



Environmental Carbon Offset Limited

ACN 077 014 594

Annual Report

30 June 2015

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Corporate Directory

Directors

Sydney Chesson (Chairman)
Thomas Henn (Director)
Simon Chesson (Director)

Company Secretary

Simon Chesson

Registered Office

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

PO Box 332
Leederville WA 6903

Telephone: 08 9227 6300
Facsimile: 08 9227 6400
Web: www.kiripark.com.au

Members of the Consolidated Group

Environmental Carbon Offset Limited
ACN 077 014 594

Environmental Forest Farms Management Pty Ltd
ACN 087 201 670

EFF Timber Pty Ltd
ACN 082 882 960

Powton Land Holdings Pty Ltd
ACN 087 201 652

A&N Enterprises Pty Ltd
ACN 113 434 512

Forestry Finance Pty Ltd
ACN 108 513 239

Auditors

Carlton & Partners
3 Alvan Street
Mount Lawley WA 6050

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Director's Report

Your directors submit the financial report of the company for the financial year ended 30 June 2015.

Principal Business Activities

During the financial year ended, the ECO Group's primary activity was care and maintenance of the Kiri Park property.

Directors

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

Sydney J. Chesson
Thomas F. Henn
Simon JS Chesson

Since the financial period ended 30 June 2015, there have been no significant after balance date events.

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 Chancellor's 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 Environmental Carbon Offset Ltd, Environmental Forest Farms Management Pty Ltd, EFF Timber Pty Ltd, Powton Land Holdings Pty Ltd and A&N Enterprises Pty Ltd.

Simon Chesson

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 Practicing 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 Environmental Carbon Offset Ltd, Environmental Forest Farms Management Pty Ltd, EFF Timber Pty Ltd, Powton Land Holdings Pty Ltd and A&N Enterprises Pty Ltd.

Thomas Henn

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

Director

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

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

Mr Thomas Henn is also a Director of Environmental Carbon Offset Ltd, Environmental Forest Farms Management Pty Ltd, EFF Timber Pty Ltd, Powton Land Holdings Pty Ltd and A&N Enterprises Pty Ltd.

Directors' Meetings

During the year, the following meetings were held:

Director	No. of Meetings Eligible to Attend	No. of Meetings Attended
Sydney Chesson	1	1
Thomas Henn	1	1
Simon Chesson	1	1

A directors meeting was held on 24 July 2014.

Directors and Senior Executives 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 office 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 Directors' of the Company hold the following interest 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	55,094	55,094
T. Henn	NIL	544	544
Simon Chesson	NIL	55,453	55,543
TOTAL	NIL	111,091	111,091

Directors' interests in contracts and related party transactions are detailed in note 20 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.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the end of financial period 30 June 2015.

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

A handwritten signature in black ink, appearing to read 'Simon Chesson', with a large, stylized initial 'S'.**Simon Chesson**

Director

Perth, this 30th day of September 2015

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

3 ALVAN STREET MOUNT LAWLEY WA 6050

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To the Directors of Australian Real Estate Investment Limited as the Responsible Entity
for the Environmental Carbon Offset Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

Carlton & Partners



G.V. Wovodich
Registered Company Auditor

Dated this 30 day of September 2015 at Perth Western Australia

TELEPHONE: (08) 6165 4000
FAX: (08) 6165 4067
TAN: 76556 015

POSTAL ADDRESS:
PO BOX 42
MOUNT LAWLEY WA 6050

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	Consolidated Group		The Company	
		30 June 2015 \$	30 June 2014 \$	30 June 2015 \$	30 June 2014 \$
Revenue from Ordinary Activities					
Revenue Income	2 (a)	14,309	(72,310)	711	90,000
Administration Expenses		(447,843)	(509,237)	(236,268)	(311,887)
Borrowing and Interest Expenses	2 (b)	(63,044)	(29,771)	(189)	-
Profit/(Loss) from Ordinary Activities before Income Tax		(496,579)	(556,698)	(235,746)	(221,887)
Other Comprehensive Income					
Items that will not be reclassified to profit or loss:					
Net Loss on Revaluation of Biological Assets		-	-	-	-
Decrease Value on Finished Goods		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Total Other Comprehensive Income of the Year		-	-	-	-
Income Tax (Expense) / Benefit	3	120,436	135,904	70,724	66,566
Net Profit / Loss for the Year		(376,143)	(420,794)	(165,022)	(155,321)
Net Profit / (Loss)					
Attributable to Members		(376,143)	(420,794)	(165,022)	(155,321)
Earnings Per Share					
From continuing and discontinued operations:					
Basic earnings per share (cents)		(0.07)	(0.07)	(0.03)	(0.03)
Diluted earnings per share (cents)		-	-	-	-
From continuing operations:					
Basic earnings per share (cents)		-	-	-	-
Diluted earnings per share (cents)		-	-	-	-

