

AUSTRALIAN FORESTRY MANAGEMENT

2004 PLANTATION INVESTMENT

ARSN 108 943 193

ANNUAL FINANCIAL REPORT

30 JUNE 2015

Responsible Entity:
AgriWealth Capital Limited
ABN 14 126 768 090
Level 1, 20 Young Street
SYDNEY NSW 2000

Australian Forestry Management 2004 Plantation Investment

DIRECTORS' REPORT

The directors of Agriwealth Capital Limited, "the Responsible Entity," of the Australian Forestry Management 2004 Plantation Investment ("the Scheme"), present their report together with the financial report of the Scheme for the year ended 30 June 2015.

Responsible Entity

Agriwealth Capital Limited is an unlisted public company incorporated under the Corporations Act 2001 and holds an Australian financial services licence.

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme is to act as a vehicle through which investors, acting as growers, undertake a forestry plantation business as a common enterprise pursuant to a series of management agreements between each grower, Australian Forestry Management Pty Limited ("AFM") (the plantation manager and subsidiary of a related entity of the Responsible Entity) and the Responsible Entity.

Directors

The following persons held office as directors of the Responsible Entity during or since the end of the year:

- Wayne C Jones
- Hugh L Dunchue
- John A Leslie

Review of operations

Forestry Corporation of NSW (formerly Forests NSW), as forestry contractor, reported in their Annual Report 2014-15 that, apart from some localised areas, the plantations are in good condition and are generally performing well. Fire trail, road maintenance and noxious weed control was undertaken during the reporting period.

Results and distribution

	30 June 2015	30 June 2014
	\$	\$
Profit attributable to members	-	-
Distribution paid and payable	-	-
Distribution (dollars per interest)	-	-

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year ended 30 June 2015.

Australian Forestry Management 2004 Plantation Investment

DIRECTORS' REPORT (continued)

Matters subsequent to the end of the financial period

Except as disclosed previously, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- the operation of the Scheme in future financial years; or
- the result of those operations in future financial years; or
- the state of affairs of the Scheme in future financial years.

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 insurance of the responsible entity

No insurance premiums are paid out of the assets of the Scheme in regards to insurance cover to either the Responsible Entity or the auditors of the Scheme. Under the Constitution of the Scheme, in addition to any indemnity under any law, the Responsible Entity is entitled to be indemnified by an Investor 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 any duty, the Constitution or applicable law or the indemnity is not otherwise available under law. The Responsible Entity has not otherwise, during or since the financial year, 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 by an officer or auditor

Fees paid to and interests held in the scheme by the responsible entity or its associates

No fees were paid or payable to the Responsible Entity, its directors or its associates out of Scheme property during the year except for an administration charge for arranging insurance. The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 4 of the financial statements.

Interests in the scheme

The movement in interests on issue in the Scheme during the year ended 30 June 2015 is set out below:

	30 June 2015 Interests	30 June 2014 Interests
Interests on issue	589	589
Interests issued	-	-
Interests redeemed	-	-
Total interests on issue	<u>589</u>	<u>589</u>

Options

No options were granted to the Responsible Entity over unissued units in the Scheme.

**Australian Forestry Management
2004 Plantation Investment**

DIRECTORS' REPORT (continued)

Carrying value of assets

	30 June 2015	30 June 2014
	\$	\$
Carrying value of assets in the Scheme	<u>-</u>	<u>-</u>

The value of the Scheme's assets as at the end of the financial year 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

As manager responsible for the establishment and on-going management of the plantations, Australian Forestry Management Pty Limited is subject to environmental regulation 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 NSW Department of Primary Industries. The Plantation Manager 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. The Plantation Manager has complied with all applicable obligations during the financial year.

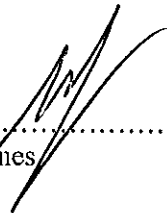
Proceedings on behalf of the Scheme

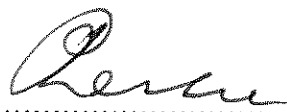
No person has applied for leave of court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings. The Scheme was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 5.

