

2007 Macgrove Project
ARSN 119 560 235

Financial Report
for the year ended 30 June 2009

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2007 Macgrove Project
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Report by Responsible Entity
for the year ended 30 June 2009

The directors of Maccacorp Limited, the Responsible Entity, of the 2007 Macgrove Project (the Project), present their report together with the financial report of the Project for the year ended 30 June 2009 and the auditor's report thereon.

Responsible Entity

The registered office of the Responsible Entity is located at 92 Kenzlers Road Sharon QLD 4670.

The Directors of the Responsible Entity, during and since the end of the financial period were:

<u>Director</u>	<u>Qualification/Experience</u>
Donald Ross	B.Eng.(Sydney University) MBA (Macquarie University) Master Master Commercial Law, FAICD Previously Managing Director of Macadamia Processing Co Limited Previously General Manager and Managing Director positions with companies such as Boral, Hardie Industries and Stegbar Macadamia grower for 18 years.
Barry Edmonds	Member of Australian Macadamia Society Limited Extensive experience over thirty years in the Horticultural and Agricultural industries including the growing of avocados, pineapples, sugar cane and macadamia nuts in Beerwah and Bundaberg, Queensland and Eureka and Caniaba, New South Wales. Company Secretary
Christopher Lomax	Solicitor of the High Court of Australia Solicitor of the Supreme Court of New South Wales Director, Responsible Officer and Compliance Officer of Lismore Management Corporation Limited The Responsible Entity of 'East Coast Mortgage Trust' since the Managed Investment Scheme legislation came into effect Member of the Compliance Committee of an agrischeme being Coffee Management Australia Limited as Responsible Entity for The Northern Rivers Coffee Project No 1 and No 2.

Principal Activities

The Project is a registered managed investment scheme domiciled in Australia. The project involved the discharge of both the Responsible Entity and the growers' obligation pursuant to the Managements Agreements and the Sub-Lease Agreements.

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Upon commencement, each grower pays to the Responsible Entity, the application monies. The Responsible Entity contracts with the Project Manager, Macmanagements Pty Limited to manage the operations.

Following harvest, the Responsible Entity markets the crop produced and holds the crop proceeds on behalf of the growers.

There has been no change in the principal activities of the project during the financial year. The Project did not have any employees during the financial year.

Review of Operations

The Directors are satisfied that the performance of the Projects reflects the investment strategies implemented in order to achieve the Projects investment objectives.

Results

The Projects net operating results for the year ending 30 June 2009 is Nil.

Registered Scheme Interests

In relation to the interests in the Project:

- i) Fees paid to the Responsible Entity during the financial year are disclosed in note 6 to the financial statements,
- ii) the number of interest in the Project issued during and held at the end of the financial year was 579,
- iii) interests in the Project held by the Responsible Entity or its associates are disclosed in note 6 to the financial statements, and
- iv) the Project does not have any assets other than the assets disclosed in the financial statements.

Significant Changes in the State of Affairs

There has been no significant changes in the 2007 Macgrove Projects state of affairs occurred during the financial year other than disclosed in the financial statements.

Likely Developments

The investment strategy if the project will be maintained in accordance with the product disclosure statement dated 8 January 2007. In the opinion of the directors, disclosure of any information would be likely to result in unreasonable prejudice of the Project.

Environmental Regulation

The Project's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

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Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Project, the results of those operations, or the state of affairs of the Project in future financial periods.

Indemnification and Insurance of Directors, Officers or Auditors

The scheme has not indemnified any auditors of the scheme.

No Insurance premiums are paid out of the scheme's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the compliance Committee or the auditors of the scheme.

Auditor's Independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Rounding Off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and accordance with that Class Order, amounts in the financial reports and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

This report is made with a resolution of the directors of Maccacorp Limited.

Mr Donald Ross
Director

Dated this 28th day of September 2009

Mr Barry Edmonds
Director

Dated this 28th day of September 2009

**Auditor's Independence Declaration
under Section 307C of the Corporations Act 2001
to the Directors of Maccacorp Limited, as the Responsible Entity for 2007
Macgrove Project**

I declare that, to the best of my knowledge and belief, In relation to the independent audit of the 2007 Macgrove Project for the year ended 30 June 2009 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.

