Property Plant & Equipment		
Land & Buildings-at Director's Valuation	2,574,687	2,573,768
Less: Accumulated Depreciation	(30,000)	(20,000)
Total Land & Building	<u>2,544,687</u>	<u>2,553,768</u>
Dam at Cost	205,968	205,968
Less: Accumulated Depreciation	(23,881)	(18,731)
Total Dam	<u>182,087</u>	<u>187,237</u>
Leasehold Improvement Cost	40,000	40,000
Total Property Plant & Equipment	<u>2,766,774</u>	<u>2,781,005</u>

An independent valuation of the property was carried out by Megaw and Hogg on the 18 August 2005. The valuation was conducted to provide the current market value for debenture security and prospectus purposes. The basis the Valuer used was the exchange of an asset between a willing buyer and willing seller in an arms length transaction. A valuation is to be carried out at least every 3 years.

Land and buildings are secured by a fixed charge primarily in favour of the Debenture Stock Holders and secondly by way of a fixed and floating charge in favour of the Trustee, Professional Funds Management Pty Ltd to a value of \$10,000,000.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$	2006 \$
<i>Movements in Property, Plant & Equipment</i>		
Freehold land		
Opening balance	<u>1,534,000</u>	<u>1,534,000</u>
Closing Balance	<u>1,534,000</u>	<u>1,534,000</u>
<i>Buildings</i>		
Opening Balance	122,000	132,000
Less: Depreciation	<u>(10,000)</u>	<u>(10,000)</u>
Closing Balance	<u>112,000</u>	<u>122,000</u>
Dam at Cost	205,968	205,968
Less: Depreciation	<u>(23,881)</u>	<u>(18,731)</u>
Closing Balance	<u>182,087</u>	<u>187,237</u>
Total Land & Buildings	<u><u>1,828,087</u></u>	<u><u>1,843,237</u></u>

At 30 June 2008 Powton Land Holdings Limited was the major unit holder in the Kiri Timber Trust, an unlisted unit trust which owns a plantation of 40,000 Paulownia trees at the Kiri Park Plantation. The fair value of the plantation has been adapted from the independent valuation submitted by Afforestation Pty Ltd, of which Charles Peaty BSc. (Forestry) is the valuer, contained in the Product Disclosure Statement for the Kiri Timber Trust dated 26 October 2006. A progressive harvest of the plantation is expected to commence in 2009. The value of Powton Land Holding Limited's unitholding has been valued at \$5,000,000 after accounting for future maintenance of the plantation and capital raising costs.

7. Financial Assets

Unlisted Investments, at cost		
Kiri Timber Trust Units	<u>5,000,000</u>	<u>5,000,000</u>

8. Non Current Receivables

Growers Loans	<u>32,693</u>	<u>673,282</u>
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The Company has advanced these loans to investors in the Kiri Park Projects since the first prospectus issued 3 March 2000. These loans are secured by a fixed charge over the right title and interest of the borrower in each respective Kiri Park Project.

9. Deferred Tax Assets

Future Income Tax Benefits – Timing Differences	<u>229,907</u>	<u>229,907</u>
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POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Future income tax benefit comprises the estimated future benefit at the applicable rate of 30%.
The potential future income tax benefit will only be obtained if:

- a. the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised.
- b. the relevant company continues to comply with the conditions for deductibility imposed by the law: and
- c. no changes in the tax legislation adversely affect the Company in realising the benefit.

	2008	2007
	\$	\$
10. Trade and Other Payables		
Amount Payable to -EFFM	504,246	493,246
Trade Creditors	-	15,657
Income in Advance	2,737	78,511
BAS Tax Liability	-	4,392
Accruals	36,057	34,246
No Resident Withholding Tax	2,062	-
Total Payables	545,102	626,053

11. Tax Liabilities

Non Current

Provision for Deferred Income Tax Liabilities	1,933,206	1,933,207
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	2008	2007
	\$	\$
12. Interest Bearing Liabilities		
a Current		
Overdraft	-	179,703
Debenture Stock-Secured	422,000	12,000
	422,000	191,703

\$410,000 in debenture stock is payable this financial year.

b Non-Current		
Debenture Stock		
3 year debenture stock-secured	-	325,000
6 year debenture stock-secured	-	85,000
12 year debenture stock-secured	1,243,200	1,243,200
Total	1,243,200	1,653,200

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
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The 12 year debenture stocks have been issued in terms of the Prospectus dated 7 December 1999. They are repayable on 30 June 2012 automatically extending for a further 12 years. Interest is payable on the stock at 6% p.a. plus further variable interest equal to 40% of pre-tax profit based on a ratio of debenture stock held to total debenture stock plus total amount paid by shareholders for shares.

The 3 year and 6 year debenture stocks have all been redeemed and there is no further liability in respect of these debenture stocks.

