



# KIRI PARK PROJECTS

ARSN 107 747 348

FINANCIAL REPORT 2011

# Corporate information

## Registered Office

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

PO Box 332  
Leederville WA 6903

Telephone: (08) 9227 8422  
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Email: [kpadmin@kiripark.com.au](mailto:kpadmin@kiripark.com.au)  
Web: [www.kiripark.com.au](http://www.kiripark.com.au)

## Directors

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

## Company Secretary

Simon Chesson

## Members of the Consolidated Group

EFF Limited  
ACN 077 014 594

Environmental Forest Farms Management Limited  
ACN 087 201 670

EFF Timber Pty Ltd  
ACN 082 882 960

Powton Land Holdings Limited  
ACN 087 201 652

A&N Enterprises Pty Ltd  
ACN 113 434 512

Forestry Finance Limited  
ACN 108 513 239

## Auditor

Carlton and Partners  
3 Alvan Street  
Mount Lawley WA 6050

## Grower Information

### Grower Enquiries

Growers with queries about their investment, should contact the Responsible Entity:

Environmental Forest Farms Management Limited  
PO Box 332  
Leederville WA 6903  
Telephone: +61 8 9227 8422  
Facsimile: +61 8 9227 8455  
E-mail: [kpadmin@kiripark.com.au](mailto:kpadmin@kiripark.com.au)

### Change of Address

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

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# Kiri Park

## Introduction

Kiri Park is located at Lot M1254 Hunter Road, Regan's Ford, in Western Australia. The property consists of approximately 536 hectares of which over 200 hectares is suitable for Paulownia plantations. Approximately 198,180 Paulownia trees have already been planted, managed and maintained 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 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 is operated as a Managed Investment Scheme registered with the Australian Securities and Investments Commission ("ASIC"). The Scheme has been issued with Australian Registered Scheme Number ARSN 107 747 348.

The Scheme was registered on 6 February 2004 and commenced planting trees on behalf of Growers (Investors) during the 2004 and 2005 planting seasons. Investors who had their Woodlots allotted prior to 30 September 2006 had their trees planted in the 2006 calendar year. Investors who had their Woodlots allotted between 1 October 2006 and 30 September 2007 had their trees planted in the 2007 calendar year. Investors who had their Woodlots allotted between 12 December 2007 and 30 June 2008 had their trees planted in the 2008 calendar year. Investors who had their Woodlots allotted between 23 October 2008 and 30 June 2009 had their trees planted in September 2009. No woodlots were offered for 2010 or 2011 planting.

Each investor in the Scheme is known as a Grower, and has entered into an Agreement with the Responsible Entity and the Plantation Manager to establish, maintain, manage and harvest a separately identifiable Woodlot(s) on the Grower's behalf.

The Scheme is expected to operate for approximately 10 years, but in any event until a harvest and sale of all timber produced from the Scheme.

Pursuant to the Project's PDS' and Constitution there are six classes of Growers as follows:

### KPP-04 Growers

KPP-04 Growers were allotted Woodlots on or before 30 September 2004. KPP 04 Growers had their Woodlots planted during the 2004 Planting Season.

### KPP-05 Growers

KPP-05 Growers were allotted Woodlots after the 30 September 2004 but on or before 30 September 2005. KPP-05 Growers had their Woodlots planted during the 2005 Planting Season.

### KPP-06 Growers

KPP-06 Growers were allotted Woodlots after the 30 September 2005 but on or before 30 September 2006. KPP-06 Growers had their Woodlots planted during the 2006 Planting Season.

### KPP-07 Growers

KPP-07 Growers were allotted Woodlots after the 30 September 2006 but on or before 30 September 2007. KPP-07 Growers had their Woodlots planted during the 2007 Planting Season.

### KPP-08 Growers

KPP-08 Growers were allotted Woodlots after the 30 September 2007 but on or before 30 June 2008. KPP-08 Growers had their Woodlots planted during the 2008 Planting Season.

### KPP-09 Growers

KPP-09 Growers were allotted Woodlots after the 23 October 2008 but on or before 30 June 2009. KPP-09 Growers had their Woodlots planted during the 2009 Planting Season.

## Other Kiri Park Schemes

In addition to the Kiri Park Projects (ARSN 107 747 348), two other Kiri Park Schemes have been established specifically for the growth, development, harvest, promotion and sale of Paulownia timber:

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

# Directors' Report

The Directors' of the Responsible Entity, Environmental Forest Farms Management Limited, present their report for the financial year ended 30 June 2011.