This report is made in accordance with a resolution of the Directors made pursuant to s 298(2) of the Corporations Act 2001:


.....
Wayne C Jones
Director
Sydney


.....
John A Leslie
Director
Sydney

29 September 2015

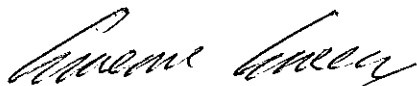
AUDITOR'S INDEPENDENCE DECLARATION

**AUSTRALIAN FORESTRY MANAGEMENT 2004 PLANTATION
INVESTMENT ARSN 108 943 193**

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 year ended 30 June, 2015, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit of the Australian Forestry Management 2004 Plantation Investment; and
- (ii) any applicable code of professional conduct in relation to the audit.



Graeme Green FCA
Register Company Auditor
No. 15169

Dated in Sydney on *29* September, 2015.

**Australian Forestry Management
2004 Plantation Investment**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	30 June 2015	30 June 2014
	\$	\$
Revenue	-	-
Expenses	-	-
Profit attributable to members	-	-
Finance Costs	-	-
Distribution to members	-	-
Net Profit attributable to members	-	-

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Retained earnings	Equity
	\$	\$
Opening balance at 1 July 2013	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2014	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2015	-	-

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

**Australian Forestry Management
2004 Plantation Investment**

**BALANCE SHEET
AS AT 30 June 2015**

	30 June 2015	30 June 2014
	\$	\$
Assets	-	-
Total Assets	<u>-</u>	<u>-</u>
Liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets	<u>-</u>	<u>-</u>

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

Under Australian Accounting Standards, growers hold contractual rights (FRI's). FRI's are not classified as equity, rather they are a contractual right to distributions arising under the Scheme.

**Australian Forestry Management
2004 Plantation Investment**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	30 June 2015	30 June 2014
	\$	\$
Cash flows from operating activities	<u>-</u>	<u>-</u>
Net cash flows from investing activities	<u>-</u>	<u>-</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held	<u>-</u>	<u>-</u>
Cash at the beginning of the period	-	-
Cash at the end of the period	<u>-</u>	<u>-</u>

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

Australian Forestry Management 2004 Plantation Investment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Australian Forestry Management 2004 Plantation Investment (‘the Scheme’) was registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001 on 4 May 2004, established and domiciled in Australia. Under its Constitution, the Scheme will terminate on the earlier of:

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

The Scheme issued interests for nil consideration on 30 June 2004 and the Responsible Entity received a plantation establishment fee of \$9,800 per Forestry Right Interest (excluding GST), to cover the establishment cost of the plantation.

Investors also made an initial contribution of \$370 per Forestry Right Interest to a sinking fund administered by Australian Forestry Management Pty Limited (‘AFM’) on behalf of investors for the payment of plantation insurance premiums and rates and taxes levied on the plantation land. Interest accruing on sinking funds held by AFM is attributable to investors. An additional contribution of \$450 per Forestry Right Interest is to be made by investors at the time of first thinning. Any surplus in the sinking funds at the conclusion of the Scheme will be remitted to investors. If the sinking funds contributed by investors are insufficient to meet future costs, investors may be required to make additional contributions.

Forestry investments associated with the project are the property of the individual investors and are not considered scheme property. As a result, such investments held by investors are not included in the Balance Sheet.

The financial statements were authorised for issue on 29 September 2015 by the directors of the responsible entity.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations of the Australian Accounting Standards Board, the Corporations Act 2001, and the Scheme’s Constitution. The Scheme is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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) Comparative figures

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

b) Critical accounting estimates and judgements

The responsible entity evaluates 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 Scheme.

c) Adoption of new and revised accounting standards

During the current year, the Scheme has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

d) New accounting standards

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates. Where early adoption is permitted, there has been no early adoption by the Scheme. In respect of the more applicable Accounting Standards and Interpretations, a discussion of those changed requirements and their impact on the Scheme is as follows;

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Scheme on initial application of AASB 9 include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) New accounting standards (continued)

that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

AASB 9 is not expected to significantly impact the Scheme's financial statements.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Scheme's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$1,500 (2014: \$1,450) for audit of these annual financial statements and the Scheme's compliance plan was charged to and is to be paid by the Responsible Entity from its own resources and is not paid out of assets of the Scheme.

