

C & P North East Australia Development Fund & Controlled Entities
A.B.N. 81 731 436 005
Annual Report
for the year ended 30 June 2011

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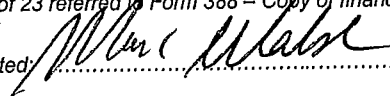
This financial report covers both C & P North East Australia Development Fund as an individual entity & the consolidated entity consisting of C & P North East Australia Development Fund and its controlled entities.

C & P North East Australia Development Fund is a unit trust established and domiciled in Australia. Its registered office and principal place of business is:

This is Annex A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

143 York Street

Mark Walsby Director C & P North East Australia Development Fund



C & P North East Australia Development Fund & Controlled Entities
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for the year ended 30 June 2011

Indemnifying Officers or Auditor:

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the responsible entity or the fund.

Auditor's Independence Declaration

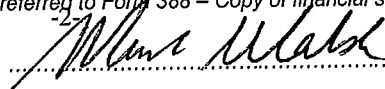
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the Directors:



Mark Walsh
Director

Sydney
Dated: 30th September 2011



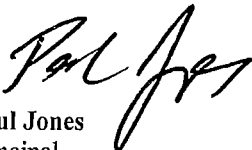
C & P North East Australia Development Fund & Controlled Entities
A.B.N. 81 731 436 005
Annual Report
for the year ended 30 June 2011

Auditors' independence declaration:

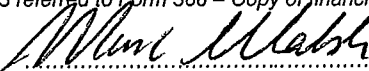
As lead auditor for the audit of C & P North East Australia Development Fund for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of C & P North East Australia Development Fund during the year.


Paul Jones
Principal
P J Jones & Associates

Sydney
Dated: 30th September 2011



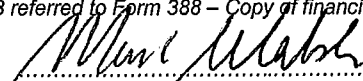
C & P North East Australia Development Fund & its controlled entities
Financial report
for the year ended 30 June 2011

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Mark Walsh – Director – EA Securities Limited:



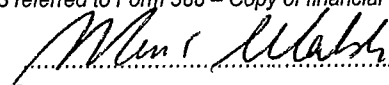
C & P North East Australia Development Fund and its controlled entities
Income Statement
for the year ended 30 June 2011

	Notes	Consolidated		Parent entity	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue	2	1,879,206	2,444,881	121	191,911
Other income	2	(2,433,704)	-	(4,845,400)	-
Auditor's remuneration	3	(27,015)	(26,520)	(17,765)	(14,850)
Finance costs	3	(1,422,575)	(1,293,984)	-	-
Property expenses	3	(723,648)	(956,114)	-	-
Other expenses	3	(354,783)	(356,184)	(303,176)	(327,959)
Profit/(loss) attributable to unitholders		(3,082,519)	(187,921)	(5,166,220)	(150,898)
<i>Financing costs:</i>					
Distributions to unitholders	11	(94,445)	(533,202)	(100,445)	(570,535)
Net profit/(loss) attributable to unitholders		(3,176,964)	(721,123)	(5,266,665)	(721,433)

The above income statements should be read in conjunction with the accompanying notes

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:

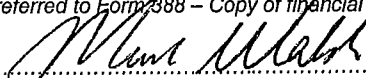


C & P North East Australia Development Fund and its controlled entities
Balance Sheet
as at 30 June 2011

