

AUSTRALIAN FORESTRY MANAGEMENT

2005 LAND TRUST

ARSN 113 211 019

SEMI ANNUAL REPORT

31 DECEMBER 2009

Responsible Entity:
AgriWealth Capital Limited
ABN 14 126 768 090
Level 1, 20 Young Street
NEUTRAL BAY NSW 2089

Australian Forestry Management 2005 Land Trust

DIRECTORS' REPORT

The directors of AgriWealth Capital Limited, ("the Responsible Entity") of the Australian Forestry Management 2005 Land Trust ("the Trust"), present their report together with the financial report of the Trust for the six month period ended 31 December 2009.

Principal Activities

The principal activity of the Trust is to invest in timber plantation land to earn rent in the form of licence fees from growers who are entitled to grow trees on the land owned by the Trust and to participate in any gain from appreciation in land values.

Directors

The names of the directors of the Responsible Entity, AgriWealth Capital Limited, during or since the end of the period are:

- Wayne C Jones (appointed 27 July 2007)
- John L Thompson (appointed 27 July 2007)
- Hugh L Dunchue (appointed 17 September 2008)

Review of Operations

The Trust was registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001 on 15 March 2005 and began operations on 30 June 2005 with the issuance of 1,847 units in the Trust at \$500 per unit. A further 445 units were issued between 1 July 2005 and 31 March 2006. The Trust was closed to further applications on 31 March 2006.

On 5 July 2006, the Trust acquired the beneficial interest in the land which is now vested in the Land Trust. The majority of this land has been licensed to growers (being predominantly investors) in the Australian Forestry Management 2005 Plantation Investment ("Plantation Investment") for forestry plantation purposes. The total land area comprises approximately 2,483 hectares in Tumut, Tumbarumba and Oberon regions of New South Wales. The consideration paid for the land was \$1,146,000 (excluding GST).

Results and Distribution

	31 December 2009	31 December 2008
	\$	\$
Profit attributable to unitholders	-	-
Distribution paid and payable	-	-
Distribution (dollars per unit)	-	-

Australian Forestry Management 2005 Land Trust

DIRECTORS' REPORT (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial period under review.

Matters subsequent to the end of the financial period

Except as disclosed previously, no other matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- the operation of the Trust in future financial periods; or
- the result of those operations in future financial periods; or
- the state of affairs of the Trust in future financial periods.

Likely Developments and Expected Results of Operations

No developments are likely to take place in relation to the land owned by the Land Trust until after the timber produce from the Plantation Investment is sold.

Indemnification and No Insurance Premium Paid on behalf of the Trustee or Auditors

No insurance premiums are paid out of the assets of the Trust in regards to insurance cover for either the Responsible Entity or the auditors of the Trust. Under the Trust's Constitution, in addition to any indemnity under any law, the Responsible Entity is entitled to be indemnified out of the assets of the Trust on a full indemnity basis, in respect of a matter, unless, in respect of that matter, the Responsible Entity has acted negligently, fraudulently or in breach of trust or the indemnity is not otherwise available under law. The Responsible Entity has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

Fees paid to and interests held in the Trust by the Responsible Entity or its associates

No fees were paid to the Responsible Entity, its directors or associates out of Trust property during the financial period. The Responsible Entity is entitled to be reimbursed for expenses borne by it on behalf of the Trust.

The number of units in the Trust held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 7 of the financial statements.

**Australian Forestry Management
2005 Land Trust**

DIRECTORS' REPORT (continued)

Interest in the Trust

The movement in units on issue in the Trust during the half-year ended 31 December 2009 is set out below:

	31 December 2009 Units	31 December 2008 Units
Opening balance	2,292	2,292
Interests issued	-	-
Interests redeemed	-	-
Total units on issue	<u>2,292</u>	<u>2,292</u>

Carrying value of assets

	31 December 2009 \$	31 December 2008 \$
Carrying value of assets in the Trust	<u>1,146,000</u>	<u>1,146,000</u>

The value of the Trust's assets as at the end of the financial period is disclosed in the Balance Sheet as "Total Assets" and the basis of valuation is included in Note 1 to the financial statements.

