

SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2009

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**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
DIRECTORY
AS AT 31 MARCH 2009**

Nature of Business: Forestry

Registered Office: Office of Peter Bould C A Limited
Wellesley Centre, Level 7
44-52 Wellesley Street
Auckland

Board of Directors: Peter Bradney Bould
Eoin Malcolm Miller Johnson
Anthony Sydney Loveday
Peter Tiedemann

Bankers: National Bank of New Zealand
Auckland

Business Address: 300 Richmond Road
Grey Lynn
Auckland

Solicitors: Castle Brown
L4 19 Morgan Street, Newmarket
Auckland

Auditors: UHY Haines Norton
Chartered Accountants
22 Catherine Street
Henderson
Auckland

AUDIT REPORT

**TO THE PARTNERS OF SILVERWOOD FOREST CORPORATION FOREST LIMITED
AND COMPANY FOREST PARTNERSHIP**

We have audited the financial statements on pages 3 to 10. The financial statements provide information about the past financial performance of the special partnership and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the special partnership as at 31 March 2009 and of the results of operations for the period ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the special partnership's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have also formatted the financial statements and notes to the accounts. We have no other relationship with or interests in the special partnership.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- Proper accounting records have been kept by the special partnership as far as appears from our examination of those records; and
- The financial statements on pages 3 to 10:
 - complies with generally accepted accounting practice in New Zealand;
 - complies with International Financial Reporting Standards;
 - gives a true and fair view of the financial position of Silverwood Forest Corporation Forest Limited and Company Forest Partnership as at 31 March 2009 and the results of its operations for the year ended on that date.

Our audit was completed on...*20th August 2009*.....and our unqualified opinion is expressed as at that date.

UHY Haines Norton
UHY Haines Norton
Chartered Accountants
Auckland

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**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

	<i>Note</i>	2009 \$	2008 \$
Revenue		-	-
Cost of Sales		613	3,518
		<u>(613)</u>	<u>(3,518)</u>
Other Operating Income		7,399	6,970
Administrative Expenses		6,144	7,422
Other Operating Expenses	<i>1</i>	20,786	9,474
Operating Profit/(Loss) before Financing Costs		<u>(20,144)</u>	<u>(13,444)</u>
Financial Income		81,626	76,134
Financial Expenses		-	-
Net Financing Income	<i>2</i>	<u>81,626</u>	<u>76,134</u>
Profit before Tax		61,482	62,690
Income Tax Expense	<i>3</i>	-	-
Net Profit for Period		<u>61,482</u>	<u>62,690</u>

This Statement is to be read in conjunction with the audit report and the notes to the financial statements.



**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2009**

	<i>Note</i>	2009 \$	2008 \$
Equity at the Beginning of the Period	7	<u>1,101,532</u>	<u>1,038,842</u>
Net Profit for Period		<u>61,482</u>	<u>62,690</u>
Total Recognised Income and Expense for the Period	7	61,482	62,690
RWT Paid on Behalf of Partners		(26,936)	-
Equity at the End of Period	7	<u><u>1,136,078</u></u>	<u><u>1,101,532</u></u>

This Statement is to be read in conjunction with the audit report and the notes to the financial statements.

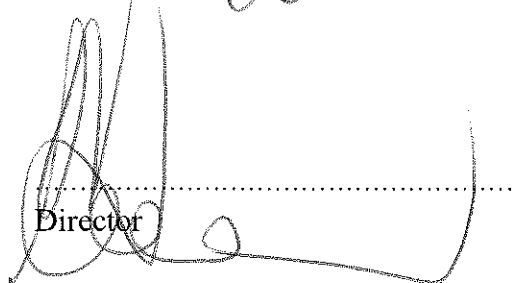


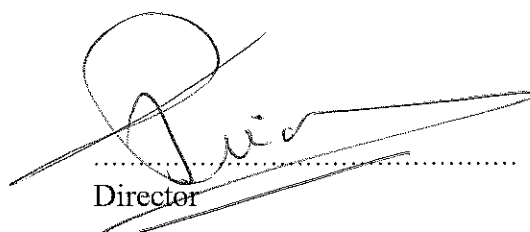
**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
BALANCE SHEET
AS AT 31 MARCH 2009**