	Notes	Consolidated		Parent entity	
		2011 \$	2010 \$	2011 \$	2010 \$
Current assets					
Cash assets	5	53,951	84,168	201	1,557
Receivables	6	459,593	279,759	2,511,582	2,847,317
Other Assets – Prepayments		1,796	2,657	-	-
Total current assets		<u>515,340</u>	<u>366,554</u>	<u>2,511,783</u>	<u>2,848,874</u>
Non-current assets					
Financial assets	7	-	-	3,669,613	9,315,013
Intangibles		862	1,504	-	-
Investment properties	8	16,200,090	26,291,288	-	-
Total non-current assets		<u>26,200,952</u>	<u>26,292,792</u>	<u>3,669,613</u>	<u>9,315,013</u>
Total assets		<u>16,716,292</u>	<u>26,659,346</u>	<u>6,181,396</u>	<u>12,163,887</u>
Current liabilities					
Trade and other payables	9	1,037,967	841,497	174,047	89,873
Income in Advance		23,420	42,034	-	-
Total current liabilities		<u>1,061,387</u>	<u>883,531</u>	<u>174,047</u>	<u>89,873</u>
Non-current liabilities					
Long-term financial liabilities	10	9,588,800	16,532,746	-	-
Total non-current liabilities		<u>9,588,800</u>	<u>16,532,746</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>10,650,187</u>	<u>17,416,277</u>	<u>174,047</u>	<u>89,873</u>
Net assets attributable to unitholders	11	6,066,105	9,243,069	6,007,349	12,074,014
Total liabilities		<u>16,716,292</u>	<u>26,659,346</u>	<u>6,181,396</u>	<u>12,163,887</u>

The above balance sheets should be read in conjunction with the accompanying notes
This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:



C & P North East Australia Development Fund and its controlled entities
Statements of cash flows
for the year ended 30 June 2011

	Notes	Consolidated		Parent entity	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash flows from operating activities					
Receipts from customers		1,844,193	2,387,700	335,735	29,191
Interest received		1,783	13,444	121	4,802
Payment for establishment & issue costs		-	-	-	-
Payments for property expenses		(764,270)	(792,463)	-	-
Finance costs		(1,270,683)	(1,200,283)	-	-
Payments to suppliers		(772,039)	(438,543)	(236,767)	(204,220)
Net cash inflow (outflow) from operating activities	14	(961,016)	(30,145)	99,089	(170,227)
Cash flows from investing activities					
Payment for property		(3,167,083)	(2,389,836)	-	-
Payment for capital expenditure		(203,739)	(138,248)	-	(1,044,754)
Proceeds from sale of properties		11,550,000	-	-	-
Net cash outflow from investing activities		8,179,178	(2,528,084)	-	(1,044,754)
Cash flows from financing activities					
Proceeds from issue of units		-	1,157,227	-	1,157,227
Proceeds from borrowings		2,527,000	1,500,000	-	-
Repayment of borrowings		(9,680,934)	(258,537)	-	-
Distributions paid		(94,445)	(533,202)	(100,445)	(570,535)
Net cash inflow from financing activities		(7,248,379)	1,865,488	(100,445)	586,692
Net increase (decrease) in cash held		(30,217)	(692,741)	(1,356)	(628,289)
Cash at the beginning of the financial year		84,168	776,909	1,557	629,846
Cash at the end of the financial year	5	53,951	84,168	201	1,557

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.
The above statements of cash flows should be read in conjunction with the accompanying notes.

Mark Walsh – Director – EA Securities Limited:

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

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Mark Walsh – Director – EA Securities Limited:

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the economic entity of C & P North East Australia Development Fund as an individual; parent entity and C & P North East Australia Development Fund and its controlled entities as an economic entity. C & P North East Australia Development Fund is a unit trust, established and domiciled in Australia.

The financial report of C & P North East Australia Development Fund and its controlled entity, and C & P North East Australia Development Fund as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

The following summary of the material accounting policies adopted by the economic entity in the presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on the historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of consolidation

A controlled entity is any entity C & P North East Australia Development Fund has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June year end.

All inter-entity balances and transactions between the entities in the consolidated group, including any unrealised profits and losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed to ensure consistencies with those policies applied by the parent entity.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Investment properties

Investment properties, comprising of freehold land and buildings, commercial office and retail shop complexes, are held to generate long-term rental yields. All tenant leases are at an arm's length basis. Investment properties are carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income.