The debenture stocks are secured by a fixed charge over the land as described in note 6 and a floating charge over all other assets of the Company.

The purpose of the debenture stock is to:

- a. Raise funds to lend to Growers who wish to enter into leases with Powton Land Holdings Limited for the purpose of planting Paulownia trees on Land owned by Powton Land Holdings Limited; and
- b. Enable Powton Land Holdings Ltd to plant Paulownia trees on land owned by Powton Land Holdings Limited.

	2008 \$	2007 \$
13. Contributed Equity		
Share Capital		
50,141 (2007: 50,141) ordinary shares, fully paid	4,990,468	4,990,468
Nil (2007: Nil) rights issue shares, second instalment	-	-
Nil (2007: Nil) rights issue shares, first instalment	-	-
	<u>4,990,468</u>	<u>4,990,468</u>
(a) Ordinary shares		
Movements during the year		
Balance at beginning of the year		
50,141 (2007: 50,141) shares	4,990,468	4,990,468
Shares issued – from Prospectus dated 3 June 2004		
- Nil (2007: Nil) for cash	-	-
- Transaction costs arising from issue for cash	-	-
Shares issued – from Rights Issue		
- Nil (2007: Nil) for cash	-	-
- Transaction costs arising from issue	-	-
Balance at the end of the year	<u>4,990,468</u>	<u>4,990,468</u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. Accumulated Losses		
Accumulated Losses- opening balance	(798,988)	(507,112)
Net Loss Attributable to Members	(103,942)	(291,876)
Accumulated Losses- closing balance	<u>(902,929)</u>	<u>(798,988)</u>
15. Asset Revaluation Reserve		
Opening Balance	1,041,153	1,041,153
Closing Balance	<u>1,041,153</u>	<u>1,041,153</u>

The asset revaluation reserve records revaluations of non-current assets.

16. Events Subsequent to Balance Date

Since 30 June 2008 the following events have occurred:

- The directors have sought an independent valuation of the Kiri Park Property. The valuation is yet to be received.

Future Commitments

Nil

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

17. Directors' and Executives Remuneration

(a) Directors

The names of directors who have held office during the financial period are:

Sydney Chesson
Victor Turco
Geoffrey Coad

(b) Directors' Remuneration

2008	Salary & Fees \$	Superannuation \$	Equity \$	Other \$	Total \$
Mr. S Chesson	-	-	-	-	-
Mr. V Turco	-	-	-	-	-
Mr. G Coad	-	-	-	-	-
Total	-	-	-	-	-

2007	Salary & Fees \$	Superannuation \$	Equity \$	Other \$	Total \$
Mr. S Chesson	-	-	-	-	-
Mr. V Turco	-	-	-	-	-
Mr. G Coad	-	-	-	-	-
Total	-	-	-	-	-

***Note: From 2007 the PLH directors' fees were paid by EFF Ltd, and have not been included as expense of PLH Ltd. The expense has therefore been borne by the parent company.**

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2008	2007
		\$	\$
18.	Related Parties Transaction		
	<i>(i) Director Related Entities</i>		
	Settlement Fees paid to Master Settlement, a firm related to Sydney Chesson	1,010	-
	Accounting Services Fees paid to AustAsia Accounting Services, a firm related to Sydney Chesson	1,000	3,250
	<i>(ii) Directors Interest</i>		
	Directors interests in shares have been disclosed in the Directors Report.		

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2008	2007
	\$	\$
19. Reconciliation of Cash		
Cash at the end of 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	<u>368,418</u>	<u>1,304</u>
Reconciliation of Net Cash provided by Operating Activities to Profit/(Loss) from Ordinary Activities after Income Tax		
Operating profit/(loss) from ordinary activities after income tax	(103,942)	(291,876)
Non Cash Flows in Operating Profit/(Loss)		
Depreciation	15,150	15,150
Changes in Assets and Liabilities		
Increase/(decrease) in accounts payable	(80,951)	(25,055)
Increase/(decrease) in tax liabilities	-	63,511
Operating Activities	<u><u>(169,743)</u></u>	<u><u>(238,270)</u></u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