3. SEGMENT INFORMATION

The Scheme operates solely in the business of forestry plantation investment in Australia.

4. RELATED PARTIES

Responsible entity

The Responsible Entity is a subsidiary of Aspiring MIS Limited.

Key management personnel ("KMP")

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme. The key management personnel are directors of the Responsible Entity. During the year ended 30 June 2015, key management personnel were paid by a related party of the Responsible Entity.

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

The following persons held office as directors of the Responsible Entity during or since the end of the year:

- Wayne C Jones
- Hugh L Dunchue
- John A Leslie

The following table outlines the interests of those unitholders, who were also directors of the Responsible Entity, in the Scheme during the financial year:

	Number of interests held as at 30 June 2015	Percentage interest held as at 30 June 2015	Number of interests held as at 30 June 2014	Percentage interest held as at 30 June 2014
Wayne C Jones	20	3.42 %	20	3.42 %

Responsible entity's transactions

No interests in the Scheme were issued during the year ending 30 June 2015.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

4. RELATED PARTIES (continued)

As reported at Note 2, the Responsible Entity arranges for, and incurs the cost of, the annual audits of the Scheme.

Responsible entity's transactions

No interests in the Scheme were issued during the year ending 30 June 2015.

As reported at Note 2, the Responsible Entity arranges for, and incurs the cost of, the annual audits of the Scheme.

During the year, AFM made payments from the sinking fund on behalf of investors for rates and taxes levied on the plantation land and insurance premiums in respect of the plantation totalling \$38,676 (2014: \$36,168). The Responsible Entity charges an administration fee for arranging the insurance. Interest totalling \$1,173 (2014: \$2,107) was earned on sinking funds. As at 30 June 2015 the balance of sinking funds held on trust for growers was \$48,733 (30 June 2014: \$86,236).

Directors loans

No loans have been made to the directors by the Responsible Entity. However, in connection with the Scheme, 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 Scheme. Finance facilities were provided to those directors holding interests in the Scheme for the full amount of application fees. Arrow Funding Pty Limited ceased to be a related party of the previous Responsible Entity on 7th July 2006.

5. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

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

6. CONTINGENT LIABILITIES

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

7. FINANCIAL INSTRUMENTS

There are no financial assets or liabilities in the scheme.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

8. ADDITIONAL INFORMATION

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

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
2004 Plantation Investment**

DIRECTORS' DECLARATION

The Directors of the Responsible Entity declare that the financial statements and notes of the Scheme as set out on pages 6 to 14:

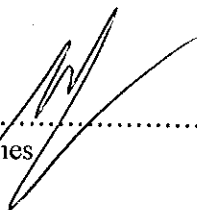
- (a) comply with the Scheme's Constitution; the Corporations Act 2001; and, Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and,
- (b) give a true and fair view of the Scheme's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended 30 June 2015.

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 A Leslie
Director
Sydney



29 September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF
AUSTRALIAN FORESTRY MANAGEMENT 2004 PLANTATION
INVESTMENT ARSN 108 943 193**

Report on the Financial Report

I have audited the accompanying financial report of Australian Forestry Management 2004 Plantation Investment (the "Scheme"), which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Responsible Entity.

Directors' Responsibility for the Financial Report

The directors of Agriwealth Capital Limited, the responsible entity of the Scheme, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard 101: Presentation of Financial Statements, that the financial statements comply with the International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I 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 judgment, 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 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 the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

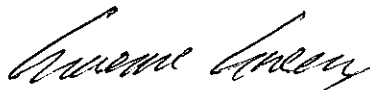
Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In my opinion:

- a. the financial report of Australian Forestry Management 2004 Plantation Investment is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Scheme's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Graeme Green FCA
Registered Company Auditor
No. 15169

Dated in Sydney on 29 September 2015