Statement of Financial Position

As at 30 June 2015

Note	Consolidated Group		The Company		
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	
	\$	\$	\$	\$	
Current Assets					
Cash and cash equivalents	4	16,144	33,988	2,017	1,152
Trade and other receivables	5	984,043	1,050,702	(16,466)	(16,466)
Stock on hand	6	100,000	100,000	-	-
Other financial assets	7	103	103	-	-
Total Current Assets		1,100,289	1,184,792	(14,450)	(15,315)
Non-currents Assets					
Trade and other receivables	5	340,846	388,299	-	-
Property, plant and equipment	9	5,632,476	5,676,730	629	1,045
Biological assets	10	250,000	250,000	-	-
Investments	8	-	-	6,263,116	6,263,116
Intangible assets	11	7,936	7,936	-	-
Deferred tax assets	12	141,766	36,439	156,030	85,306
Intercompany Loans	14	-	-	1,686,305	1,630,153
Total Non-current Assets		6,373,025	6,359,404	8,106,079	7,979,620
Total Assets		7,473,314	7,544,196	8,091,629	7,964,305
Current Liabilities					
Trade and other payables	13	3,279,796	2,996,084	3,161,966	2,878,026
Interest bearing liabilities	15	464,170	450,000	-	-
Unearned Income		-	-	-	-
Income Tax	16	32,120	35,289	30,071	25,572
Total Current Liabilities		3,776,086	3,481,373	3,192,036	2,903,598

Non-current Liabilities					
Interest bearing liabilities	15	304,616	278,960	(1,479)	(5,387)
Deferred tax liabilities	16	928,482	943,591	-	-
Total Non-current Liabilities		1,233,098	1,222,551	(1,479)	(5,387)
Total Liabilities		5,009,184	4,703,924	3,190,557	2,898,211
Net Assets		2,464,129	2,840,271	4,901,072	5,066,094
Equity					
Contributed equity	17	5,647,601	5,647,601	5,647,603	5,647,603
Retained earnings	18	(5,719,998)	(5,343,856)	(746,530)	(581,508)
Asset revaluation reserve	19	2,536,526	2,536,526	-	-
Total Equity		2,464,128	2,840,271	4,901,073	5,066,095

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

Statement of Changes in Equity

As at 30 June 2015

	Issued Capital			Total \$
	Fully Paid Ordinary \$	Retained Profits \$	Asset Revaluation \$	
Balance at 1 July 2013	5,647,603	(4,923,064)	3,059,186	3,783,724
Profit attributable to members of parent entity	-	(420,794)	-	(420,794)
Increase in asset revaluation reserve	-	-	(522,661)	(522,661)
Adjustment to retained earnings	-	-	-	-
Balance at 30 June 2014	5,647,603	(5,343,858)	2,536,525	2,840,269
Balance at 1 July 2014	5,647,603	(5,343,858)	2,536,525	2,840,269
Profit attributable to members of parent entity	-	(376,143)	-	(376,143)
Increase in asset revaluation reserve	-	-	-	-
Adjustment to retained earnings	-	-	-	-
Balance at 30 June 2015	5,467,603	(5,720,000)	2,536,525	2,464,128

The accompanying notes form part of these financial statements.

