



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

Financial Report

Year Ended 30 June 2011

Corporate Directory

Registered Office

Powton Land Holdings Limited
ACN 087 201 652
Level 1, AustAsia House
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West Perth WA 6005
Telephone: (+61 8) 9227 8422
Facsimile: (+61 8) 9227 8455
E-mail: kpadding@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

Thomas Henn

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

Director

Simon Chesson

M.B.A (UWA), C.P.A., C.F.P., B.Comm, F Fin

Director/Company Secretary

Auditor

Carlton and Partners
c/o 3 Alvan Street
Mount Lawley WA 6050

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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 four 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 198,180 trees in the existing Kiri Park Projects, with a maximum of an additional 28,000 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 198,180 Paulownia trees already being planted, maintained, and managed on the Property.

Location

Kiri Park was selected by foresters as the location for a Paulownia Plantation on the criteria considered necessary to establish, maintain and operate successful Paulownia plantations. The key factors for growing Paulownia timber were determined to include constant sunshine, ample water, sandy well drained soils, nutrients, and protection from severe winds.

The Kiri Park Projects

The Kiri Park Projects have been established specifically for the growth, development, harvest, promotion and sale of Paulownia timber.

The Kiri Park Projects combine to total approximately 1,903 Woodlots, which have been planted and are managed for approximately 205 Growers. The projects combine for a total of 198,180 Paulownia trees, all of which are managed by Environmental Forest Farms Management Limited (“EFFM”).

A total of approximately 95% of the plantable land is under plantation, which includes the Kiri Timber Trust and the plantations for individual Growers.

Directors' Report

Directors' Report

Your Directors' present their Report on the Company for the financial year ended 30 June 2011.

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:

- Mr Sydney Chesson
- Mr Thomas Henn (Appointed 21 January 2011)
- Mr Simon Chesson (Appointed 14 February 2011)
- Mr Geoffrey Coad (Resigned 5 January 2011)
- Mr Stephen Campbell (Resigned 13 December 2010)

Principal Activities & Significant Changes in Nature of 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.

Review and Results of Operations

The Company posted a loss of \$124,999 this financial year (2010: loss \$2,074,576).

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.

Dividends

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

Significant Changes in State of Affairs

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

Financial Position

The net assets of the company decreased by \$124,999 from 30 June 2010 to \$4,498,270 in 2011.

Shareholders

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

Significant After Balance Date Events

Since 30 June 2011 the following events have occurred:

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.

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.

Environmental Issues

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

Directors Information

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 and A&N Enterprises Pty Ltd.

Simon Chesson (Appointed 14 February 2011)

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

Director

Mr Simon Chesson has been awarded the degrees of Master of Business of 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.

Mr Simon Chesson is also a Director of E.F.F. Limited, Forestry Finance Limited, Powton Land Holdings Limited and other subsidiaries of E.F. F. Limited.

Thomas Henn (Appointed 21 January 2011)

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 Firm.

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 taxation at various Universities in Western Australia.

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

Geoffrey Coad (Resigned 5 January 2011)

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

Director

Stephen Campbell (Resigned 13 December 2010)

Dip All, Dip FS

Director

Directors' Meetings

During the year, four (4) meetings of Directors were held, with the attendances reported as follows:

Director	No. of Meetings Eligible to Attend	No. Attended
S. Chesson	4	4
T. Henn	3	3
Simon Chesson	4	4
G. Coad	1	1
S. Campbell	1	1

Directors' and Senior Executive Remuneration

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

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.

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	Percentage of Shares on Issue
S. Chesson	NIL	9,697	9,697	19.34%
T. Henn	NIL	95	95	0.19%
Simon Chesson	NIL	9,762	9,762	19.47%
TOTAL	NIL	19,555	19,555	39.00%

Directors' interests in contracts and related party transactions are detailed in note 17 & 18 of the Financial Report.

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.

Employees

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

Rounding of Amounts

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

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 2011 has been received and can be found on page 9 of this Annual Report.

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 30th day of September 2011.