Environmental Regulations

The Land Trust is subject to environmental regulation for all activities conducted on land that it owns, primarily through the Plantations and Reafforestation Act 1999, which supports the establishment of plantations on essentially cleared land, while safeguarding environmental values. The Act and associated Code are regulated by the Department of Infrastructure, Planning and Natural Resources (DIPNR). The Trust also has obligations under the NSW Pesticides Act 1999 for chemical usage on plantations and bush fire management obligations under the Rural Fires Act 1977. In addition, the Trust is subject to Rural Lands Protection Board requirements regarding management of noxious weeds and animals, and normal local government requirements regarding noise and dust management. The Manager, Australian Forestry Management Pty Limited, which is a related entity of the Responsible Entity, has complied with all applicable obligations during the financial period.

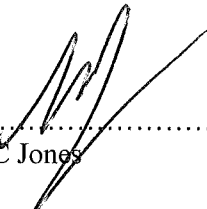
Auditor's Independence Declaration

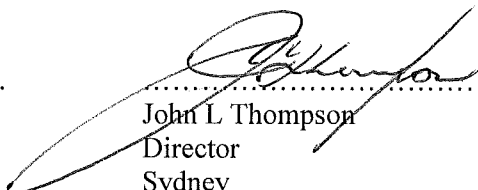
The auditor's independence declaration is included on page 6.

**Australian Forestry Management
2005 Land Trust**

DIRECTORS' REPORT (continued)

This report is made in accordance with a resolution of the Directors made pursuant to s 298(2) of the Corporations Act:


.....
Wayne C Jones
Director
Sydney


.....
John L Thompson
Director
Sydney

12 March 2010

GRAEME GREEN

FCA

CHARTERED ACCOUNTANT

ABN 77 823 539 909

GPO Box 4566 Sydney NSW 2001

Telephone: (02) 9231 6166

Facsimile: (02) 9231 6155

Mobile: 0419 236 495

Email: gmg@graemegreen.com.au

Suite 807, 109 Pitt Street, Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of the Responsible Entity, Agriwealth Capital Limited.

I declare that, to the best of my knowledge and belief, during the six month period ended 31 December, 2009, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graeme Green FCA
Register Company Auditor
No. 15169

Dated in Sydney on *12 March,* 2010.

**Australian Forestry Management
2005 Land Trust**

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	31 December 2009	31 December 2008
	\$	\$
Revenue		
Other Income	-	-
Reimbursable expenses of the Responsible Entity	-	-
Profit attributable to unitholders	<u>-</u>	<u>-</u>
Finance costs		
Distribution to unitholders	-	-
Net Profit attributable to unitholders	<u>-</u>	<u>-</u>

The above Income Statement should be read in conjunction with the accompanying notes.

**Australian Forestry Management
2005 Land Trust**

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Retained Earnings	Interests of Unit Holders
	\$	\$
Opening balance at 1 July 2008	-	1,146,000
Profit/(loss) attributable to Unitholders	-	-
Balance at 30 June 2009	<u>-</u>	<u>1,146,000</u>
Profit attributable to Unitholders	-	-
Balance at 31 December 2009	<u>-</u>	<u>1,146,000</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Australian Forestry Management
2005 Land Trust**

**BALANCE SHEET
AS AT 31 DECEMBER 2009**

	Note	31 December 2009 \$	31 December 2008 \$
Assets			
Current Assets			
Cash & cash equivalents	3	-	-
Total Current Assets		<u>-</u>	<u>-</u>
Non Current Assets			
Investment property	4	<u>1,146,000</u>	<u>1,146,000</u>
Total Non Current Assets		<u>1,146,000</u>	<u>1,146,000</u>
Total Assets		<u>1,146,000</u>	<u>1,146,000</u>
Liabilities			
Total Liabilities (excluding attributable to unitholders)		<u>-</u>	<u>-</u>
Net Assets attributable to	5	<u>1,146,000</u>	<u>1,146,000</u>
Interests of unitholders		<u>1,146,000</u>	<u>1,146,000</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**Australian Forestry Management
2005 Land Trust**

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	31 December 2009 \$	31 December 2008 \$
Net cash flows from operating	8	-	-
Net cash flows from investing	8	-	-
Net cash flows from financing	8	-	-
Net increase/(decrease) in cash held		-	-
Cash at the beginning of the period		-	-
Cash at the end of the period	3	-	-

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Australian Forestry Management 2005 Land Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers the Australian Forestry Management 2005 Land Trust ("the Trust") which was registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001 on 15 March 2005, established and domiciled in Australia. Under its Constitution, the Trust will terminate on the earlier of:

- the 80th anniversary of the date of the Trust Constitution less one day;
- a date specified by the Responsible Entity as the date the Trust will terminate in a notice given to unitholders; and
- the date on which the Trust is terminated in accordance with another provision of the Constitution or by operation of law.