## Directors

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

- Mr Sydney J. Chesson
- Mr Thomas F. Henn (Appointed)
- Mr Simon JS. Chesson (Appointed)
- Mr Geoffrey J. Coad (Resigned)
- Mr Stephen M. Campbell (Resigned)

Mr Syd Chesson has been in office since the start of the financial year to the date of this Report.

Mr Campbell and Mr Coad resigned as Directors of Environmental Forest Farms Management Limited. Mr Henn was appointed as a Director on 21 January 2011 and Mr Simon Chesson was appointed as a Director on 14 February 2011.

## Information on Directors

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

### 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 30 years experience in real estate and over 40 years experience in business and commercial activities.

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

Mr Chesson is also the Chairman 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.

### 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, Powton Land Holdings Limited and other Subsidiaries of E.F. F. Limited

### Geoffrey Coad (Resigned 5 January 2011)

M.Phil., LLB, G.A.I.C.D

### Stephen Campbell (Resigned 13 December 2010)

Dip All, Dip FS

# Directors' Report (continued)

## Directors' Interests

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

Director	Direct Holding	Indirect Holding
Sydney Chesson	5	39
Thomas Henn	Nil	Nil
Simon Chesson	6	20

## Fees Paid to the Responsible Entity

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

## Principal Activities

The principal activity of the Scheme during the financial period was the management and maintenance of Woodlots issued and allotted under the Kiri Park Projects (ARSN 107 747 348) comprising part of a commercial Paulownia plantation known as "Kiri Park" which is located at Lot M1254 Hunter Road, Regan's Ford, approximately 150 kilometres north of Perth, Western Australia.

There were no significant changes in the nature of these activities during the year.

## Operating Results

The operating profit of the Kiri Park Project for the financial year was \$Nil (2010: \$Nil). There should be no income tax liability.

## Review of Operations and Significant Changes in the State of Affairs

As at 30 June 2011, the Kiri Park Projects consisted of 858 Woodlots which have been issued and allotted to approximately 180 Growers.

The following significant changes in the state of the scheme's affairs occurred during the financial year:

- A severe slowdown in the rates and promptness of payments by Growers in the scheme.
- Demands for payment have been made to delinquent Growers in accordance with the scheme documents.

## The Kiri Park Projects

During the financial year, the Responsible Entity and its parent company (E.F.F Limited) continued to implement key strategies and infrastructure developments at the Kiri Park Property that were designed to benefit all of the plantations on the Property including the Kiri Park Project.

## Current Position

There is a lot of uncertainty in the world at the current time. The large MIS forestry schemes vaunted as being the future of forestry and the leading initiatives in the world have all collapsed in the circumstances of Global Financial Crisis ("GFC"), under the weight of large rounds of bank debt.

Factors affecting the viability of the Scheme include:

- slower than expected growth rates of Paulownia at Kiri Park;
- a lower than expected recovery of rough sawn timber from harvests carried out across plantations managed by the RE;
- a competitive timber market in which prices have dropped below base levels used for projections in 1999/2000;
- a general negative outlook in the major world economies as a result of the GFC;
- a recent growth in the value of the AU\$ to levels above US\$1.07 versus projections made at US\$0.55 cents;
- a severe slowdown in the rates and promptness of payment by Growers in the Scheme;
- increase in operating costs and costs associated with harvesting and milling;
- reduction of number of Growers in the scheme.
- ATO declined to extend some of the Product Ruling for the scheme.

The RE is aware that world economic factors can change quickly and is taking a cautious approach to the Scheme. The RE is currently operating the scheme on a year to year basis with an annual review to be undertaken in April/May 2011.

Depending on the number of terminations in the Projects due to non-payment by Growers, the RE may decide to discontinue operating the Projects as a MIS.

# Directors' Report (continued)

## Significant Events After Reporting Date

The following significant after balance date events have occurred:

- Collection of fees has been difficult.

Apart from those mentioned above there have been no significant events after reporting date.

## Future Developments

The Responsible Entity expects to continue to manage the Kiri Park Projects in accordance with best practice silvicultural standards, while continuing to monitor those factors affecting the scheme mentioned above.

The projects may be discontinued due to the number of terminations in 2011/2012.

## Environmental Issues

The operations of the Scheme currently meet all development, operational, and environmental conditions associated with the Scheme's operations.