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

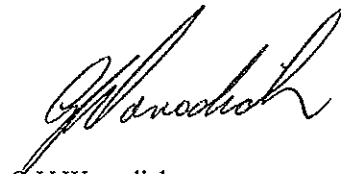
3 ALVAN STREET MOUNT LAWLEY WA 6050

**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 2011 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 30th day of September 2011 at Perth Western Australia

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MOUNT LAWLEY WA 6050

FINANCIAL STATEMENTS

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30 June 2011 \$	30 June 2010 \$
<i>Revenue from ordinary activities</i>			
Revenue Income	2 (a)	10,438	(2,769,739)
<i>Expenses</i>			
Administration Expenses	2 (b)	(112,170)	(117,402)
Borrowing Costs and Interest Expenses	2 (c)	(72,553)	(72,253)
Total Expenses Incurred		(184,723)	(189,655)
Profit/(Loss) From Ordinary Activities Before Income Tax		(174,285)	(2,959,394)
Income Tax Benefit/(Expense)	3	49,285	884,818
Profit/(Loss) From Ordinary Activities After Income Tax Attributable to Members		(124,999)	(2,074,576)

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

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	30 June 2011 \$	30 June 2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	4	1,623	6,835
Trade and other receivables	5	418,853	464,256
Total current assets		420,477	471,091
NON-CURRENT ASSETS			
Property, plant & equipment	6	5,752,125	5,767,275
Financial Assets	7	772,661	995,953
Receivables	8	371,839	517,759
Deferred tax assets	9	-	-
Total non-current assets		6,896,625	7,280,987
TOTAL ASSETS		7,317,102	7,752,078
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	96,759	339,748
Provision for Income Tax	11	-	-
Interest bearing liabilities	12	-	-
Total current liabilities		96,759	339,748
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11(b)	1,243,200	1,243,200
Deferred tax liability	12	1,478,872	1,545,860
Total non-current liabilities		2,722,072	2,789,060
TOTAL LIABILITIES		2,818,831	3,128,808
NET ASSETS		4,498,270	4,623,270
EQUITY			
Contributed equity	13	4,990,468	4,990,468
Accumulated Losses	14	(3,522,999)	(3,398,000)
Asset Revaluation Reserve	15	3,030,801	3,030,801
TOTAL EQUITY		4,498,270	4,623,270

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

POWTON LAND HOLDINGS LIMITED
ACN 087 201 652
STATEMENTS OF RECOGNISED INCOME & EXPENSE
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30 June 2011 \$	30 June 2010 \$
Revaluation of property, plant & equipment	23	-	(1,291,154)
Income & expense before current year profit		-	(1,291,154)
Profit for the Year		(124,999)	(2,074,576)
Total recognised income & expenses for the year		(124,999)	(3,365,730)
Attributable to:			
Equity holders of company		(124,999)	(3,365,730)
Total recognised income & expenses for the year		(124,999)	(3,365,730)

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 2011

	Note	30 June 2011 \$	30 June 2010 \$
<i>Cash Flows From Operating Activities</i>			
Receipts from customers		258,700	225,005
Payments to suppliers and employees		(389,294)	(1,181,522)
Interest received		2,731	3,973
Net Tax (Paid)/Received	3	49,285	884,818
Finance costs		(72,552)	(72,250)
Interest expense		-	(3)
Net Cash Provided By/ (Used in) Operating Activities	19	(151,131)	(139,978)
<i>Cash Flows From Investing Activities</i>			
Payment for property, plant and equipment		-	-
Net Cash Provided By/(Used in) Investing Activities		-	-
<i>Cash Flows From Financing Activities</i>			
Growers loans repayments		-	-
Proceeds from Loans (Loans Made)		145,919	141,473
Proceeds from (repayment of) interest bearing liabilities		-	-
Net Cash Provided By/(Used in) Financing Activities		145,919	141,473
Net Increase/(Decrease) in Cash Held		(5,211)	1,495
Cash at the Beginning of Financial Year		6,835	5,341
Cash at the End of Financial Year	4	1,623	6,835

NOTES TO THE FINANCIAL STATEMENTS

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

Basis of Preparation

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.

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

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. Its registered office is Level 1 AustAsia House, 412-414 Newcastle Street, West Perth, WA 6005.

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.

Accounting Policies

(a) Reporting Basis and Conventions

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 income tax expense (revenue) for the year comprises current income tax expenses (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(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.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

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

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	4-5%
Plant and equipment	5-33%
Motor Vehicle	10%
Office equipment	10%
Buildings	2%

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.

(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 is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(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.

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.

(k) 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 subsequently measured at amortised cost.

Held to Maturity Investments

These investments are non-derivative financial assets that are either no suitable to be classified into other categories of financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(l) 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 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.