Statement of Cashflow

For the year ended 30 June 2015

	Note	Consolidated Group		The Company	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		54,180	244,428	711	90,000
Cash payments to suppliers and employees		(61,991)	(368,228)	48,276	(42,476)
Net taxes (paid) / received		(17,386)	(35,112)	4,499	(292)
Interest received		11,589	19,935	-	-
Interest and costs of finance paid		(41,123)	(28,503)	(189)	-
Net cash provided by / (used in) operating activities	22	(54,732)	(167,480)	53,297	47,232
Cash flows from investing activities					
Payment for property plant and equipment		(299)	31,170	-	-
Purchase of Investments		(2)	199,998	-	-
Purchase of Stock		-	-	-	-
Net cash provided by / (used in) investing activities		(301)	231,168	-	-
Cash flows from financing activities					
Growers loan repayment		-	-	-	-
Proceeds from borrowings		(10,749)	(98,115)	3,908	-
Proceeds from issue of shares		-	-	-	-
Repayment of intercompany loans		47,935	31,110	(56,340)	(67,111)
Proceeds from repayment of interest bearing liabilities		-	-	-	-
Net cash provided by / (used in) financing activities		37,187	(67,004)	(52,432)	(67,111)
Net increase/(decrease) in cash held		(17,846)	(3,317)	865	(19,879)
Cash and cash equivalents at the beginning of financial year		33,985	37,302	1,151	21,031
Cash and cash equivalents at the end of financial year	4	16,142	33,988	2,017	1,151

Notes to the Financial Statement

For the period 1 July 2014 to 30 June 2015

1. Basis of preparation

These general purpose financial statements for financial period ended 30 June 2015 have been prepared in accordance with requirements of the Corporation Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.

Accounting Standards

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, event 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 Environmental Carbon Offset Limited ("ECO") as an economic entity. ECO is an unlisted public company, incorporated and domiciled in Australia. Its registered office is located at Level 1 AustAsia House, 412-414 Newcastle Street, West Perth WA 6005.

(a) 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 (income) for the year comprise 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 (asset) are therefore measured at the amounts 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.

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 amounts of the related asset or liability.

Deferred tax asset 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 investment 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 legal enforceable right of set-off 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 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) Investment

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 amounts of the investments.

(d) Interest and Dividends

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 a periodic, but at least triennial, valuations by external independent valuations, less subsequent depreciation for buildings.

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

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

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

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

The asset's 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 disposal 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 the assets are transferred to retained earnings.

(f) Leases

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

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

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

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(g) Cash and Cash Equivalents

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

(h) Financial Instruments

Financial instruments are measured initially at cost on trade date, which includes transaction cost, 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 short term, or if so designated by management and within the requirement of AASB 1 39: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealized gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Leans 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 investment

These investment 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 designed as such by management. They comprise investment 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

(i) Impairment

At each reporting date, the consolidated entity 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 asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

At each reporting date, the group reviews the carrying value of its tangible 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 asset's fair value less costs to sell and value in use, is compared to the asset's carrying value, Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

(j) Investment in Associates

Investment in associate companies are recognised in the financial statement by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates

(k) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies that the project will deliver future economic benefits and these benefits can be measured reliably.

Development cost have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(l) 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 risk 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 service tax (GST).

(m) 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 or sale.

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

(n) Goods and Service Tax

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 Tax Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables 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 Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year

(p) Receivables

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

(q) 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.

(r) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employees benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows bonds with terms to maturity that match the expected timing of cash flows.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Notes to the Financial Statement

For the period 1 July 2014 to 30 June 2015

	Consolidated Group		The Company	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$
2 (a) Revenue and Other Income				
Plantation Management Fee	-	-	-	60,000
Management Fees - Other	-	-	-	30,000
Marketing Costs Charged to EFFM	-	-	711	-
Woodlot Project Fees	-	-	-	-
Profit on Sale of Assets	678	3	-	-
Interest Income	11,589	20,697	-	-
Other Income	711	51,609	-	-
Diesel Fuel Rebate	1,331	-	-	-
R & D Tax Concession	-	-	-	-
Total revenue and other income	14,309	72,310	711	90,000

(b) Finance Costs				
Interest Expenses	63,044	29,771	189	-
Total finance cost	63,044	29,771	189	-

3 Income Tax Expense

The prima facie income tax payable on operating profit/(loss) is reconciled to the income tax provided as follows:

Prima facie income tax payable on operating profit/(loss) at 30%	(120,436)	(135,904)	(70,724)	(66,566)
Timing differences not recognised	-	-	-	-
Current year losses not booked	-	-	-	-
Income tax expense/(benefit) attributable to operating profit	(120,436)	(135,904)	(70,724)	(66,566)
Balance of franking account	1,018,521	1,018,521	35,996	35,996
Converted to current method	436,509	436,509	15,427	15,427
Tax losses not recognised as a future income tax benefit	(601,000)	(601,000)	86,789	86,789

Notes to the Financial Statement

For the period 1 July 2014 to 30 June 2015

Controlled Equity

Name of Company	Principal Activities		Interest of Economic Entity		Bookvalue of Parent Entity	
			2015	2014	2015	Investment 2014
Beenyup Forest Farm Pty Ltd	Plantation Owner	Ordinary Shares	100%	100%	-	-
Environmental Forest Farms Management Pty Ltd	Plantation Manager	Plantation manager	100%	100%	1,000,000	1,000,000
Powton Land Holdings Pty Ltd	Leasing Land Financing	Ordinary Shares	100%	100%	3,000,000	3,000,000
Forestry Finance Pty Ltd	Finance	Ordinary Shares and Redeemable ordinary shares	100%	100%	2,050,000	2,050,000
A & N Enterprise Pty Ltd	Property Owner	Ordinary Shares	100%	100%	-	-
EFF Timber Pty Ltd	Milling and processing of timber	Ordinary Shares	100%	100%	2	2
					6,262,120	6,262,120

Notes to the Financial Statement

For the period 1 July 2014 to 30 June 2015

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
4 Current Assets – Cash and cash equivalent				
Cash and cash equivalents	16,144	33,988	2,017	1,152
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follow:				
Cash on hand	400	400	400	400
Cash at bank	15,744	33,588	1,617	752
Cash and cash equivalents	16,144	33,988	2,017	1,152
Overdraft	-	-	-	-
Balance	16,144	33,988	2,017	1,152
5 Receivables				
Current				
Trade Debtors	169,547	182,748	-	-
Growers Loans	175,506	175,506	-	-
Less: Provision for Doubtful Debts	(226,327)	(226,327)	-	-
Growers Maintenance and Lease Fees	215,814	269,273	-	-
Prepaid Expenses	7,022	7,022	-	-
Unearned Income	-	-	-	-
R & D Tax Concession Receivable	-	-	-	-
Provision for Income Tax	642,481	642,481	(16,466)	(16,466)
	984,043	1,050,702	(16,466)	(16,466)
Non-current				
Growers Loans	286,323	333,776	-	-
Prepayment and Refundable Deposit	54,523	54,523	-	-
	340,846	388,299	-	-
6 Stock				
Stock	100,000	100,000	-	-
7 Other Financial Assets				
Withholding Tax	103	103	-	-
	103	103	-	-

	Consolidated Group		The Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
8 Investments				
Non-Current				
Shares in controlled entities-At Cost	-	-	6,263,116	6,263,116
Property, Plant & Equipment				
Plant and equipment - at cost	457,273	457,273	79,910	79,910
Less: Accumulated depreciation	(406,743)	(410,901)	(79,910)	(79,910)
	50,529	46,372	-	-
Motor vehicles - at cost	36,841	36,841	10,750	10,750
Less: Accumulated depreciation	(33,881)	(32,401)	(10,750)	(10,750)
	2,960	4,440	-	-
Office Equipment - at cost	70,100	70,100	58,098	58,098
Less: Accumulated depreciation	(67,093)	(65,763)	(57,469)	(57,053)
	3,007	4,337	629	1,045
Leasehold Improvement - at cost	149,866	149,866	-	-
Less: Accumulated depreciation	(105,112)	(104,296)	-	-
	44,755	45,571	-	-
Laboratory Equipment - at cost	24,070	24,070	24,070	24,070
Less: Accumulated depreciation	(24,070)	(24,070)	(24,070)	(24,070)
	-	-	-	-
Land and Building - at cost	7,364,096	7,364,096	-	-
Disposal	(1,732,902)	(1,732,902)	-	-
Less: Accumulated depreciation	(325,655)	(315,603)	-	-
	5,305,539	5,315,591	-	-
Irrigation System - at cost	1,753,419	1,753,419	-	-
Less: Accumulated depreciation	(1,712,068)	(1,694,339)	-	-
	41,351	59,080	-	-
Leased Assets	1,048,642	1,048,642	-	-
Less: Accumulated depreciation	(1,010,344)	(998,490)	-	-
	38,298	50,152	-	-