(c) Leases

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

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Mark Walsh – Director – EA Securities Limited:

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating lease with fixed rental increase, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the term of the lease. All other rental income is accounted for on an accrual basis.

Operating leases

The minimum rental revenue of the operating leases with fixed rental increases, where the lessor effectively retains all the risks and benefits of ownership of the leased item are recognised on a straight-line basis.

Revenue from other leases is recognized in accordance with the lease agreement, which is considered to be the best pattern of service rendered through the provision of the leased asset.

(d) Financial instruments

Recognition

Financial instruments are initially measured at cost on the trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through the profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirement of AASB 139: Financial Instruments: Recognition and Measurement.

Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

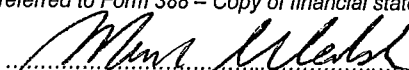
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity

These investments have fixed maturities and it the trust's intention to hold these investments to maturity. Any held-to-maturity investments held by the trust are stated at amortised cost using the effective interest rate method.

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Mark Walsh – Director – EA Securities Limited:



C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

Available-for-resale financial assets

Available-for-sale financial assets include any assets not included in the above categories. They are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the trust assesses whether there is objective evidence that the financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement

(e) Impairment of assets

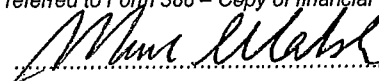
At each reporting date, the trust reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less the cost to sell and value-in-use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over the recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Cash

For purposes of the statements of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Mark Walsh – Director – EA Securities Limited:


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C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(g) Revenue

Revenue from rental properties is recognised on a straight-line basis for leases with fixed rental increase. For all other leases, revenue is recognized when the trust has a right to receive the rent in accordance with the lease agreement.

Interest is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Trust distributions and dividends are recognised when the right to receive those distributions or dividends have been established.

All revenue is stated net of the amount of good and services tax (GST)

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period they are incurred.

(i) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(j) Comparative figures

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

Note 2. Revenue

	Consolidated		Parent entity	
	2011	2010	2011	2010
Other revenue:	\$	\$	\$	\$
Trust distributions	-	-	-	187,109
Rent and outgoings recovered	1,877,453	2,428,518	-	-
Interest	1,753	13,444	121	4,802
Other income	(2,433,704)	2,919	(4,845,400)	-
Revenue from ordinary activities	(554,498)	2,444,881	(4,845,279)	191,911

This is Annexure A of 23 pages. Page of 23 referred to Form 309 - Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 2. Revenue (continued)

	Consolidated		Parent entity	
	2011	2010	2011	2010
Other income	\$	\$	\$	\$
Miscellaneous income	43,994	-	-	-
(Loss) on realised disposal of investment	(437,170)	-	-	-
(Loss) on revaluation of investment	(2,040,528)	-	-	-
(Loss)/Gain on revaluation of investment property	-	-	(4,845,400)	-
	<u>(2,433,704)</u>	-	<u>(4,845,400)</u>	-

Note 3. Profit

Direct property expenditure from investment properties	723,648	956,114	-	-
Establishment & PDS costs	16,640	16,640	16,640	16,640
Finance costs:				
Interest paid	1,270,683	1,200,283	-	-
Borrowing costs	151,892	93,701	-	-
	<u>1,422,575</u>	<u>1,293,984</u>	-	-

Note 4. Auditor's remuneration

Auditor's remuneration				
Accounting standards	15,500	13,500	9,500	8,000
Other services	11,515	13,020	8,265	6,850
	<u>27,015</u>	<u>26,520</u>	<u>17,765</u>	<u>14,850</u>

Note 5. Current assets - Cash assets

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at Bank	53,750	82,611	-	-
Cash at Bank - Application Account	102	569	102	569
Cash at Bank - Distribution Account	99	988	99	988
	<u>53,951</u>	<u>84,168</u>	<u>201</u>	<u>1,557</u>