Land that has been acquired by the Trust will be encumbered by licences to the growers (being predominantly investors) in the Australian Forestry Management 2005 Plantation Investment ("Plantation Investment") for forestry plantation purposes. The Plantation Investment is a managed investment scheme with the same Responsible Entity as the Trust.

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Cash and cash Equivalents

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

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Investment Property

Investment property, comprising land is initially recognised at acquisition cost and measured at cost in subsequent periods unless the carrying amount of land is greater than its recoverable amount. When such instances occur, the land will be written down to its recoverable amount and the decrement recognised as an expense in the income statement in the reporting period in which the recoverable amount write-down occurs.

c) Unitholders' Funds

Under accounting standard AASB 132 'Financial Instruments: Disclosure and Presentation' unitholders' funds are regarded as liabilities as there is no unconditional right to avoid settling a contractual obligation to pay out the Trust's equity to unitholders at the end of the life of the Trust.

d) Investment income and expenses

The Trust is entitled to rental revenue equal to 9.5% of the net final harvest proceeds of the Plantation Investment. Rental income is recognised when it can be reliably measured, which is expected to coincide with the final harvest in approximately 26 years from planting

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instruments.

e) Income tax

Under current legislation, the Trust is not subject to income tax provided the distributable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

f) Distributions

In accordance with the Trust Constitution, the Trust fully distributes its distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the Trust.

g) Transfers to/from unitholders funds

Non-distributable income is transferred directly to unitholders' funds and may consist of accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to unitholders' funds) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Under the Constitution, the Responsible Entity is entitled, but not obliged, to redeem units in the Trust. In the event that the Responsible Entity determines that the Trust is liquid (as defined in the Constitution) or the Trust ceases to be registered as a managed investment scheme, then the Responsible Entity will be obliged to redeem units in accordance with the terms of the Constitution.

i) Goods and Services Tax (GST)

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

j) Comparative Figures

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

k) Critical Accounting Estimates and Judgements

The trustees evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust.

l) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published, some which are mandatory for 31 December 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 10381]

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. Application of these standards has not affected any of the amounts or disclosures recognised in the financial statements.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$2,000 (30 June 2009: \$2,000) for the audit of these financial statements, the annual financial statements (for 30 June 2009, the half year financial statements) and the Trust's compliance plan will be charged to and is to be paid (30 June 2009: was charged to and paid) by the Responsible Entity from its own resources and is not payable out of assets of the Trust.

3. CASH

	31 December 2009 \$	31 December 2008 \$
Cash on deposit	<u>-</u>	<u>-</u>

Cash represents amounts held on deposit with a licensed Australian bank. No interest income was earned on the deposits during the period (30 June 2009: \$nil).

4. INVESTMENT PROPERTY

	31 December 2009 \$	31 December 2008 \$
Land (at cost)	<u>1,146,000</u>	<u>1,146,000</u>

5. LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

	31 December 2009 Units	31 December 2009 \$	31 December 2008 Units	31 December 2008 \$
Opening balance	2,292	1,146,000	2,292	1,146,000
Applications	-	-	-	-
Closing balance	<u>2,292</u>	<u>1,146,000</u>	<u>2,292</u>	<u>1,146,000</u>

6. SEGMENT INFORMATION

The Trust operates solely in the business of investing in timber plantation land in Australia.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

7. RELATED PARTIES

Responsible Entity

The Responsible Entity is a wholly owned subsidiary of Agriwealth Pty Limited (incorporated in Australia) which in turn is a wholly owned subsidiary of Aspiring MIS Limited (incorporated in New Zealand).

Key Management personnel ("KMP")

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust. The key management personnel are directors of the Responsible Entity. During the period ended 31 December 2009, key management personnel were paid by a related party of the Responsible Entity.

No compensation is paid directly by the Trust to any of the key management personnel of the Responsible Entity. No payments made by the Trust are directly attributable to the compensation of key management personnel.