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Dam at Cost	205,968	205,968	-	-
Less: Accumulated depreciation	(59,931)	(54,781)	-	-
	146,037	151,187		
Milling Equipment at Cost	11,453	11,453	11,453	11,453
Less: Accumulated depreciation	(11,453)	(11,453)	(11,453)	(11,453)
	-	-	-	-
Total Property, Plant & Equipment	5,632,476	5,676,730	629	1,045

9 Movement in Property, Plant & Equipment

Plant and Equipment

At Cost

Opening balance	457,273	457,273	79,910	79,910
Additions	-	-	-	-
Disposals	-	-	-	-
Closing Balance	457,273	457,273	79,910	79,910

Accumulated Depreciation

Opening balance	410,903	416,115	79,910	79,910
Depreciation	(4,158)	(5,213)	-	-
Disposals	-	-	-	-
Closing Balance	406,746	410,903	79,910	79,910

Motor Vehicles

At Cost

Opening balance	36,841	36,841	10,750	10,750
Additions	-	-	-	-
Disposals	-	-	-	-
Closing Balance	36,841	36,841	10,750	10,750

Accumulated Depreciation

Opening balance	32,401	30,182	10,750	10,750
Depreciation	1,480	2,219	-	-
Adjustment due to Disposal	-	-	-	-
Closing Balance	33,881	32,401	10,750	10,750

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Office Equipment				
At Cost				
Opening balance	70,100	70,100	58,098	58,098
Additions	-	-	-	-
Closing Balance	70,100	70,100	58,098	58,098
Accumulated Depreciation				
Opening balance	65,763	64,923	57,053	56,793
Depreciation	1,330	840	416	260
Closing Balance	67,093	65,763	57,469	57,053
Leasehold Improvement				
At Cost				
Opening balance	149,867	149,867	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Closing Balance	149,867	149,867	-	-
Accumulated Depreciation				
Opening balance	104,295	105,730	-	-
Depreciation	816	(1,435)	-	-
Closing Balance	105,111	104,295	-	-
Land & Buildings				
At Cost				
Opening balance	5,631,194	5,631,194	-	-
Disposal	-	-	-	-
Revaluation	-	-	-	-
Additions	-	-	-	-
Closing Balance	5,631,194	5,631,194	-	-
Accumulated Depreciation				
Opening balance	315,603	105,500	-	-
Depreciation	10,052	210,103	-	-
Adjustment Due to Disposal	-	-	-	-
Closing Balance	325,655	315,603	-	-

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Laboratory Equipment at Cost				
Opening balance	24,071	24,071	24,071	24,071
Additions	-	-	-	-
Closing Balance	24,071	24,071	24,071	24,071
Accumulated Depreciation				
Opening balance	24,070	24,070	24,070	24,070
Depreciation	-	-	-	-
Closing Balance	24,070	24,070	24,070	24,070
Irrigation System at Cost				
Opening balance	1,753,419	1,753,419	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Closing Balance	1,753,419	1,753,419	-	-
Accumulated Depreciation				
Opening balance	1,694,338	1,669,005	-	-
Depreciation	17,729	25,333	-	-
Disposal	-	-	-	-
Closing Balance	1,712,068	1,694,338	-	-
Leased Assets				
Opening balance	1,048,642	1,048,642	63,005	63,005
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustment Due to GST	-	-	-	-
Closing Balance	1,048,642	1,048,642	63,005	63,005
Accumulated Depreciation				
Opening balance	998,491	945,341	63,005	63,005
Depreciation	11,854	53,150	-	-
Disposal	-	-	-	-
Closing Balance	1,010,345	998,491	63,005	63,005

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Dam at Cost				
Opening balance	205,968	205,968	-	-
Additions	-	-	-	-
Closing Balance	205,968	205,968	-	-
Accumulated Depreciation				
Opening balance	54,781	49,631	-	-
Depreciation	5,150	5,150	-	-
Closing Balance	59,931	54,781	-	-
Milling Equipment at Cost				
Opening balance	11,453	11,453	11,453	11,453
Additions	-	-	-	-
Closing Balance	11,453	11,453	11,453	11,453
Accumulated Depreciation				
Opening balance	11,453	9,852	11,453	9,852
Depreciation	-	1,601	-	1,601
Closing Balance	11,453	11,453	11,453	11,453