## Indemnifying Officers

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

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

## Proceedings on Behalf of the Scheme

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

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

## Scheme Withdrawals

There were a number of withdrawals from the Scheme during the financial year as follows:

	No. of Woodlots	No. of Growers
<b>Original Woodlots/Growers</b>	<b>858</b>	<b>186</b>
<b>Reason for Withdrawal</b>		
Compulsory termination for failure to pay	1	1
Voluntary Termination	15	6
<b>Total Withdrawals</b>	<b>16</b>	<b>7</b>
<b>Growers remaining in Scheme</b>	<b>842</b>	<b>173</b>
<b>Percentage Remaining</b>	<b>98.14%</b>	<b>93.01%</b>
<b>Non-paying Growers</b>	<b>605</b>	<b>108</b>
<b>Percentage Non-paying Growers</b>	<b>70.51%</b>	<b>58.07%</b>

The terminated woodlots are held by the Responsible Entity, EFFM. As at the date of this report, EFFM held 16 woodlots in the Scheme.

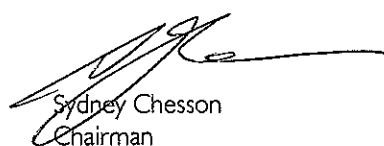
The Responsible Entity expects further termination to occur during the 2011/2012 financial year due to non-payment by Growers.

## Auditors' Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors of the Responsible Entity have obtained a declaration of independence from Carlton and Partners, the Scheme's auditors.

## Directors' Authorisation

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



Sydney Chesson  
Chairman

Dated this the 30th day of September 2011

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# CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

3 ALVAN STREET MOUNT LAWLEY WA 6050

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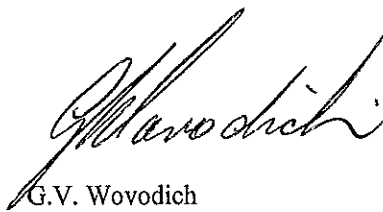
## Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Environmental Forest Farms Management Limited as the  
Responsible Entity for the Kiri Park Projects.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there has 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<sup>th</sup> day of September 2011 at Perth, Western Australia.

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FAX: (08) 9272 3509  
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MOUNT LAWLEY WA 6050

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# Kiri Park Projects

ARSN 107 747 348

## Statement of Comprehensive Income

for the Period 1 July 2010 to 30 June 2011

	The Company	
	30 June 2011 \$	30 June 2010 \$
<b>Revenue from operating activities</b>		
Interest	-	-
Less:		
Bank Charges	-	-
<b>Profit from operating activities</b>	-	-
<b>Other comprehensive Income</b>		
Net gain on revaluation of lands & buildings	-	-
Share of other comprehensive income of associates	-	-
Income tax relating to components of other comprehensive income	-	-
<b>Total comprehensive income for the period attributable to Growers</b>	-	-
Distributed to Growers	-	-
<b>Total Changes in Scheme Property</b>	-	-

The accompanying notes form part of these financial statements.

# Kiri Park Projects

ARSN 107 747 348

## Statement of Financial Position

as at 30 June 2011

	Economic Entity	
	30 June 2011 \$	30 June 2010 \$
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
<b>Total Current Assets</b>	-	-
<b>Total Assets</b>	-	-
<b>Current Liabilities</b>		
Trade creditors and other payables	-	-
<b>Total Current Liabilities</b>	-	-
<b>Total Liabilities</b>	-	-
<b>Net Value of Scheme Property</b>	-	-

The accompanying notes form part of these financial statements

# Kiri Park Projects

ARSN 107 747 348

## Statements of Recognised Income and Expense

for the year ended 30 June 2011

	Ordinary Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Minority Interests \$	Total
<b>At 1 July 2009</b>	-	-	-	-	-
Profit attributable to members of parent entity	-	-	-	-	-
Profit attributable to minority shareholders	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
<b>At 30 June 2010</b>	-	-	-	-	-
Shares issued during the year	-	-	-	-	-
Profit attributable to members of parent entity	-	-	-	-	-
Revaluation increase (decrease) increments	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
<b>Balance At 30 June 2011</b>	-	-	-	-	-