Note 6. Current assets - Receivables

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade debtors	240,353	163,100	-	-
Less: Provision for Doubtful Debts	-	-	-	-
Other debtors	133,715	6,196	-	-
Borrowing costs & PDS costs	85,525	110,463	4,887	21,527
Unsecured loans	2,506,695	2,825,790	2,506,695	2,825,790
	<u>459,593</u>	<u>279,759</u>	<u>2,511,582</u>	<u>2,847,317</u>

Mark Walsh - Director - EA Securities Limited:

Mark Walsh

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 7. Non-current assets - Financial assets

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Unlisted investments, at cost				
Units in C&P Gold Coast Property Fund	-	-	3,042,594	7,627,594
Units in C&P North East Australia Property Trust	-	-	627,019	1,687,419
	<u>-</u>	<u>-</u>	<u>3,669,613</u>	<u>9,315,013</u>

Note 8. Non-current assets – Investment properties

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
South Tweed property – 62-64 Machinery Drive				
Initial purchase price	7,718,140	7,718,140	-	-
Capital improvements	1,399,177	1,385,717	-	-
Fair value adjustments	(2,217,317)	(588,263)	-	-
	<u>6,900,000</u>	<u>8,515,594</u>	<u>-</u>	<u>-</u>
Nerang property – 52 Price Street				
Initial purchase price	-	10,511,807	-	-
Capital improvements	-	226,126	-	-
Fair value adjustments	-	353,559	-	-
	<u>-</u>	<u>11,091,493</u>	<u>-</u>	<u>-</u>
Withcott properties				
8589 Warrego Highway – Initial purchase price	2,231,748	2,167,041	-	-
Lot 5 Jones Road	2,932,207	2,806,635	-	-
Development costs	130,525	130,525	-	-
Fair value adjustments	(211,475)	-	-	-
	<u>5,083,007</u>	<u>5,104,201</u>	<u>-</u>	<u>-</u>
Pailba – 31 Main Street				
Initial purchase price	879,100	879,100	-	-
Capital Improvements	40,710	40,710	-	-
Fair value adjustments	130,190	330,190	-	-
	<u>1,050,000</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>
Pailba – 37 Main Street				
Initial purchase price	-	346,308	-	-
Development costs	-	15,636	-	-
Fair value adjustments	-	(31,944)	-	-
	<u>-</u>	<u>330,000</u>	<u>-</u>	<u>-</u>
Toowoomba – Margaret Street				
Initial purchase price	3,167,083	-	-	-
Fair value adjustments	-	-	-	-
	<u>3,167,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>16,200,090</u>	<u>26,291,288</u>	<u>-</u>	<u>-</u>

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 8. Non-current assets – Investment properties (continued)

The fair value method is applied to all investment properties. Investment properties are independently valued at least every three years. Values are based on an active market value performed by a registered independent valuer. The responsible entity's valuations are prepared at each balance date where an independent valuation has not been obtained.

The South Tweed property situated on adjoining properties at 129-135 Pacific Highway and 62-64 Machinery Drive, Tweed Heads has been determined that a fair value adjustment was required and has been accounted for in accordance with the accounting policy as set out on Note 1.

The sale of the Narang property situated at 52 Price Street, Nerang was finalised during March 2011. The capital loss on disposal has been accounted for in accordance with the accounting policy as set out in Note 1.

The Withcott properties situated at 8589 Warrego Highway, Withcott and the adjoining site (Lot 5 Jones Road, Withcott) were valued during the year and it has been determined that a fair value adjustment was required and has been accounted for in accordance with the accounting policy as set out in Note 1.

There was a new acquisition at 126 Margaret Street, Toowoomba. It was determined that the cost of purchase be equivalent to the market value at year end being the arm's length acquisition cost of the purchase.

The Pailba property situated at 37 Main Street, Pailba was sold during the year. The remaining property (31 Main Street) was valued during the year and the market value as per the valuations were adopted. It was determined that a fair value adjustment was necessary and were in accordance with the accounting policy as set out in Note 1.