	<i>Note</i>	2009 \$	2008 \$
Equity			
Partnership Equity	7	1,163,014	1,101,532
Partner's RWT paid	7	(26,936)	-
Total Partnership Equity		<u>1,136,078</u>	<u>1,101,532</u>
Current Liabilities			
Trade Payable and Accruals		<u>14,535</u>	<u>5,412</u>
Total Liabilities		<u>14,535</u>	<u>5,412</u>
Total Equity and Liabilities		<u><u>1,150,613</u></u>	<u><u>1,106,944</u></u>
Non-Current Assets			
Loan to Silverwood Land Partnership	4,6	868,700	831,387
Forestry Assets	5	<u>277,826</u>	<u>270,427</u>
Total Non-Current Assets		<u>1,146,526</u>	<u>1,101,814</u>
Current Assets			
Cash and Bank		2,342	1,841
GST Receivable		1,745	1,289
Capital Distribution		-	<u>2,000</u>
Total Current Assets		<u>4,087</u>	<u>5,130</u>
Total Assets		<u><u>1,150,613</u></u>	<u><u>1,106,944</u></u>

For and on behalf of the Board of Directors:

Dated: 20.08.09


.....
Director


.....
Director

This Statement is to be read in conjunction with the audit report and the notes to the financial statements.



**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

	<i>Note</i>	2009 \$	2008 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
GST Received		2,901	2,567
IRD Interest Received		-	2
		<u>2,901</u>	<u>2,569</u>
Cash was applied to:			
Payments to Suppliers		<u>22,400</u>	17,114
		22,400	<u>17,114</u>
Net Cash used in Operating Activities	<i>10</i>	<u>(19,499)</u>	<u>(14,545)</u>
<u>Cash Flows from Investing Activities</u>			
Cash was provided from:			
		-	-
Cash was applied to:			
		-	-
Net Cash from Investing Activities		<u>-</u>	<u>-</u>
<u>Cash Flow from Financing Activities</u>			
Cash was provided from:			
Transfer from Silverwood Land Partnership		35,000	5,000
Cash was applied to:			
Transfer to Silverwood Land Partnership		<u>15,000</u>	-
Net Cash from Financing Activities		<u>20,000</u>	<u>5,000</u>
Net Increase/(Decrease) in Cash Held		501	(9,545)
Opening Cash Balance		1,841	11,386
Ending Cash Carried Forward		<u><u>2,342</u></u>	<u><u>1,841</u></u>

This Statement is to be read in conjunction with the audit report and the notes to the financial statements.

**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2009**

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Silverwood Forest Corporation Limited, being the General Partner of Silverwood Forest Corporation Forest Limited and Company Forest Partnership, is a company registered under the Companies Act 1993.

Silverwood Forest Corporation Forest Limited and Partnership Forest Partnership is a Special Partnership registered under the Partnership Act 1908.

Silverwood Forest Corporation Limited is an issuer for the purpose of the Financial Reporting Act 1993. The Financial Statements of Silverwood Forest Corporation Forest Limited and Company Forest Partnership have been prepared in accordance with the Financial Reporting Act 1993.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to profit-oriented entities. The Partnership is a profit-orientated entity. The Partnership is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis for the Partnership.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Forestry Assets

Forestry assets are standing trees which are owned by the special partnership. These are valued at fair value less point of sale costs on a going concern basis. The Forestry Assets value is based on the valuation for the year end 31 March 2009 carried out by Arbour Forestry, an independent valuer, as at 4 May 2009.

Impairment

The carrying amounts of the Partnership's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Income Statement.

**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2009**

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount through the Income Statement.

Trade and Other Payables

Trade and other payables are stated at cost.

Revenue

Revenue from the sale of goods is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, or where there is continuing management involvement with the goods.

Expenses

All costs are expensed when the related services has been rendered.

Net Financing Income

Interest receivable on funds invested are recognised in the Income Statement. Interest income is recognised in the Income Statement as it accrues, using the effective interest method.

Income Tax

The income tax expense recognised in the Income Statement is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Goods and Service Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Changes in Accounting Policy

There have been no changes in accounting policies as compared to the 12 months period ended 31 March 2008.