The names of the directors of the Responsible Entity, AgriWealth Capital Limited, during or since the end of the period are:

- Wayne C Jones (appointed 27 July 2007)
- John L Thompson appointed 27 July 2007)
- Hugh L Dunchue (appointed 17 September 2008)

Responsible Entity's Transactions

The Responsible Entity has not received any fees from the Trust for its services. The Responsible Entity is however, entitled to recover any expenses reasonably and properly incurred in connection with the operation of the Trust out of any interest earned by the Trust. No amount was recovered from interest earned by the Trust during the period or the prior financial year.

On 5 July 2006, the Trust acquired the beneficial interest in the land associated with the plantations established under the Australian Forestry Management 2005 Plantation Investment from the Responsible Entity at a cost of \$1,146,000 (excluding GST) or \$1,260,600 (including GST) which equates to \$500 per land trust unit.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

7. RELATED PARTIES (continued)

Unit Holdings

The following table outlines the interests of those unitholders who were directors of the Responsible Entity in the Trust during the financial period:

	Number of units held as at 31 December 2009	Percentage units held as at 31 December 2009	Number of units held as at 31 December 2008	Percentage units held as at 31 December 2008
Wayne C Jones	33	1.43%	33	1.43%
Hugh L Dunchue	-	-	-	-
John L Thompson	-	-	-	-

Directors Loans

No loans have been made to the directors by the Responsible Entity. However, in connection with the Trust, and as set out in the Product Disclosure Statement, Arrow Funding Pty Limited (being a related company of the previous Responsible Entity), provided finance facilities to approved investors in the Trust. Finance facilities were provided to those directors, who were directors at any time during the year, holding interests in the Trust for the full amount of application fees. Arrow Funding Pty Limited ceased to be a related party of the previous Responsible Entity on 7 July 2006.

8. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit for the period to net cash provided by operating activities

	31 December 2009	31 December 2008
	\$	\$
Net profit	-	-
Net cash provided by operating activities	-	-

9. FINANCIAL INSTRUMENTS

Interest rate risk

All assets and liabilities are non-interest bearing.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (continued)**

10. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- the operation of the Trust in future financial periods; or
- the result of those operations in future financial periods; or
- the state of affairs of the Trust in future financial periods.

11. COMMITMENTS

The Trust did not have any outstanding commitments as at 31 December 2009.

12. CONTINGENT LIABILITIES

The Trust has no contingent liabilities which, either individually or as a category of commitments or contingent liabilities, are material.

13. ADDITIONAL INFORMATION

AgriWealth Capital Limited, an unlisted public company incorporated and operating in Australia, is the Responsible Entity of the Trust

Principal registered office:

Level 1, 20 Young Street
Neutral Bay, NSW 2089

Principal place of business:

Level 1, 20 Young Street
Neutral Bay, NSW 2089

**Australian Forestry Management
2005 Land Trust**

DIRECTORS' DECLARATION

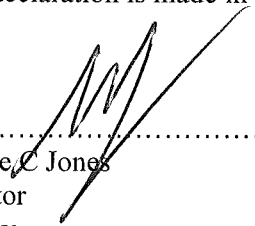
The Directors of the Responsible Entity declare that the financial statements and notes of the Trust as set out on pages 7 to 17:

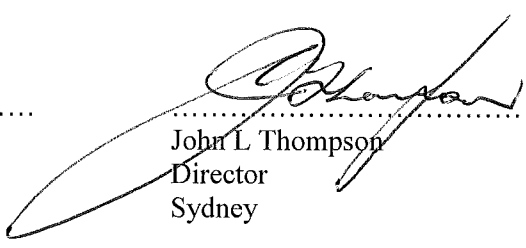
- (a) comply with the Trust's Constitution, Australian Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the period ended 31 December 2009.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) 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 Directors.


.....
Wayne C Jones
Director
Sydney


.....
John L Thompson
Director
Sydney

12 March 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AUSTRALIAN FORESTRY MANAGEMENT 2005 LAND TRUST**

Report on the Half-Year Financial Report

I have reviewed the accompanying half-year financial report of Australian Forestry Management 2005 Land Trust, which comprises the balance sheet as at 31 December 2009, and the income statement, and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Australian Forestry Management 2005 Land Trust, ASRE 2410 requires that I comply with ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters and applying analytical review and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

Independence

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Forestry Management 2005 Land Trust on 12 March, 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report

Conclusion

Based on my review, which is not an audit, I have not become aware of any matters that makes me believe that the half-year financial report of Australian Forestry Management 2005 Land Trust is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of their performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Graeme Green

Registered Company Auditor

No. 15169

Dated 12 March, 2010