Note 9. Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade creditors	507,378	248,000	-	-
Sundry creditors	138,484	52,344	138,483	51,705
Tenant bonds collected	50,043	101,805	-	-
Distributions payable	-	2,604	-	2,604
Unsecured loans	342,062	436,744	35,564	35,564
	<u>1,037,967</u>	<u>841,497</u>	<u>174,047</u>	<u>89,873</u>

Note 10. Non-current liabilities – Long term financial liabilities

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Secured loan – CFS Wholesale Pooled Fund	-	5,998,506	-	-
Secured loan – Perpetual Trustee Co Ltd	5,561,800	9,034,240	-	-
Secured loan – Ellesmere Pty Ltd	1,802,000	1,500,000	-	-
Secured loan – Commonwealth Bank	1,690,000	-	-	-
Secured loan – National Australia Bank	535,000	-	-	-
	<u>9,588,800</u>	<u>16,532,746</u>	<u>-</u>	<u>-</u>

Mark Walsh – Director – EA Securities Limited:

Mark Walsh

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 11. Net assets attributable to unitholders

	Number of Units on issue	Contributed unit capital	Retained earnings	Total
Economic entity:				
Balance at 1 July 2009	10,895,964	12,191,345	(3,384,380)	8,806,965
Units issued	1,696,534	1,157,227	-	1,157,227
Net (loss)/profit attributable to trust			(187,921)	(187,921)
Sub-total	12,592,498	13,348,572	(3,572,301)	9,776,271
<i>Financing costs:</i>				
Less Distributions paid or provided for			(533,202)	(533,202)
Balance 30 June 2010	12,592,498	13,348,572	(4,105,503)	9,243,069
Units issued	-	-	-	-
Net (loss)/profit attributable to trust			(3,082,519)	(3,082,519)
Sub-total	12,592,498	13,348,572	(7,188,022)	6,157,850
<i>Financing costs:</i>				
Less: Distributions paid or provided			(94,445)	(94,445)
Balance at 30 June 2011	12,592,498	13,348,572	(7,282,467)	6,066,105

On 1 September 2008 C&P North East Australia Development Fund ("the parent") acquired all the units in C&P North East Australia Property Trust ("the acquisition") in a script-for-script transaction whereby those unitholders received 1.147 units in the parent for every unit held in the acquisition. The parent issued an additional 1,605,800 units as a result of that transaction.

The financial assets of the acquisition included 800,000 units in the parent. A reconciliation and elimination was required to correctly reflect the net assets attributable to unitholders.

The units held in the parent by C & P North East Australia Property Trust were eliminated on consolidation in accordance with consolidation principles and the responsible entity determined it appropriate to cancel these units held in itself.

C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 11. Net assets attributable to unitholders (continued)

	Number of Units on issue	Contributed unit capital	Retained earnings	Total
Parent entity:				
Balance at 1 July 2009	11,695,964	12,991,345	(1,353,125)	11,639,220
Units issued	1,696,534	1,157,227	-	1,157,227
Net (loss)/profit attributable to trust			(150,898)	(150,898)
Sub-total	13,392,498	14,148,572	(1,504,023)	12,644,549
<i>Financing costs:</i>				
Less Distributions paid or provided for			(570,535)	(570,535)
Balance 30 June 2010	13,392,498	14,148,572	(2,074,558)	12,074,014
Units cancelled	(800,000)	(800,000)	-	(800,000)
Profit attributable to trust			(5,166,220)	(5,166,220)
Sub-total	12,592,498	13,348,572	(7,240,778)	6,107,794
<i>Financing costs:</i>				
Less: Distributions paid or provided			(100,445)	(100,445)
Balance at 30 June 2011	12,592,498	13,348,572	(7,341,223)	6,007,349

Note 12. Segment reporting

The trust operates in one business and geographical segment being property investment in the east coast of Australia.