The accompanying notes form part of these financial statements

# Kiri Park Projects

ACN 107 747 348

## Statement of Cash Flows

for the Period 1 July 2010 to 30 June 2011

	Economic Entity	
	30 June 2011 \$	30 June 2010 \$
<b>Cash flows from operating activities</b>		
Funds received from manager	-	-
<b>Net cash flows provided by operating activities</b>	-	-
<b>Net Increase/(Decrease) in Cash Held</b>	-	-
Cash at the Beginning of Year	-	-
<b>Cash at the End of Year</b>	-	-

The accompanying notes form part of these financial statements

# Notes to the financial statements

For the Period 1 July 2010 to 30 June 2011

## I. THE SCHEME

The Kiri Park Projects ("the Scheme") was established pursuant to the terms of a Constitution made on 23 January 2004 and was registered with the ASIC on 6 February 2004. Subject to the provisions of the Constitution for early termination of the Scheme, the Scheme will terminate upon the earlier of final distribution of receipts to Growers following the sale of timber or the termination of lease between the Growers and the landowner. The Scheme has three classes of Growers as follows:

### *KPP-04 Growers*

KPP-04 Growers had their Woodlots issued and allotted on or before 30 September 2004. KPP-04 Growers had their Woodlots planted during the 2004 Planting Season.

### *KPP-05 Growers*

KPP-05 Growers had their Woodlots issued and allotted after 30 September 2004 but on or before 30 September 2005. KPP-05 Growers had their Woodlots planted during the 2005 Planting Season.

### *KPP-06 Growers*

KPP-06 Growers had their Woodlots issued and allotted after 30 September 2005 but on or before 30 September 2006. KPP-06 Growers had their Woodlots planted during the 2006 Planting Season.

### *KPP-07 Growers*

KPP-07 Growers had their Woodlots issued and allotted after 30 September 2006 but on or before 30 September 2007. KPP-07 Growers had their Woodlots planted during the 2007 Planting Season.

### *KPP-08 Growers*

KPP-08 Growers had their Woodlots issued and allotted after 30 September 2007 but on or before 30 June 2008. KPP-08 Growers had their Woodlots planted during the 2008 Planting Season.

### *KPP-09 Growers*

KPP-09 Growers had their Woodlots issued and allotted after 23 October 2008 but on or before 30 June 2009. KPP-09 Growers had their Woodlots planted during the 2009 Planting Season.

The term of the lease for KPP-04 Growers is until 30 June 2014; for KPP-05 Growers it is until 30 June 2015; for KPP-06 Growers it is until 30 June 2016; for KPP-07 Growers it is until 30 June 2017; for KPP-08 Growers it is until 30 June 2018; and for KPP-09 Growers it is until 30 June 2019.

Environmental Forest Farms Management Ltd (ACN 087 201 670) is the Responsible Entity of the Scheme

and Powton Land Holdings Limited (ACN 087 201 652) is the Lessor of the Woodlots under the Scheme. The terms and conditions of the Constitution and the Lease and Management Agreement govern the relationship between the Responsible Entity, the Lessor and the Growers in relation to forestry activities.

On payment of the appropriate fees and charges by the Grower, the Responsible Entity will carry out or cause to be carried out such services and duties in relation to the Woodlots as set out in the Lease and Management Agreement and which are usual or necessary for carrying on the business of Paulownia tree farming.

The lease provides that, on payment of the rent by the Grower, the Lessor allows the Grower to use the Woodlots for carrying on the business of Paulownia tree farming.

The Scheme will conclude upon harvest of the trees and sale of timber. Under the terms of the Lease and Management Agreement, the Responsible Entity is also entitled to a harvest and marketing fee equivalent to 5.5% of the Net Sale Proceeds from the timber sales (which will be passed on to the Manager under the provisions of the Lease and Management Agreement).

## 2. STATEMENT OF ACCOUNTING POLICIES

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

This financial report is for the Kiri Park Projects (ARSN: 107 747 348) as an individual scheme, registered and domiciled in Australia.

The financial report of Kiri Park Projects (ARSN: 107 747 348) as an individual 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 scheme in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Basis of Preparation**

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

### **(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.

### Accounting Policies

#### (a) Income Tax

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

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

#### (b) Cash and Cash Equivalents

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

#### (c) Goods and Services Tax (GST)

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

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

#### (d) Trade and Other Payables

The management agreement states the manager is not to be remunerated until the fees are received by the Scheme. As a result a corresponding payable is not recognised in note 5 to the financial statements.

### 3. RESPONSIBLE ENTITY

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

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

### 4. CUSTODIAN

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

details how the Responsible Entity must deal with Scheme Property.

