

Whitby Corporation Limited
Financial Statements
For the year ended 30 September 2007

Whitby Corporation Limited

Financial Statements

For the year ended 30 September 2007

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Whitby Corporation Limited

Company Directory

As at 30 September 2007

Nature of Business	Investment with interests in forestry & property
Registered Office	Level 7, 44 Victoria Street WELLINGTON
Directors	A (Tony) Loveday Peter Tiedemann
Accountants	Pocock Hudson Limited WELLINGTON
Bankers	National Bank of New Zealand Limited WELLINGTON
Solicitors	Izard Weston 86-90 Lambton Quay WELLINGTON
Auditors	Mr Terence Bartlett 8 Raroa Road LOWER HUTT



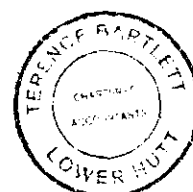
Whitby Corporation Limited

Consolidated Statement of Financial Position

As at 30 September 2007

	Note	2007	2006
Current Assets			
National Bank of NZ Ltd		17,620	18,209
Prepaid Taxation		5,360	3,998
Deposits at Call		205,100	9,435
Goods and Services Tax Payable		1,074	-
Sundry Receivables		-	6,115
		<u>229,154</u>	<u>37,757</u>
Fixed Assets			
Land and Buildings	2	-	219,900
Investments			
Silverwood Land Partnership	3	2,434,247	2,422,387
Silverwood Forest Partnership	3	158,030	116,361
		<u>2,592,277</u>	<u>2,538,748</u>
Total Assets		<u>2,821,431</u>	<u>2,796,405</u>
Current Liabilities			
Goods and Services Tax Payable		-	952
Accounts Payable		9,938	10,534
Current Portion of Non Current Liabilities	4	-	16,313
		<u>9,938</u>	<u>27,799</u>
Term Liabilities			
Mortgage – Wainuiomata Property	4	-	43,500
Shareholders' Loans	5	8,350	8,350
		<u>8,350</u>	<u>51,850</u>
Total Liabilities		<u>18,288</u>	<u>79,649</u>
Net Assets		<u><u>\$2,803,143</u></u>	<u><u>\$2,716,756</u></u>

The accompanying notes form part of these financial statements.



Whitby Corporation Limited

Consolidated Statement of Financial Position (continued)

As at 30 September 2007

	Note	2007	2006
Shareholders Funds			
Paid up Capital (2,972,184 ordinary shares)		1,467,765	1,467,765
		<u>1,467,765</u>	<u>1,467,765</u>
Plus Share Premium Reserve		207,490	207,490
Assets Revaluation Reserve		1,571,951	1,518,420
Capital Reserve		179,361	153,575
		<u>1,958,802</u>	<u>1,879,485</u>
Share Capital and Reserves		<u>3,426,567</u>	<u>3,347,250</u>
Less Accumulated Losses	6	(623,424)	(630,494)
Total Shareholders' Funds		<u><u>\$2,803,143</u></u>	<u><u>\$2,716,756</u></u>

..... Director

..... Date

The accompanying notes form part of these financial statements.



Whitby Corporation Limited

Consolidated Statement of Financial Performance For the year ended 30 September 2007

	Note	2007	2006
Income			
Interest		6,991	1,133
Rent		425	27,500
Depreciation Recovered		27,533	-
		<hr/>	<hr/>
		34,949	28,633
Less Expenses			
Audit Fees		2,350	2,350
Depreciation		-	9,100
Interest		1,484	7,645
Management Fees	8	14,875	11,000
Other Expenses		9,170	9,332
		<hr/>	<hr/>
		27,879	39,427
Net Surplus (Loss) for the Year		7,070	(10,794)
Add: Silverwood Forest Capital Distribution		-	-
		<hr/>	<hr/>
Net Surplus (Deficit) for the Year		7,070	(10,794)
Accumulated Losses Brought Forward		(630,494)	(619,700)
		<hr/>	<hr/>
Accumulated Losses at Year End		<u><u>(\$623,424)</u></u>	<u><u>(\$630,494)</u></u>

The accompanying notes form part of these financial statements.