Guild Audit Services Pty Limited

Bruce Bailey FCA
Managing Director

Signed at: 1 York Street, Sydney

Dated this 28th day of September 2009

**2007 Macgrove Project
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Income Statement
for the year ended 30 June 2009**

	Note	2009 \$	2008 \$
Revenue		-	-
Management fees		1,024,000	424,000
Application fees		670,000	3,000,000
Rent		368,640	152,640
		<u>2,062,640</u>	<u>3,576,640</u>
Expenses			
Management fees		(1,024,000)	(424,000)
Application fees		(670,000)	(3,000,000)
Rent		(368,640)	(152,640)
		<u>(2,062,640)</u>	<u>(3,576,640)</u>
Profit/(losses) attributable to the growers		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

2007 Macgrove Project
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Balance Sheet
as at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Cash and cash equivalents	3	26,850	(316)
Trade and other receivables		-	316
Current assets		<u>26,850</u>	<u>-</u>
Total assets		<u>26,850</u>	<u>-</u>
Liabilities			
Trade and other payables		<u>(26,850)</u>	-
Current liabilities		<u>(26,850)</u>	<u>-</u>
Total liabilities		<u>(26,850)</u>	<u>-</u>
Net assets attributable to the growers		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**2007 Macgrove Project
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Cash Flow Statement
for the year ended 30 June 2009**

	2009	2008
	\$	\$
Cash flows from operating activities		
Receipts from growers	2,062,640	3,576,640
Payments to the Responsible Entity	(2,035,474)	(3,477,582)
Net cash flows from operating activities	4 27,166	99,058
Cash flows from investing activities		
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	27,166	99,058
Cash and cash equivalents at beginning of financial year	(316)	(99,374)
Cash and cash equivalents at end of financial year	3 26,850	(316)

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements
for the year ended 30 June 2009

1. Statement of significant accounting policies

Reporting Entity

2007 Macgrove project (the Project) is a registered managed investment scheme under the Corporations Act 2001. The financial report of the scheme is for the year ended 30 June 2009.

Basis of Preparation

a. Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Project complies with international reporting standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

b. Functional Presentation Currency

These financial statements are presented in Australian dollars, which is the Projects functional currency.

The Project is of a kind referred to in ASIC Class Order 98/100 dated on the 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars has been rounded to the nearest dollar unless otherwise stated.

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

a. Revenue recognition

Monies received from growers have been recognised as income of the project.

b. Expenses

Any expenditure detailed in the income statements is incurred pursuant to the management agreements and/or the sub-lease agreement on behalf of each grower severally. Any such expenditure is apportioned to each grower in accordance with the proportion that the Co-Production Units they own represent of the total Co-production Units on issue.

All expenses, including management fees, establishment fees and rent, are recognised in the income statement on an accrual basis.

c. Goods and Services Tax ('GST')

Expenses and assets are recognised net of the amount of GST.

d. Distributions

The Responsible Entity will determine the amount of income (after the deduction of expenses) available for distribution at the end of each period. If in the opinion of the Responsible Entity, there is surplus income that is not required to meet future expenses the surplus income will be distributed to the growers.

e. Income Tax

Under current legislation the Project is not subject to the income tax as its taxable income is distributed in full to growers.

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for the year ended 30 June 2009

f. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the Projects accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions.

The Project makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions used in the current year are unlikely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no critical accounting estimates and assumptions relating to the Project.

(b) Critical judgements in applying the accounting policies.

In the process of applying the company's accounting policies the Projects makes various judgements, apart from those involving estimations. During the current year the no significant judgements were necessary.

g. New Accounting Standards

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future reporting periods and which the Project has decided not to early adopt. A discussion of those future requirements and their impact on the Project is as follows:

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefine the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

h. Comparative figures

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

i. Rounding of amounts

The Project has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial reports and directors reports have been rounded off to the nearest \$1.

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Notes to the Financial Statements
for the year ended 30 June 2009

2. Auditors Remuneration

The Responsible Entity bears the cost of the audit of the Scheme and of the compliance plan.