### 5. TRADE AND OTHER RECEIVABLES

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

Management fees due to the Responsible Entity not recorded in the Scheme's financial statements are set out below. The liability to the Manager is not shown because the management fees are not payable to the Manager to the extent to which they have not been received by the Responsible Entity:

	30 June 2011 \$	30 June 2010 \$
<b>Current Assets</b>		
Receivables	526,751	431,003
<b>Total Current Assets</b>	<b>526,751</b>	<b>431,003</b>
<b>Total Assets</b>	<b>526,751</b>	<b>431,003</b>
<b>Current Liabilities</b>		
Payables	-	-
Amount payable to Manager	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>Net Assets Held on Trust</b>	<b>526,751</b>	<b>431,003</b>

### 6. FINANCIAL INSTRUMENTS

#### (a) Interest Rate Risk Exposure

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

#### (b) Net Fair Value

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and liabilities as indicated in the Statement of Financial Position.

Director	Year	Salary & Fees (\$)	Superannuation (\$)	Other (\$)	Total (\$)
Sydney Chesson	2011	8,000	-	-	8,000
	2010	8,000	-	-	8,000
Thomas Henn (Appointed)	2011	1,431	-	-	1,431
	2010	-	-	-	-
Simon Chesson (Appointed)	2011	1,199	-	-	1,199
	2010	-	-	-	-
Geoffrey Coad (Resigned)	2011	1,644	-	-	1,644
	2010	3,200	-	-	3,200
Stephen Campbell (Resigned)	2011	1,448	-	-	1,448
	2010	800	-	-	800

### (c) Credit Risk Exposures

The Scheme's exposure to credit risk at 30 June 2011 in relation to each class of recognised asset is the carrying amount of those assets indicated in the Balance Sheet.

## 7. REMUNERATION AND RETIREMENT BENEFITS TO DIRECTORS

### (a) Remuneration of Directors

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

### (b) Retirement Benefits

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

### (c) Director Related Party Transactions

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

	30 June 2011 \$	30 June 2010 \$
Legal fees paid to AustAsia Legal an entity related to Syd Chesson	7,070	9,078

## 8. RELATED PARTY TRANSACTIONS

### (a) Responsible Entity

The Responsible Entity of the Kiri Park Projects is Environmental Forest Farms Management Limited, whose immediate and ultimate parent company is E.F.F Limited.

### (b) Directors

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

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

### (c) Fees

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

### (d) Woodlot Interests of Directors

The Woodlot interests of the Directors of the Responsible Entity are detailed in the Directors Report.

## 9. SEGMENT INFORMATION AND INDUSTRY INVESTMENT EXPOSURES

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

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

## 10. 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 materially affect the scheme.

## 11. EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2011 no transaction or event of a material nature has occurred which is likely to significantly affect the operations of the scheme, the results of those operations, or the state of affairs of the scheme.

## 12. CONTINGENT LIABILITY

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

## 13. REGISTERED SCHEME DETAILS

The registered office and principal place of business of the Scheme is at the office of the Responsible Entity:

Environmental Forest Farm Management Limited  
Level 1, AustAsia House,  
412 – 414 Newcastle Street  
West Perth WA 6005  
Australia

## Directors' Declaration

In the opinion of the Directors of Environmental Forests Farms Management Limited, Responsible Entity of the Kiri Park Projects:

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

Dated at West Perth this 30th day of September 2011.

Signed in accordance with a resolution of the Directors of Environmental Forest Farms Management Limited made pursuant to s.295(5) of the Corporations Act 2001.



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Sydney Chesson  
Director

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# CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

3 ALVAN STREET MOUNT LAWLEY WA 6050

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Kiri Park Projects

### Scope

We have audited the financial report of the Kiri Park Projects ("the Scheme") for the year ended 30 June 2011.

The Responsible Entity's directors are responsible for the financial report. We have conducted an independent audit of these financial reports in order to express an opinion on them to the members of the Scheme.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report are presented fairly in accordance with Accounting Standards so as to present a view which is consistent with our understanding of the Scheme's financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial report of the Kiri Park Projects present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and statutory requirements the financial position of the Kiri Park Projects as at 30 June 2011, and the results of its operations and its cash flows for the year then ended.

Carlton & Partners



G.V. Wovodich  
Registered Company Auditor

Dated this 30<sup>th</sup> day of September 2011 at Perth, Western Australia.

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