Whitby Corporation Limited
Consolidated Statement of Cash Flows
For the year ended 30 September 2007

Cash Flow from Operating Activities

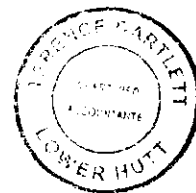
	2007	2006
Cash was provided from:		
Receipts from Customers	11,301	27,500
Interest Received	6,991	1,133
Silverwood Capital Distribution	-	-
	<hr/>	<hr/>
	18,292	28,633
Cash was applied to:		
Payments to Suppliers	(31,750)	(24,749)
Interest Paid	(1,484)	(7,747)
Income Tax	(1,362)	(108)
GST	(2,026)	(435)
	<hr/>	<hr/>
	(36,622)	(33,039)
	<hr/>	<hr/>
Net Cash Flow from Operating Activities	(18,330)	(4,406)

Cash Flow from Investing Activities

Cash was provided from:		
Sale of Property	273,219	-
	<hr/>	<hr/>
Net Cash flow from Financing Activities	273,219	-

Cash Flow from Financing Activities

Cash was provided from:		
Loan Brought Down	-	-
Conversion of Share Options	-	-
Cash was applied to:		
Mortgage repaid	(59,813)	(14,629)
	<hr/>	<hr/>
Net Cash flow from Financing Activities	(59,813)	(14,629)
	<hr/>	<hr/>
Net increase/(decrease) in cash	195,076	(19,035)
Add: Cash at start of year	27,644	46,679
	<hr/>	<hr/>
Ending Cash Carried Forward	\$222,720	\$27,644

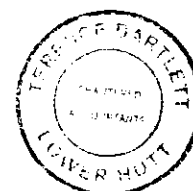


Whitby Corporation Limited

Consolidated Statement of Cash Flows (continued)

For the year ended 30 September 2007

	2007	2006
Ending Cash Carried Forward consists of:		
Bank Funds	17,620	18,209
Call Deposits	205,100	9,435
	<u>\$222,720</u>	<u>\$27,644</u>
Reconciliation of net profit after tax with net cashflows from operating activities		
Net Surplus (Loss) after taxation	7,070	(10,794)
Add (Less):		
Depreciation Recovered	(27,533)	-
Non Cash Expenses - Depreciation	-	9,100
	<u>(20,463)</u>	<u>(1,694)</u>
- Increase in Prepaid Tax	(1,360)	(108)
- Increase in GST Payable	(2,026)	755
- Increase in Accounts Payable	(596)	959
- Increase in Accounts Receivable	6,115	(4,318)
	<u>2,133</u>	<u>(2,712)</u>
Net Cash Flows from Operating Activities	<u>(\$18,330)</u>	<u>(\$4,406)</u>



Whitby Corporation Limited

Statement of Financial Position

As at 30 September 2007

	Note	2007	2006
Current Assets			
National Bank of New Zealand Ltd		2,877	992
Prepaid Taxation		3,312	3,310
Current Account - Subsidiary Company		-	-
Goods and Services Tax Receivable		2,037	2,172
		<u>8,226</u>	<u>6,474</u>
Investments			
Shares in Burave Properties Ltd		14,684	14,684
Investment in Silverwood Land Partnership	3	2,434,247	2,422,387
Investment in Silverwood Forest Partnership	3	158,030	116,361
		<u>2,606,961</u>	<u>2,553,432</u>
Total Assets		<u>2,615,187</u>	<u>2,559,906</u>
Current Liabilities			
Accounts Payable		8,438	8,488
Current Account – Subsidiary Company		29,279	5,993
		<u>37,717</u>	<u>14,481</u>
Term Liabilities			
Shareholders Loans	5	8,350	8,350
		<u>46,067</u>	<u>22,831</u>
Total Liabilities		<u>46,067</u>	<u>22,831</u>
Net Assets		<u><u>\$2,569,120</u></u>	<u><u>\$2,537,075</u></u>