10 Biological Assets

Paulownia Trees on leasehold

	2015	2014	2015	2014
Trees	250,000	250,000	-	-
Propagation Technology	-	-	-	-
Closing Balance	250,000	250,000	-	-

Landholder	Entity	Number of Trees	Value
Powton Land Holdings Pty Ltd	Powton Land Holdings Pty Ltd	-	-

11 Intangibles

	2015	2014	2015	2014
Trademark	7,936	7,936	-	-
Closing Balance	7,936	7,936	-	-

12 Tax Assets

	2015	2014	2015	2014
Future Income Tax Benefits	141,766	36,439	156,030	85,306

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
13 Payables				
Trade creditors	2,485,015	2,228,234	2,406,781	2,154,867
Accruals	15,600	16,700	-	-
Debenture Interest Payable	-	-	-	-
Payroll Liabilities	3,238	1,744	-	-
Lease Liabilities	3,908	9,019	-	-
Director Related Parties Loan	772,035	740,387	755,185	723,159
	3,279,796	2,996,084	3,161,966	2,878,026
14 Intercompany Loans				
Amount owing to subsidiaries				
Powton Land Holdings Limited	-	-	(389,665)	(366,358)
Environmental Forest Farms Management Limited	-	-	227,705	249,468
Forestry Finance Limited	-	-	293,249	253,014
A & N Enterprises (WA) Pty Ltd	-	-	72,098	72,098
EFF Timber Pty Ltd	-	-	(1,889,691)	(1,838,376)
	-	-	1,696,305	1,630,153
15 Interest Bearing Liabilities				
Current				
Loan – Geoffrey Coad	310,667	200,000	-	-
Loan – LR Family Trust	102,333	250,000	-	-
Geeza Super Fund	51,170	-	-	-
	464,170	450,000	-	-
Non-current				
6% Debenture stock - Secured	-	-	-	-
Bank Loan – Property	-	-	-	-
Lease Liability	-	-	-	-
Beeck Loan	-	-	-	-
Agricultural Mortgage Loan	291,922	266,446	-	-
Others	12,694	12,514	(5,387)	(5,387)
	304,616	278,960	(5,387)	(5,387)

	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
16 Tax Liabilities				
Current				
GST Payable	32,120	35,289	30,071	25,572
	32,120	35,289	30,071	25,572
Non-current				
Provision for Deferred Income Tax	928,482	934,591	-	-
	928,482	934,591	-	-
17 Contributed Equity				
Paid up capital				
EFF				
315,783 (2014: 315,783)				
Ordinary Shares, fully paid	4,647,601	4,647,601	4,647,603	4,647,603
Converted Share Capital (Forestry Finance)	1,000,000	1,000,000	1,000,000	1,000,000
	5,647,601	5,647,601	5,647,603	5,647,603
Movements during the year				
(a) EFF				
Ordinary Shares				
Balance at the beginning of the year				
314,683 (2014: 315,783) shares	4,647,603	4,647,603	4,647,603	4,647,603
Shares issued				
NIL (2014: NIL)	-	-	-	-
Transaction costs arising from issue for cash	-	-	-	-
	4,647,603	4,647,603	4,647,603	4,647,603
	-	-	-	-
(c) Converted Share Capital (Forestry Finance)				
1,000,000 (2014: 1,000,000)	1,000,000	1,000,000	1,000,000	1,000,000
Balance at the end of the year	1,000,000	1,000,000	1,000,000	1,000,000

18 Retained Profits/(Accumulated Losses)

Retained Profit				
At the beginning of the year	(5,343,857)	(4,923,063)	(581,508)	(426,188)
Prior Year Adjustment to retained earnings	-	-	-	-
Dividend declared	-	-	-	-
AIFRS Adjustments	-	-	-	-
Current Earning	(376,143)	(420,794)	(165,022)	(155,321)
Retained Profit (Accumulated Losses) at End of Financial Year	(5,719,998)	(5,343,856)	(746,530)	(581,508)