20. SEGMENT REPORTING

	LANDOWNER		FINANCING & INVESTMENT		TREE PLANTATION		UNALLOCATED		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE										
External Revenue	-	-	950	286	80,791	149,951	27,722	147,020	109,462	297,257
Total Sales Revenue	-	-	950	286	80,791	149,951	27,722	147,020	109,462	297,257
Total Segment Revenue	-	-	950	286	80,791	149,951	27,722	147,020	109,462	297,257
Total Revenue from ordinary activities	-	-	950	286	80,791	149,951	27,722	147,020	109,462	297,257
RESULT										
Segment Result	(35,415)	(131,948)	(141,624)	(261,442)	45,376	18,003	27,722	147,020	(103,942)	(228,366)
Pre-Tax Profit	(35,415)	(131,948)	(141,624)	(261,442)	45,376	18,003	27,722	147,020	(103,942)	(228,366)
Income tax expense / (benefit)	-	-	-	-	-	-	-	-	-	-
Post-Tax Profit	(35,415)	(131,948)	(141,624)	(261,442)	45,376	18,003	27,722	147,020	(103,942)	(228,366)
ASSETS										
Segment Assets	2,766,774	2,781,005	5,291,843	5,960,250	-	-	1,213,583	895,540	9,272,200	9,636,796
LIABILITIES										
Segment Liabilities	422,000	15,657	1,272,994	1,775,689	-	-	2,448,514	2,612,815	4,143,508	4,404,162
OTHER										
Depreciation and Amortisation of segment assets	15,150	15,150	-	-	-	-	-	-	15,150	15,150

PLH Operated in one Geographical location being Australia

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

21. Financial Instruments

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments represented in the table.

a. Interest Bearing Loans and Borrowings

Fair value is calculated based on the face value of loans receivable and liabilities. Due to the interest rates generally being fixed, and matching the liability interest rate to the asset interest rate the face value is considered reasonable.

b. Trade and Other Receivables/Payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

c. Interest Rates Used for Determining Fair Value

The entity uses the government yield curve as of 30 June 2008 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2008	2007
Loans and Borrowings	6.0% - 10.0%	6.0% - 10.0%
Loans Receivable	10.5% - 12.5%	10.5% - 12.5%

d. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

e. Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

f. Interest Rate Risk

Powton Land Holdings Limited's exposure to interest rate risk, which is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and the effective weighted coverage interest rate on those financial assets are as follows:

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS

	WEIGHTED INTEREST		FLOATING INTEREST		FIXED INTEREST		NON-INTEREST		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets										
Cash	2%	2%	368,418	1,304	-	-	-	-	368,418	1,304
Receivables	11%	11%	-	-	5,291,843	5,960,250	62,821	118,468	5,354,664	6,078,718
Total Financial Assets			368,418	1,304	5,291,843	5,960,250	62,821	118,468	5,723,082	6,080,022
Financial Assets										
Accounts Payable							414,665	259,895	414,665	259,895
Interest Bearing Liabilities	6%	6%	-	-	1,243,200	1,665,200		-	1,243,200	1,665,200
Total Financial Liabilities			-	-	1,243,200	1,665,200	414,665	259,895	1,657,865	1,925,095
Net Financial Assets			368,418	1,304	4,048,643	4,295,050	(351,844)	(141,427)	4,065,217	4,154,927

Reconciliation of Net Financial Assets to Net Assets

Net Financial Assets as above	4,065,217	4,154,927
Plus: Non Financial Assets		
Deferred Tax Liability	(1,933,206)	(1,933,207)
Fixed Assets	2,766,774	2,781,005
Future Income Tax Benefit	229,9087	229,907
Net Assets per Balance Sheet	5,128,692	5,232,634

**POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

22. Change in Accounting Policy

There have been no significant changes in accounting policy.

23. Company Details

The Company is incorporated in Australia on 22 April 1999 and is domiciled in Australia.

The registered office of the Company is:

Powton Land Holdings Limited
Level 1, AustAsia House
412 – 414 Newcastle Street
West Perth WA 6005

The principal place of business is:

Powton Land Holdings Limited
Level 1, AustAsia House
412 – 414 Newcastle Street
West Perth WA 6005

The ultimate parent entity is:

E.F.F. Limited
Level 1, AustAsia House
412 – 414 Newcastle Street
West Perth WA 6005

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POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Directors' Declaration

In the opinion of the Directors of the Company:

- a. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards, corporate regulations and other mandatory professional reporting requirements, and give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for year ended on that date.
- b. At the date of this declaration, there are reasonable grounds to believe that the Company can meet its debts as and when they fall due.

The Company Secretary and the Chief Financial Officer have each declared that:

- a. The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
- b. The financial statements and notes for the financial year comply with the Accounting Standards.
- c. The financial statements and notes for the financial year give a true and fair view.

The declaration is signed in accordance with a resolution of the Board of Directors.



S. J. Chesson
Director

Dated this 24th day of September 2008.

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

9-11 DRAKE STREET OSBORNE PARK WA 6017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWTON LAND HOLDINGS LIMITED

Report on the financial report

We have audited the accompanying financial report of Powton Land Holdings Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Powton Land Holdings Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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OSBORNE PARK DC WA 6916

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

9-11 DRAKE STREET OSBORNE PARK WA 6017

Auditor's Opinion

In our opinion:

- a) The financial report of Powton Land Holdings Limited is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) The financial report also complies with International Financial Standards as disclosed in Note 1.

Carlton & Partners



G.V Wovodich
Registered Company Auditor

Dated this 24th day of September 2008 at Perth Western Australia

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Powton Land Holdings Limited

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