**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

1. OTHER OPERATING EXPENSES

	Note	2009	2008
Operating expenses includes:		\$	\$
Auditors Remuneration		3,800	2,800

2. NET FINANCING COSTS

Interest received	81,626	76,134
Total Financial Income	<u>81,626</u>	<u>76,134</u>
Interest Expenses	-	-
Net Financial Income	<u>81,626</u>	<u>76,134</u>

3. INCOME TAX EXPENSE

Current Tax Expense	-	-
Reconciliation of Effective Tax Rate		
Profit Before Tax	<u>61,482</u>	<u>62,690</u>
Profit distributed to partners	<u>61,842</u>	<u>62,690</u>
	<u>-</u>	<u>-</u>

4. LOAN TO SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP

	2009	2008
	\$	\$
Loan to Silverwood Forest Corporation Limited and Company Land Partnership	<u>868,700</u>	<u>831,387</u>
	<u>868,700</u>	<u>831,387</u>

Silverwood Forest Corporation Forest Limited and Company Forest Partnership loan to Silverwood Forest Corporation Limited and Company Land Partnership is unsecured and payable on demand. Interest is charged at 10% per annum on this loan.

5. FORESTRY ASSETS

	2009	2008
	\$	\$
Forest at Titramonga	277,826	270,427

As at 31 March 2009, Silverwood Forest Corporation Forest Limited and Company Forest Partnership has a forest right over 64.5 hectares of land of which the 1994 mapping shows 51.8 net stocked hectares of Titramonga forest. No trees were harvested for the year ended 31 March 2009 (2008: Nil harvested).

6. RELATED PARTIES

Silverwood Forest Corporation Forest Limited and Company Forest Partnership paid the following suppliers that are related parties by being directors of following companies.

		2009	2008
Invoices received from:	Interested Party:	\$	\$
Aratas Consulting Services Limited	Eoin Malcolm Miller Johnson	1,350	1,224
Peter Bould CA Limited	Peter Bradney Bould	2,320	1,749
Tiedemann & Partners	Peter Tiedemann	5,588	5,058
Valley Management Services	Anthony Sydney Loveday	1,467	1,167
		<u>10,725</u>	<u>9,198</u>

**SILVERWOOD FOREST CORPORATION FOREST LIMITED AND COMPANY
FOREST PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

RELATED PARTIES (Con't)

In addition to the above, Silverwood Forest Corporation Forest Limited and Company Forest Partnership has given a loan to Silverwood Forest Corporation Limited and Company Land Partnership. The balance of this loan as at 31 March 2009 is \$868,700 (2008 - \$831,387).

Related party loan balance is shown separately in the balance sheet.

7. CAPITAL AND RESERVES

	Equity
	\$
Balance at 1 April 2007	1,038,842
Amortisation of website development costs	-
Total recognised income and expense	62,690
Balance as at 31 March 2008	<u><u>1,101,532</u></u>
Balance at 1 April 2008	1,101,532
Total recognised income and expense	61,482
RWT paid on behalf of partners	(26,936)
Balance as at 31 March 2009	<u><u>1,136,078</u></u>

8. CAPITAL AND LEASE COMMITMENTS

There are no capital and lease commitments as at 31 March 2009 (2008 - \$Nil).

9. CONTINGENCIES

Contingent liabilities as at 31 March 2009 was \$Nil (2008 - \$Nil).

10. RECONCILIATION OF STATEMENT OF CASH FLOWS WITH OPERATING SURPLUS

	2009	2008
	\$	\$
Net Operating Profit / (Loss)	61,482	62,690
<u>Adjusted by items not involving cash flows</u>		
RWT paid on behalf of partners	(26,936)	-
Transfer capital	(2,000)	-
Revaluation of forest stock	(7,399)	(6,970)
Accrued interest in intercompany loan	(54,690)	(76,134)
	<u>(29,543)</u>	<u>(20,414)</u>
<u>Impact of changes in working capital items</u>		
Increase / (decrease) in GST receivable	456	464
Increase / (decrease) in trade receivables	-	(816)
Increase / (decrease) in trade payables and accruals	3,123	888
Creditors paid by Silverwood Land Partnership	6,465	5,333
	<u>10,044</u>	<u>5,869</u>
Net cash received / (used) in operating activities	<u><u>(19,499)</u></u>	<u><u>(14,545)</u></u>