(m) 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.

(n) 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 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.

(o) Comparative Figures

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

(p) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised as income in the period in which they are incurred.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011	2010
	\$	\$
2 (a) Revenue Income		
Operating Revenue		
Interest Received- Other Parties	-	1
Lease Income from EFFM	230,999	189,182
Long Term Loan Interest	2,731	3,972
Decrement In Value of Plantation	<u>(223,293)</u>	<u>(2,962,893)</u>
	<u>10,438</u>	<u>(2,769,739)</u>
2 (b) Administrative Expenses		
Auditors Remuneration	9,000	9,000
Depreciation of Non-current assets	15,150	15,150
Other Expenses	<u>88,020</u>	<u>93,252</u>
	<u>112,170</u>	<u>117,402</u>
2 (c) Borrowing Costs and Interest Expenses		
Interest on Debentures	72,553	72,250
Other Interest Expense	<u>-</u>	<u>3</u>
	<u>72,553</u>	<u>72,253</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%	(52,285)	(887,818)
Non-deductible Expenditure	<u>3,000</u>	<u>3,000</u>
Income Tax expense/(benefit) attributable	<u>(49,285)</u>	<u>(884,818)</u>
(Under)/Over Provision in Prior Years	-	-
Income tax benefit not brought to account	-	-
Transferred to parent entity	-	-
Income tax Expense/(Benefit)	<u>(49,285)</u>	<u>(884,818)</u>
<i>Represented By:</i>		
Movement in PDITL	-	-
Movement in FITB	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
4. Cash and Cash Equivalents		
Cash and cash equivalents	1,623	6,835
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	<u>1,623</u>	<u>6,835</u>
Cash and cash equivalents	<u>1,623</u>	<u>6,835</u>
Bank overdraft	-	-
Balance per cash flow statement	<u>1,623</u>	<u>6,835</u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011	2010
	\$	\$
5. Current Receivables		
Growers Loan	113,088	113,088
Less: Provision for Doubtful Debts	(175,506)	(148,308)
Provision for Income Tax	479,770	497,472
BAS Tax Refund	1,501	2,004
Total Current Receivables	418,853	464,256
	<hr/> <hr/>	<hr/> <hr/>
6. Property Plant & Equipment		
Land & Buildings-at Valuation	5,605,488	5,605,488
Less: Accumulated Depreciation	(60,000)	(50,000)
Total Land & Building	<u>5,545,488</u>	<u>5,555,488</u>
Dam at Cost	205,968	205,968
Less: Accumulated Depreciation	(39,331)	(34,181)
Total Dam	<u>166,637</u>	<u>171,787</u>
Leasehold Improvement Cost	40,000	40,000
Total Property Plant & Equipment	5,752,125	5,767,275
	<hr/> <hr/>	<hr/> <hr/>

An independent valuation of the property was carried out by Valwest Pty Ltd on the 4th November 2008. 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 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011 \$	2010 \$
<i>Movements in Property, Plant & Equipment</i>		
Freehold land		
Opening balance	1,534,000	1,534,000
Closing Balance	<u>1,534,000</u>	<u>1,534,000</u>
<i>Buildings</i>		
Opening Balance	92,000	102,000
Less: Depreciation	<u>(10,000)</u>	<u>(10,000)</u>
Closing Balance	<u>82,000</u>	<u>92,000</u>
Dam at Cost	205,968	205,968
Less: Depreciation	<u>(39,331)</u>	<u>(34,181)</u>
Closing Balance	<u>166,637</u>	<u>171,787</u>
 Total Land & Buildings	 <u><u>1,782,637</u></u>	 <u><u>1,797,787</u></u>

At 30 June 2011 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) was the valuer, contained in the Product Disclosure Statement for the Kiri Timber Trust dated 26 October 2006. A progressive harvest of the plantation was expected to commence in 2009. The value of Powton Land Holding Limited's unitholding has been valued at \$772,661 after accounting for future maintenance of the plantation and capital raising costs plus recent harvesting trials conducted at Nowergup, a plantation owned by EFF Limited, the parent company.

7. Financial Assets

Unlisted Investments, at cost Kiri Timber Trust Units	772,661	995,953
Revaluation	-	-
Kiri Timber Trust Units	<u><u>772,661</u></u>	<u><u>995,953</u></u>

8. Non Current Receivables

Amount Receivable from EFF	238,152	364,802
Long Term Loan Interest	<u>133,687</u>	<u>152,956</u>
	371,839	517,759

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>-</u>	<u>-</u>
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POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
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.