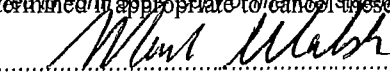
Note 13. Investments in controlled entities

Name of entity	Country of establishment	Class of units	Equity holding		Carrying value of parent entity's investment	
			2011 %	2010 %	2011 \$	2010 \$
C & P Gold Coast Property Fund	Australia	Ordinary	100	100	<u>3,042,594</u>	<u>7,627,594</u>
C & P North East Australia Property Trust	Australia	Ordinary	100	100	<u>627,019</u>	<u>1,687,419</u>
C & P Hervey Bay Property Fund	Australia	Ordinary	100	100	-	-

On 1 September 2008 the parent entity acquired 100% of the issued units in the C & P North East Australia Property Trust in a script for script issue the purchase consideration was 1.19 units in the parent. The assets of the acquisition included all the issued units in the C & P Hervey Bay Property Fund and 800,000 units in the parent.

The units held in the parent by C & P North East Australia Property Trust were eliminated on consolidation in accordance with consolidation principles and the responsible entity referred to in paragraph 289 of the financial statements and report itself.

Mark Walsh – Director – EA Securities Limited:



C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 14. Reconciliation of cash flow from operations with profit for the year

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Profit (loss) for the year	(3,082,519)	(187,921)	(5,166,220)	(150,898)
Non-cash-flows in profit for the year				
Investment property revaluation increment	2,040,528	-	4,845,400	-
Amortisation – borrowing expenses	151,892	18,951	-	-
Amortisation – PDS costs	16,640	-	-	-
Change in operating assets and liabilities				
Decrease (Increase) in receivables	(179,834)	(32,429)	335,735	(1,927)
Decrease (Increase) in prepayments	831	-	-	-
Increase (Decrease) in sundry creditors	86,140	(28,072)	84,174	(17,402)
Increase (Decrease) in trade creditors	110,330	163,651	-	-
Increase (Decrease) in income in advance	(18,884)	35,675	-	-
Net cash (outflow) inflow from operating activities	<u>(961,016)</u>	<u>(30,145)</u>	<u>99,089</u>	<u>(170,227)</u>

Note 15. Financial instruments

Financial Risk Management

The trust's financial instrument consist mainly of deposits with banks, long-term investments, accounts receivable and payable, loans from banks or secured lending institutions.

The trust does not have any derivative instruments as at 30 June 2011.

The directors meet on a regular basis to analyse interest rate exposure and to evaluate management strategies in the context of most recent economic conditions and forecasts.

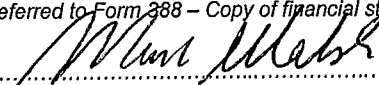
(a) Interest Rate Risk

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate Funds		Fixed Interest Rate Funds Maturing Within 1 Year		Fixed Interest Rate Funds Maturing in 1 to 5 Years	
	2011 %pa	2010 %pa	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets								
Bank	3.15	3.25	53,951	84,168	-	-	-	-
Financial Liabilities								
Secured loans	9.25	8.75	-	-	-	-	9,588,800	16,532,746

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:



C & P North East Australia Development Fund and its controlled entities
Notes to the financial statements
for the year ended 30 June 2011

Note 15. Financial instruments (continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Fund does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Fund.

(c) Net Fair Values

The net fair values are materially in line with their approximate carrying value. The aggregate net fair value and carrying amounts of the financial assets are disclosed in the balance sheet and the notes to the financial statements.

Note 16. Related party transactions

	Consolidated		Parent entity	
	2011 \$	2010 \$	2011 \$	2010 \$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties were:				
Absolute Financial Pty Limited:				
Loan brokerage & trail fees	-	56,250	-	-
Renewable Energy Co Unit Trust				
Cleaning, maintenance & care-taking	15,572	35,756	-	-
C&P Property Group Trust				
Management Fees – 52 Price St, Nerang	33,408	46,200	-	-

Note 17. Contingent liabilities

There are no other material contingent liabilities at 30 June 2011.