19 Asset Revaluation Reserve

Opening	2,536,526	3,059,186	-	-
Asset Revaluation	-	(522,661)	-	-
Asset Revaluation brought to Profit and Loss Account	-	-	-	-
	2,536,526	2,536,526	-	-

20 Related Party Transaction

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties

	2015	2014
	\$	\$
(i) Director Related Entities		
Accounting services paid to AustAsia Accounting Services Pty Ltd, a firm related to Syd Chesson	-	-
Legal Fees paid to AustAsia Legal Pty Ltd, a firm related to Syd Chesson	-	-
Commissions and referrals paid to AustAsia Financial Planning Pty Ltd, a firm related to Syd Chesson	-	-
Administrative services paid to AustAsia Group Pty Ltd, a firm related to Syd Chesson	-	-
Consulting Fees paid to AustAsia Group Pty Ltd, a firm related to Syd Chesson	-	-
Company secretary fees paid to AustAsia Group Pty Ltd, a firm related to Syd Chesson	-	-
	2015	2014
	\$	\$
(ii) Loans from Related Parties		
Related Parties Loan	772,035	740,387

(iii) Director's Interests

Directors interests in shares have been disclosed in the Director's Report.

(iv) Identification of Related Parties

Ultimate Parent Entity

The Parent entity is ultimately controlled by Environmental Carbon Offset Ltd, (formerly EFF Limited) which, is incorporated in Australia.

	The Company	
	2015	2014
	\$	\$
<hr/>		
(i) Ultimate Parent Entity		
Amount payable/(receivable) to EFFM, a wholly owned subsidiary	(227,705)	(249,468)
Amount payable/(receivable) to PLH, a wholly owned subsidiary	389,665	366,358
EFF charged EFFM management fees	-	60,000
EFF charged PLH management fees	-	30,000
PLH charged EFF lease fees under a lease agreement entered into on 23 June 2000	-	-
EFF charged EFFM tree seedlings management	-	-
EFF charged FFL administration fees	-	-
<hr/>		
(ii) Associated Company (PLH)		
PLH paid EFFM management fee for a 5% reduction in the harvest fee	-	-
(iii) Associated Company (FFL)		
Amount receivable from FFL	(293,249)	(253,014))
(iv) Associated Company (A & N Enterprises)		
Amount receivable from A & N Enterprises	(72,098)	(72,098)
(v) Associated Company (EFF Timber)		
Amount receivable from EFF Timber	1,889,691	1,837,478

	Weighed Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interesting Bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial Assets										
Cash and stock	2.00%	2.00%	16,144	33,988	-	-	-	-	16,144	33,988
Receivable	0.00%	0.00%	-	-	451,315	552,227	331,196	344,396	782,511	896,623
Total Financial Assets			16,144	33,988	451,315	552,227	331,196	344,396	798,655	930,611
Financial Liabilities										
Account payable	0.00%	0.00%	-	-	1,531,116	1,208,327	1,903,199	1,650,507	3,434,315	2,858,834
Debentures	8.00%	8.00%	-	-	-	-	-	-	-	-
Bank Loans	7.30%	7.30%	-	-	-	-	-	-	-	-
Short Term Borrowings	9.00%	9.00%	-	-	-	-	-	-	-	-
Taxation			-	-	-	-	-	-	-	-
Lease Liabilities	8.50%	8.50%	-	-	3,908	9,019	-	-	3,908	9,019
Total Financial Liabilities			-	-	1,535,024	1,217,346	1,903,199	1,650,507	3,438,222	2,867,853
Net Financial Assets			16,144	33,988	(1,083,708)	(665,119)	(1,572,003)	(1,306,111)	(2,639,567)	(1,937,242)

Reconciliation of Net Financial Assets to Net Assets

	2015 \$	2014 \$
Net financial Assets as above	(2,639,567)	(1,937,242)
Plus Non Financial Assets		
Fixed Assets	5,640,413	5,684,666
Paulownia Trees	250,000	250,000
Investment	-	-
Intangibles	-	-
Tax Assets	141,766	36,439
Tax Liabilities	(928,482)	(943,591)
Net Assets Per Balance Sheet	2,464,128	3,090,271