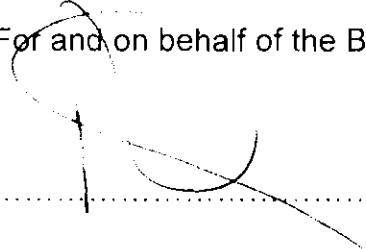
Whitby Corporation Limited

Statement of Financial Position (continued)
 As at 30 September 2007

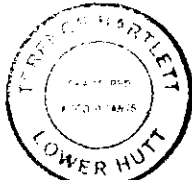
Shareholders' Funds	Note	2007	2006
Paid up capital – 2,972,184 ordinary shares		1,467,765	1,467,765
Plus			
Share Premium Reserve		207,490	207,490
Capital Reserve		153,575	153,575
Asset Revaluation Reserve		1,460,677	1,407,147
		<u>1,821,742</u>	<u>1,768,212</u>
Less accumulated losses	6	(720,387)	(698,902)
Total Shareholders' Funds		<u><u>\$2,569,120</u></u>	<u><u>\$2,537,075</u></u>

The accompanying notes form part of these financial statements.

For and on behalf of the Board.


 Director

9/2/07
 Date



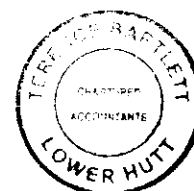
Whitby Corporation Limited

Statement of Financial Performance and Movements in Equity

For the year ended 30 September 2007

	Note	2007	2006
Income			
Interest Received		17	57
		<u>17</u>	<u>57</u>
Expenses			
Accident Compensation Levies		-	86
Audit Fees		2,350	2,350
Bank Fees		172	191
Entertainment		338	338
General Expenses		90	89
Interest		192	360
Legal Fee		-	274
Postage, Printing and Travel		864	771
Secretarial and Accountancy		6,000	6,000
Management Fees	8	11,000	11,000
Travel Expenses		496	489
		<u>21,502</u>	<u>21,948</u>
Total Expenses		21,502	21,948
Net Loss from Operations		(21,485)	(21,891)
Add: Silverwood Forest Capital Distribution		-	-
Net Surplus/(Deficit) for Year		(21,485)	(21,891)
Accumulated Losses Brought Forward		(698,902)	(677,011)
Accumulated Losses at End of Year		<u>(720,387)</u>	<u>(698,902)</u>

The accompanying notes form part of these financial statements.



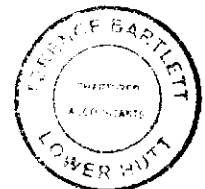
Whitby Corporation Limited

Statement of Movements in Equity

For the year ended 30 September 2007

	Note	2007	2006
Equity at Beginning of the Year		\$2,537,075	2,412,745
Add Net Surplus/(Deficit) for the year		(21,485)	(21,891)
Add Increase in value of Investments		53,530	146,221
Total recognised revenues and expenses for the year		32,045	124,330
Equity at End of Year		<u>\$2,569,120</u>	<u>\$2,537,075</u>

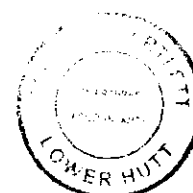
The accompanying notes form part of these financial statements.



Whitby Corporation Limited
Statement of Cash Flows
For the year ended 30 September 2007

	2007	2006
<u>Cash Flows from Operating Activities</u>		
Cash was provided from:		
Interest Received	17	57
Silverwood Capital Distribution	-	-
	<hr/>	<hr/>
Total Cash Received	17	57
Cash was applied to:		
Payments to Suppliers	(22,359)	(21,016)
Interest Paid	(192)	(360)
Income Tax	(2)	102
GST	(1,579)	(3,074)
	<hr/>	<hr/>
	(24,132)	(24,438)
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	(24,115)	(24,291)
<u>Cash Flows from Investing Activities</u>		
Cash was provided from:		
Silverwood Loan Repaid	-	-
Cash was applied to:		
Purchase of Forest & Land Units	-	-
Loan to Silverwood Forest Corporation Ltd	-	-
	<hr/>	<hr/>
Net Cash Flow from Investing Activities	-	-
<u>Cash Flows from Financing Activities</u>		
Cash was provided from:		
Conversion of Share Options	-	-
Current Account – Subsidiary Company	26,000	18,000
	<hr/>	<hr/>
Net Cash Flow from Financing Activities	26,000	18,000
	<hr/>	<hr/>
Net increase/(decrease) in cash held	1885	(6,291)
Add: Cash at Beginning of Year	\$992	7,283
	<hr/>	<hr/>
Ending Cash Carried Forward	<u>\$2,877</u>	<u>\$992</u>

The accompanying notes form part of these financial statements.