3. Cash and cash equivalents

	2009	2008
	\$	\$
Maccacorp Holding Account	26,805	(334)
Perpetual Bank Account	45	18
	<u>26,850</u>	<u>(316)</u>

4. Reconciliation of cash flows from operating activities

	2009	2008
	\$	\$
Profit/(losses) from operating activities	-	-
Decrease/(Increase) in receivables	316	99,058
Increase/(decrease) in trade and other payables	26,850	-
Cash flows form operating activities	<u>27,166</u>	<u>99,058</u>

5. Segment Reporting

The Project operates in one business segment agricultural production and one geographical segment being Australia.

6. Related Parties

The Responsible Entity for the 2007 Macgrove Project is Maccacorp Limited (ABN: 116 486 527)

a) Details of Key Management Personnel of the Responsible Entity

i) Directors

Donald Keith Ross
 Barry John Edmonds
 Christopher Lomax

ii) Details of specified executives

Neither Maccacorp Limited nor 2007 Macgrove Project employ persons deemed to be specified executives of the Project.

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b) Remuneration of Key Management Personnel of the Responsible Entity

Compensation of the Key Management Personnel is paid directly by the Responsible Entity. The Directors are not provided with any compensation by the Project itself. Directors are not entitled to any interests on the Project, or any right to or options for interest in the Project, as a result of the compensation provided by the related party of the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of compensation provided to the directors of the Responsible Entity and the management fees paid by the Project to the Responsible Entity in accordance with the management agreement and the information memorandum.

All related party transactions are conducted on normal commercial terms and conditions.

c) Responsible Entity Fees and Other Transactions

	2009	2008
	\$	\$
Management fees	1,024,000	424,000
Application fees	670,000	3,000,000
Rent	368,640	152,640
	<u>2,062,640</u>	<u>3,576,640</u>

d) Interests held in the Project by the Responsible Entity or its Associates

The Responsible Entity or associated person own 10 Macgrove Interests in the Project.

7. Financial Instruments

a) Significant Accounting Policies

Details of significant accounting policies in respect of each class of financial assets and financial liability are disclosed in notes to the financial statements.

b) Interest rate risk

The interest rate risk refers to the risk that increases in interest rates will result in financial loss to the Project.

The Responsible Entity does not consider there to be any major interest rate risk in this period.

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c) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Project.

At the date of these financial statements the Responsible Entity has no evidence of any fraudulent activity and believes the systems and procedures it has in place minimises the risk.

d) Fair Value of Financial Instruments

the directors of the Responsible Entity consider that the carrying amount of the financial assets and financial liabilities approximate their fair values.

8. Subsequent Events

There has been no other matter or circumstance, which has arisen since 30 June 2009 that has significantly affected or may significantly affect:

- a. The operations, in financial years subsequent to 30 June 2009, of the Project, or
- b. The result of those operations, or
- c. The state of affairs, in financial years subsequent to 30 June 2009, of the Project

9. Contingent Liabilities

There are no contingent liabilities as at 30 June 2009.

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Directors' Declaration
for the year ended 30 June 2009

In the opinion of the directors of Maccacorp Limited the Responsible Entity of the 2007 Macgrove Project (the Project):

- a. The financial statements and notes, as set out in pages 5 to 11 are in accordance with the Corporations Act 2001, Including:
 - i) Giving a true and fair view of the Projects financial position as at 30 June 2008 and of its performance, for the financial year ended on that date; and
 - ii) Complying with Australian Accounting standards (including the Australian Interpretations) and Corporations Regulations 2001;
- b. The financial report also complies with international financial reporting standards as disclosed in note 1(a); and
- c. There are reasonable grounds to believe that the scheme will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2008

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

Mr Donald Ross
Director

Dated this 28th day of September 2009

Mr Barry Edmonds
Director

Dated this 28th day of September 2009

Independent Audit Report to the Growers of 2007 Macgrove Project

Report on the Financial Report

We have audited the accompanying financial report of 2007 Macgrove Project ("the Project"), which comprises the balance sheet as at 30 June 2009 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.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, Maccacorp Limited, 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: designing, implementing 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 judgement, 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 Project'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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, 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 Maccacorp Limited on 24 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion: :

- (a) the financial report of 2007 Macgrove Project presents fairly in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Project's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporation Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Guild Audit Services Pty Limited

Bruce Bailey FCA
Managing Director

Signed at: 1 York Street, Sydney

Dated this 28th day of September 2009