	2011	2010
	\$	\$
10. Trade and Other Payables		
Amount Payable to -EFFM	68,427	298,398
Trade Creditors	(1,918)	12,200
Barter Card	1,100	-
Accruals	27,088	27,088
Non Resident Withholding Tax	2,062	2,062
Total Payables	96,759	339,748

	2011	2010
	\$	\$
11. Interest Bearing Liabilities		
a Current		
Debenture Stock-Secured	-	-
	-	-

No debenture stock is payable this financial year.

b Non-Current		
Debenture Stock		
12 year debenture stock-secured	1,243,200	1,243,200
Total	1,243,200	1,243,200

	2011	2010
	\$	\$
12. Tax Liabilities		
<u>Non Current</u>		
Provision for Deferred Income Tax Liabilities	1,478,872	1,545,860

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

		2011 \$	2010 \$
13. Contributed Equity			
	Share Capital		
	50,141 (2010: 50,141) ordinary shares, fully paid	4,990,468	4,990,468
		4,990,468	4,990,468
(a) Ordinary shares			
	Movements during the year		
	Balance at beginning of the year		
	50,141 (2010: 50,141) shares	4,990,468	4,990,468
	Balance at the end of the year	4,990,468	4,990,468

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011 \$	2010 \$
14. Accumulated Losses		
Accumulated Losses- opening balance	(3,398,000)	(1,323,424)
Adjustment to retained earnings	-	-
Net Loss Attributable to Members	(124,999)	(2,074,576)
Accumulated Losses- closing balance	<u><u>(3,522,999)</u></u>	<u><u>(3,398,000)</u></u>
15. Asset Revaluation Reserve		
Opening Balance	3,030,801	4,321,955
Asset Revaluation	-	-
Asset Revaluation brought to Profit & Loss account	-	(1,291,153)
Closing Balance	<u><u>3,030,801</u></u>	<u><u>3,030,801</u></u>

The asset revaluation reserve records revaluations of non-current assets. Please see Note 20.

16. Events Subsequent to Balance Date

Since 30 June 2011 the following events have occurred:

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.

Future Commitments

Nil

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
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
 Simon Chesson (Appointed)
 Thomas Henn (Appointed)
 Geoffrey Coad (Resigned)
 Stephen Campbell (Resigned)

(b) Directors' Remuneration

2011	Salary & Fees \$	Superannuation \$	Equity \$	Other \$	Total \$
Mr. S Chesson	-	-	-	-	-
Mr. T Henn	-	-	-	-	-
Mr. SJS Chesson	-	-	-	-	-
Mr. S Campbell	-	-	-	-	-
Mr. G Coad	-	-	-	-	-
Total	-	-	-	-	-

2010	Salary & Fees \$	Superannuation \$	Equity \$	Other \$	Total \$
Mr. S Chesson	-	-	-	-	-
Mr. T Henn	-	-	-	-	-
Mr. SJS Chesson	-	-	-	-	-
Mr. S Campbell	-	-	-	-	-
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 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2011	2010
		\$	\$
18.	Related Parties Transaction		
	<u>(i) Director Related Entities</u>		
	Printing paid to AustAsia Group, a firm related to Sydney Chesson and Simon Chesson	-	2,035
	Accounting Services Fees paid to AustAsia Accounting Services, a firm related to Sydney Chesson and Simon Chesson	2,250	3,000
	<u>(ii) Owing to Director Related Entities</u>		
	Accounting Services Fees owing to AustAsia Accounting Services, a firm related to Sydney Chesson and Simon Chesson	2,250	3,300

(iii) Directors Interest

Directors interests in shares have been disclosed in the Directors Report.