Whitby Corporation Limited

Statement of Cash Flows (continued)

For the year ended 30 September 2007

	2007	2006
Ending cash carried forward consists of:		
Bank Funds	2,877	992
Call Deposits	-	-
	<u>2,877</u>	<u>992</u>
	<u><u>\$2,877</u></u>	<u><u>\$992</u></u>
Reconciliation of net profit after tax with net cashflows from operating activities		
Net Surplus/(Deficit) after Taxation	(21,485)	(21,891)
Add (less) movements in other working capital items:		
- Decrease in Prepaid Tax	(2)	102
- Decrease in GST Receivable	134	5
- Increase in Accounts Payable	(50)	1,061
- Decrease in Accounts Receivable	-	-
- Decrease in Current Account – Parent Company	(2,712)	(3,568)
	<u>(2,630)</u>	<u>(2,400)</u>
Net Cash Flows from Operating Activities	<u><u>(\$24,115)</u></u>	<u><u>(\$24,291)</u></u>

The accompanying notes form part of these financial statements.

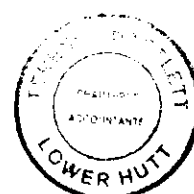


Burave Properties Limited

Statement of Financial Position

As at 30 September 2007

	Note	2007	2006
Current Assets			
National Bank of New Zealand Ltd		14,743	17,217
Deposits on Call		205,100	9,435
Prepaid Taxation		2,047	688
Sundry Receivables		-	6,115
Current Account – Parent Company		29,279	5,993
		<u>251,169</u>	<u>39,448</u>
Fixed Assets			
Land and Buildings	2	-	219,900
		<u>251,169</u>	<u>259,348</u>
Total Assets			
Current Liabilities			
Goods and Services Tax Payable		963	3,124
Accounts Payable		1,500	2,046
Current Portion of Non Current Liabilities	4	-	16,313
		<u>2,463</u>	<u>21,483</u>
Term Liabilities			
Mortgage – Wainuiomata Property	4	-	43,500
		<u>2,463</u>	<u>64,983</u>
Total Liabilities			
Net Assets			
		<u>\$248,706</u>	<u>\$194,365</u>



Burave Properties Limited

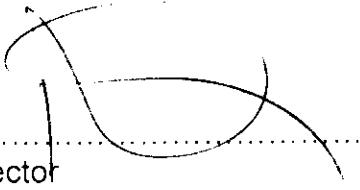
Statement of Financial Position (continued)

As at 30 September 2007

Shareholders' Funds	2007	2006
100 Ordinary Shares	100	100
Asset Revaluation Reserve	111,274	111,274
Capital Reserves	25,786	-
Retained Earnings at End of Year	111,546	82,991
Total Shareholders' Funds	\$248,706	\$194,365

The accompanying notes form part of these financial statements.

For and on behalf of the Board:


.....
Director

4/12/07
.....
Date

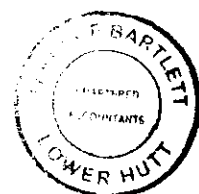


Burave Properties Limited

Statement of Financial Performance and Movements in Equity For the year ended 30 September 2007

	2007	2006
Income		
Rent	425	27,500
Interest	6,974	1,076
Depreciation Recovered	27,533	-
	<u>34,932</u>	<u>28,576</u>
Expenses		
Bank Fees	210	94
Depreciation	-	9,100
Interest	1,292	7,285
Management Fees	3,875	-
Secretarial and Accountancy	1,000	1,000
Total Expenses	<u>6,377</u>	<u>17,479</u>
Net Profit from Operations	28,555	11,097
Retained Earnings at Beginning of Year	82,991	71,894
Retained Earnings at End of Year	<u><u>\$111,546</u></u>	<u><u>\$82,991</u></u>

The accompanying notes form part of these financial statements.



Burave Properties Limited

Statement of Movements in Equity

For the year ended 30 September 2007

	2007	2006
Equity at Beginning of the Year	\$194,365	138,368
Add Net Profit for the Year	28,555	11,097
Add Increase in Value of Assets	-	44,900
Add Capital Gain on Sale	25,786	-
	<hr/>	<hr/>
Total recognised revenues and expenses for the year	54,341	55,997
	<hr/>	<hr/>
Equity at End of Year	<u>\$248,706</u>	<u>\$194,365</u>

The accompanying notes form part of these financial statements.