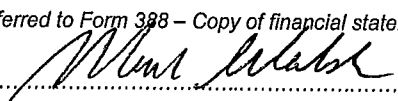
Note 18. Manager's details

The registered office and principal place of business of the responsible entity are:

Place of Business	Registered Office
EA Securities Limited	EA Securities Limited
Level 4	Level 4
143 York Street	143 York Street
SYDNEY NSW 2000	SYDNEY NSW 2000

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:



**C & P North East Australia Development Fund and its controlled entity
Directors' declaration**

The directors of EA Securities Limited, the responsible entity declare that:

- (1) the financial statements and notes as set out on pages 4 to 19 present fairly the trust's consolidated group's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional requirements; and
- (2) in the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

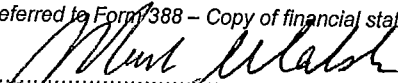


Mark Walsh
Director

Sydney
Dated: 30th September 2011

This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:



**C & P North East Australia Development Fund and its controlled entity
Report by the manager to the unitholders**

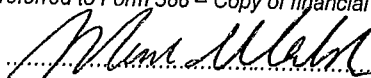
- (i) The principal activity of the Fund during the period has been the investment in real property for the benefit of the Unitholders of the Fund;
- (ii) The policies for investment and borrowings by the Fund were as per the Constitution. The Fund's cash funds are invested in an interest bearing cash deposit account;
- (iii) The fees and charges paid in relation to the affairs of the Fund to the Single Responsible Entity were for administration and management fees of \$241,428 were paid to the responsible entities;
- (iv) There were no bonus issues made during the period;
- (v) EA Securities Limited has been the responsibility entity in accordance with section 601F of the *Corporations Act 2001*;
- (vi) The Fund has made no investment in the Single Responsible Entity or a person associated with the Single Responsible Entity;
- (vii) Neither the Single Responsible Entity, nor any person associated with the Single Responsible Entity, has any interest in any asset held or any asset disposed of by the Fund;
- (viii) There were no circumstances that materially affect Unitholders during the period; and
- (ix) There were no changes to the value of the Fund property except the revaluation increment as disclosed in the financial statements, in accordance with the accounting policy as set out in Note 1.

This report does not form part of the audited financial report

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This is Annexure A of 23 pages. Page of 23 referred to Form 388 – Copy of financial statements and reports.

Mark Walsh – Director – EA Securities Limited:

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**C & P North East Australia Development Fund and its controlled entity
Independent Audit Report to the Responsible Entity**

Scope

We have audited the financial report of C & P North East Australia Development Fund and its controlled entities for the year ended 30th June 2011 as set out on pages 4 to 20. The Directors of the Responsible Entity are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion to the Responsible Entity.

The financial report comprises the income statement, balance sheet, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for C & P North East Australia Development Fund and its controlled entities for the year ended 30th June 2011.

Responsible Entity's responsibility for the financial report

The Responsible Entity of the trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting standards (including Australian Accounting Interpretations) and the trust deed. This responsibility includes establishing and maintaining internal control relevant to the preparation and presentation of the financial report that is free of material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Australian Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (AFRS) ensures that the financial report, comprising the financial statements and notes, complies with AFRS.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by 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

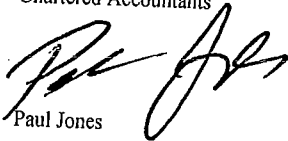
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements the *Corporations Act 2001*.

Audit Opinion

In our opinion the financial report presents fairly in all material respects, the financial position of C & P North East Australia Development Fund and its controlled entities as of 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with the trust deed and Australian Accounting Standards (including Australian Accounting Interpretations).

Name of Firm:

P J JONES & ASSOCIATES
Chartered Accountants



Name of Principal:

Paul Jones

Address:

Level 11, 75 Miller Street, NORTH SYDNEY NSW 2060

Dated:

30th September 2011