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011	2010
	\$	\$
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>1,623</u>	<u>6,835</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	(124,999)	(2,074,576)
Non Cash Flows in Operating Profit/(Loss)		
Increment in Value of Plantation	223,293	2,962,893
Increment in Value of Land & Building	-	-
Depreciation	15,150	15,150
Changes in Assets and Liabilities		
Increase/(decrease) in accounts receivable	27,700	35,823
Increase/(decrease) in accounts payable	(242,989)	(194,451)
Increase/(decrease) in tax liabilities	(49,286)	(884,818)
Operating Activities	<u>(151,131)</u>	<u>(139,978)</u>
	2011	2010
	\$	\$
20. Valuation to Market Value		
Net Increment/(Decrement) in Market Value of Paulownia Plantation	-	(1,291,154)
Net Increment in Market Value of Land & Building	-	-
Total Net Increment In Market Value recognised in Equity	<u>-</u>	<u>(1,291,154)</u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

21. SEGMENT REPORTING

	LANDOWNER		FINANCING & INVESTMENT		TREE PLANTATION		UNALLOCATED		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
External Revenue	-	-	-	1	2,731	3,972	7,707	(2,773,712)	10,438	(2,769,739)
Total Sales Revenue	-	-	-	1	2,731	3,972	7,707	(2,773,712)	10,438	(2,769,739)
Total Segment Revenue	-	-	-	1	2,731	3,972	7,707	(2,773,712)	10,438	(2,769,739)
Total Revenue from ordinary activities	-	-	-	1	2,731	3,972	7,707	(2,773,712)	10,438	(2,769,739)
RESULT										
Segment Result	(37,390)	(39,134)	(109,942)	(111,386)	(34,659)	(35,162)	7,707	(2,773,712)	(174,285)	(2,959,394)
Pre-Tax Profit	(37,390)	(39,134)	(109,942)	(111,386)	(34,659)	(35,162)	7,707	(2,773,712)	(174,285)	(2,959,394)
Income tax expense / (benefit)	-	-	-	-	-	-	-	-	-	-
Post-Tax Profit	(37,390)	(39,134)	(109,942)	(111,386)	(34,659)	(35,162)	7,707	(2,773,712)	(174,285)	(2,959,394)
ASSETS										
Segment Assets	5,752,125	5,767,275	843,930	1,113,689	-	-	721,047	871,113	7,317,102	7,752,078
LIABILITIES										
Segment Liabilities	(1,918)	12,200	1,261,288	1,261,288	-	-	1,559,461	1,855,320	2,818,831	3,128,808
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 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

22. 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:

	2011	2010
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 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS

	WEIGHTED INTEREST		FLOATING INTEREST		FIXED INTEREST		NON-INTEREST		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets										
Cash	2%	2%	1,623	6,835	-	-	-	-	1,623	6,835
Receivables	11%	11%	-	-	843,930	1,113,689	649,495	563,877	1,493,425	1,677,566
Total Financial Assets			1,623	6,835	843,930	1,113,689	649,495	563,877	1,495,048	1,684,401
Financial Assets										
Accounts Payable			-	-	-	-	26,831	39,346	26,831	39,346
Interest Bearing Liabilities	6%	6%	-	-	1,243,200	1,243,200	-	-	1,243,200	1,243,200
Total Financial Liabilities			-	-	1,243,200	1,243,200	26,831	39,346	1,270,031	1,282,546
Net Financial Assets			1,623	6,835	(399,270)	(129,511)	622,664	524,531	225,017	401,855

Reconciliation of Net Financial Assets to Net Assets

Net Financial Assets as above	225,017	401,855
Plus: Non Financial Assets		
Deferred Tax Liability	(1,478,872)	(1,545,860)
Fixed Assets	5,752,125	5,767,275
Future Income Tax Benefit	-	-
Net Assets per Balance Sheet	<u>4,498,270</u>	<u>4,623,270</u>

POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

23. New Standards and Interpretations issued but not yet effective

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is a result of the first part of Phase I of the IASB's project to replace IAS 39	1 January 2013	No changes are expected to materiality affect the company.

24. Contingent Liability

The Company has no major capital commitment and has no known contingent liability as at 30 June 2011.

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POWTON LAND HOLDINGS LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011
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 2011 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 Directors 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.


Sydney J. Chesson
Director

Dated this 30th day of September 2011.

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

3 ALVAN STREET MOUNT LAWLEY WA 6050

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 2011, 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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POSTAL ADDRESS:
PO BOX 42
MOUNT LAWLEY WA 6050

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867


3 ALVAN STREET MOUNT LAWLEY WA 6050

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 2011 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 30th day of September 2011 at Perth Western Australia

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FAX: (08) 9272 3509
TAN: 76556 015

POSTAL ADDRESS:
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MOUNT LAWLEY WA 6050



**POWTON LAND
HOLDINGS LIMITED**
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Powton Land Holdings Limited

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