Burave Properties Limited
Statement of Cash Flows
For the year ended 30 September 2007

	2007	2006
<u>Cash Flows from Operating Activities</u>		
Cash was provided from:		
Receipts from Customers	11,301	27,500
Interest Received	6,974	1,076
GST Received	-	2,639
	<hr/>	<hr/>
Total Cash Received	18,275	31,215
Cash was applied to:		
Payments to suppliers	(9,391)	(3,733)
Interest paid	(1,292)	(7,387)
GST Due	(447)	-
Income Tax	(1,360)	(210)
	<hr/>	<hr/>
	(12,490)	(11,330)
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	5,785	19,885
 <u>Cash Flows from Investing Activities</u>		
Cash was provided from:		
Sale of Property	273,219	-
	<hr/>	<hr/>
Net Cash Flows from Investing Activities	273,219	-
 <u>Cash Flows from Financing Activities</u>		
Cash was applied to:		
Mortgage Repaid	(59,813)	(14,629)
Current Account - Parent Company	(26,000)	(18,000)
	<hr/>	<hr/>
	(85,813)	(32,629)
	<hr/>	<hr/>
Net Cash Flow from Financing Activities	(85,813)	(32,629)
 Net increase/(decrease) in cash held	193,191	(12,744)
Add: Cash at start of year	\$26,652	39,396
	<hr/>	<hr/>
Balance at End of Year	\$219,843	\$26,652
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.



Burave Properties Limited

Statement of Cash Flows (continued)

For the year ended 30 September 2007

	2007	2006
Ending cash carried forward consists of:		
Bank Funds	14,743	17,217
Call Deposits	205,100	9,435
	<u>219,843</u>	<u>26,652</u>
Reconciliation of net profit after tax with net cashflows from operating activities		
Net Profit after Taxation	28,555	11,097
Add (Less):		
- Depreciation Recovered	(27,533)	
- Non Cash Expenses – Depreciation	-	9,100
	<u>1,022</u>	<u>20,197</u>
- Decrease in Accounts Payable	(544)	(102)
- Increase in Prepaid Tax	(1,360)	(210)
- Increase in GST Payable	(2,160)	750
- Increase in Accounts Receivable	6,115	(4,318)
- Current Account – Parent Company	2,712	3,568
	<u>4,763</u>	<u>(312)</u>
Net Cash Flows from Operating Activities	<u>\$5,785</u>	<u>\$19,885</u>

The accompanying notes form part of these financial statements.



Whitby Corporation Limited

Notes to the Consolidated Financial Statements

For the year ended 30 September 2007

1 Statement of Accounting Policies

Reporting Entity

Whitby Corporation Limited is a company registered under the Companies Act 1993.

Whitby Corporation Limited is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements of Whitby Corporation Limited have been prepared in accordance with the Financial Reporting Act 1993.

General Accounting Policies

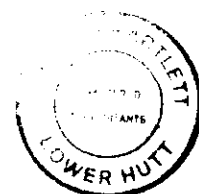
The general accounting policies recommended by the New Zealand Institute of Chartered Accountants for the measurement and reporting of results and financial position on an historical cost basis are followed by the Company. Accrual accounting is used in preparation of these financial statements and reliance is placed on the fact that the company is a going concern.

Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and those of the 100% owned Subsidiary Company Burave Properties Ltd. The Purchase method of accounting has been adopted. All significant inter-company items have been eliminated in preparing the Consolidated Financial Statements.

Changes in Accounting Policies

In previous years investments in Silverwood Forest and Land Partnerships have been valued at historical cost. These investments are now valued at net current value based on the financial statements of Silverwood Forest Corporation Limited and Company.



Whitby Corporation Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2007

2	Summary of Fixed Assets		2007	2006
	Subsidiary Company			
	Wainuiomata			
	Land	At Valuation	-	47,000
	Building	At Valuation - Valuation less accumulated depreciation 2006	-	172,900
			<u>-</u>	<u>\$219,900</u>
			<u>-</u>	<u>\$219,900</u>

Burave Properties Limited sold properties at 33 and 34 Burden Avenue, Wainuiomata on 12 December 2006.