21 Segment Reporting

	Financing & Investment		Tree Planation		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue								
External Revenue	11,589	20,697	-	-	2,720	51,562	14,309	72,310
Total Sales Revenue	11,589	20,697	-	-	2,720	51,562	14,309	72,310
Total Segment Revenue	11,589	20,697	-	-	2,720	51,562	14,309	72,310
Total revenue from ordinary activities	11,589	20,697	-	-	2,720	51,562	14,309	72,310
Result								
Segment Result	(56,302)	(29,771)	(144,141)	(2,020)	(296,134)	(597,217)	(496,580)	(556,698)
Income tax (expense) / benefit	-	-	-	-	-	-	120,436	135,904
Post - Tax Profit	(56,302)	(29,771)	(144,141)	(2,020)	(296,134)	(597,217)	(376,143)	(420,794)
Assets								
Segment Assets	235,502	333,776	6,055,405	6,153,117	1,131,131	1,057,303	7,422,038	7,544,197
Liabilities								
Segment Liabilities	1,476,707	1,456,583	3,908	9,019	3,477,294	3,238,322	4,957,909	4,703,924
Net Segment Assets	(1,241,205)	(1,122,807)	6,051,497	6,144,099	(2,346,163)	(2,181,019)	2,464,128	2,840,271

Notes to the Statement of Cashflow

For the year ended 30 June 2015

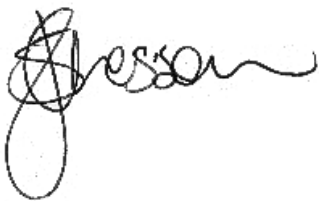
	Consolidated Group		The Company	
	2015 \$	2014 \$	2015 \$	2014 \$
22 Reconciliation of Cash				
Cash at the end of financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: -				
Cash at bank	16,144	33,988	2,017	1,152
Reconciliation of Net Cash provided by Operating Activities to Profit/(Loss) from Ordinary Activities after Income Tax	-	-	-	-
Operating profit/(loss) from ordinary activities after income tax	(376,143)	(420,794)	(165,022)	(155,321)
Non Cash Flows in Operating Profit/(Loss)				
Depreciation	44,552	60,579	416	1,861
Project Structuring Costs	-	-	-	-
Changes in Assets and Liabilities				
(Increase)/decrease in receivables	51,460	102,053	-	-
Increase/(decrease) in accounts payable	322,222	212,373	283,940	267,549
Increase/(decrease) in other liabilities	21,315	59,331	-	-
Increase (decrease) in tax liabilities	(118,140)	(181,023)	(66,037)	(66,858)
Movement in intercompany balance	-	-	-	-
Net Cash Provided by Operating Activities	(54,732)	(167,480)	53,297	47,232

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 33:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting, and the Corporations Regulations; and
 - b. give a true and fair view of the company's financial position as at 30 June 2015, and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Simon Chesson', with a large, stylized initial 'S'.

Simon Chesson
Director

Dated this 30th day of September 2015

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 ENVIRONMENTAL CARBON OFFSET LIMITED

Report on the financial report

We have audited the accompanying financial report of Environmental Carbon Offset Limited its and Controlled Entities, which comprises the balance sheet as at 30 June 2015, 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 Environmental Carbon Offset Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

TELEPHONE: (08) 6165 4000
FAX: (08) 9272 4067
TAN: 76556 015

POSTAL ADDRESS:
PO BOX 42
MOUNT LAWLEY WA 6050

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

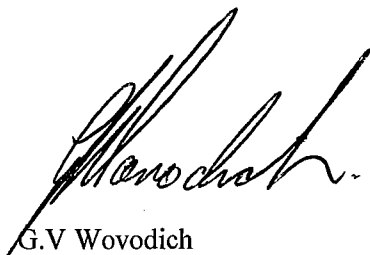
3 ALVAN STREET MOUNT LAWLEY WA 6050

Auditor's Opinion

In our opinion:

- a) The financial report of Environmental Carbon Offset Limited and its Controlled Entities 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 2015 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 30 day of September 2015 at Perth Western Australia

TELEPHONE: (08) 6165 4000
FAX: (08) 9272 4067
TAN: 76556 015

POSTAL ADDRESS:
PO BOX 42
MOUNT LAWLEY WA 6050