3 Investments

Silverwood Land Partnership

		Cost
524 Partnership Units of \$1,550.67 each (Average Unit Cost)		812,550
	Current Value	Percentage of Total Capital
524 Partnership Units of \$4,645.51 each*	2,434,247	50.00

* Represents unit value based on the financial statements of Silverwood Land Partnership as prepared in respect of the year ended 31 March 2007.

Silverwood Forest Partnership

		Cost
24 Partnership Units of \$13,294 each (Average Unit Cost)		319,050
	Current Value	Percentage of Total Capital
24 Partnership Units of \$6,584.57 each*	158,030	15.19

*Represents unit value based on the financial statements of Silverwood Forest Partnership as prepared in respect of the year ended 31 March 2007 which take account of capital distributions made in previous years.



*Represents unit value based on the financial statements of Silverwood Forest Partnership as prepared in respect of the year ended 31 March 2007 which take account of capital distributions made in previous years.

4 Mortgages

	2007	2006
Mortgage: The National Bank of New Zealand Ltd 02	-	28,800
Mortgage: The National Bank of New Zealand Ltd 03	-	31,013
	<hr/>	<hr/>
	-	\$59,813
Included in Current Liabilities	-	16,313
Included in Non Current Liabilities	-	43,500
	<hr/>	<hr/>
	-	\$59,813
	<hr/> <hr/>	<hr/> <hr/>

Security: 33 and 34 Burden Avenue, Wainuiomata.

National Bank of New Zealand Limited Mortgages 02 and 03 were fully repaid on 15 December 2006.

5 Shareholders Loans

Represents interest on funds previously held by Murray Smith. The Directors have recommended that these funds should be treated as loans from Shareholders. During the 2007 year nil loans (2006: Nil) were converted into shares.

6 Accumulated Losses and Future Income Offsets

The amount held in this account represents the accumulated accounting losses of the company and does not equate to assessed tax losses.

Assessed tax losses available to be carried forward and offset against future income, subject to the issue of an assessment, are in the order of \$1,596,433.57 (2006: \$1,602,881.19).

No future benefit has been taken up in these statements for tax losses available.



7 Subsidiary Company

Burave Properties Limited is a wholly owned subsidiary of Whitby Corporation Limited.

8 Related Parties

Whitby Corporation Limited paid management fees to Tiedemann & Partners, an entity associated with P Tiedemann, totalling \$4,000 (2006: \$4,000), and to Valley Management Services Limited, a company associated with A S Loveday, totalling \$7,000 (2006: \$7,000).

Burave Properties Limited paid management fees to Valley Management Services Limited, a company associated with A S Loveday, totalling \$3,875 (2006: \$0).

No related party debts have been written off or forgiven during the year.



AUDITORS REPORT

TO THE MEMBERS

WHITBY CORPORATION LIMITED

I have audited the financial statements on pages 2 to 22. The financial statements provide information about the past financial performance and financial position of the Company and the Group as at 30 September 2007. The financial statements consist of the accounts of the Company and the consolidated accounts of the Group comprising the company and the entity controlled during and at the end of the financial year. This information is stated in accordance with the accounting policies described in notes to the Financial Statements.

Directors' Responsibilities

The directors are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the financial position of the Company and Group as at 30 September 2007, and the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

I am responsible for expressing an independent opinion on the financial statements presented by the directors and reporting my opinion to the shareholders.

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:

- ❖ The significant estimates and judgements made by the directors in the preparation of the financial statements, and
- ❖ Whether the accounting policies used and described in the Notes are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

I conducted my audit in accordance with generally accepted auditing standards in New Zealand. I planned and performed my audit so as to obtain all the information and explanations, which I considered necessary in order to provide sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion

I have obtained all the information and explanations that I have required. In my opinion:

- ❖ Proper accounting records have been kept by the Company and Group as far as appears from our examination of those records: and
- ❖ Financial statements have been drawn up to:
 - i) Comply with generally accepted accounting practice; and
 - ii) Give a true and fair view of the financial position of the Company and Group as at 30 September 2007, and the results of its operations and cash flows for the year ended on that date.

My audit was completed on 26 November 2007 and my unqualified opinion is expressed as at that date.



Terence Bartlett
Chartered Accountant
Lower Hutt