

AUSTRALIAN FORESTRY MANAGEMENT
2004 PLANTATION INVESTMENT

ARSN 108 943 193

ANNUAL FINANCIAL REPORT

30 JUNE 2020

Responsible Entity:
AgriWealth Capital Limited
ABN 14 126 768 090
Suite 4, 7 Parraween Street
CREMORNE NSW 2090

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 2020.

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 (passed 31 July 2020)
- Daniel K P McGirr (appointed 23 July 2020)

Review of operations

Unfortunately, during the financial year, 85% of the plantations were destroyed by fire. It is expected that the undamaged plantations will be sold. The damaged plantations will be rehabilitated prior to an expected sale.

Results and distribution

	30 June 2020	30 June 2019
	\$	\$
Profit attributable to members	-	-
Distribution paid and payable	-	-
Distribution (dollars per interest)	-	-

Significant changes in state of affairs

Other than the destruction of the plantations which is noted above under *Review of operations*, 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 2020.

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 2020 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

Further to the disclosures above, the plantations not affected by the fires are expected to be sold, however, where the plantations have been destroyed, the land will be rehabilitated prior to sale. No other developments are likely to take place.

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 2020 is set out below:

	30 June 2020 Interests	30 June 2019 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 2020	30 June 2019
	\$	\$
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

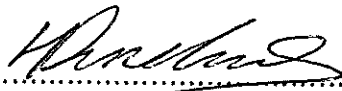
No person has applied for leave of court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings. The Scheme was not a party to any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

.....

Hugh L Dunchue
Director
Sydney

8 October 2020

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

AUSTRALIAN FORESTRY MANAGEMENT 2004 PLANTATION INVESTMENT SCHEME ARSN 108 943 193

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June, 2020, 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 Scheme; 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 8 October, 2020.

**Australian Forestry Management
2004 Plantation Investment**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	30 June 2020	30 June 2019
	\$	\$
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 2020**

	Retained earnings	Equity
	\$	\$
Opening balance at 1 July 2018	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2019	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2020	-	-

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 2020**

	30 June 2020	30 June 2019
	\$	\$
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 2020**

	30 June 2020	30 June 2019
	\$	\$
Cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash held	-	-
Cash at the beginning of the period	-	-
Cash at the end of the period	-	-

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 2020

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. Net proceeds received from the first thinning (prior to the destruction by fire) were attributable to the Manager as an Interim Management Fee. 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 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 8 October 2020 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 2020 (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 15: *Revenue from Contracts with Customers* (applicable to annual reporting -periods commencing on or after 1 January 2019).

This Standard replaces previous 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 applies 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.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) New accounting standards (continued)

The core principle of the Standard is that an entity recognises 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 requires retrospective restatement, as well as enhanced disclosures regarding revenue.

To date, the adoption of AASB 15 has not impacted the Scheme's financial statements.

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$1,700 (2019: \$1,600) 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 2020, key management personnel received payments from a related entity of the Responsible Entity.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (continued)**

4. RELATED PARTIES (continued)

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 (passed 31 July 2020)
- Daniel K P McGirr (appointed 23 July 2020)

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

	Number of interests held as at 30 June 2020	Percentage interest held as at 30 June 2020	Number of interests held as at 30 June 2019	Percentage interest held as at 30 June 2019
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 2020.

As reported at Note 2, the Responsible Entity arranges for, and incurs the cost of, the annual audits of the Scheme. The Responsible Entity also arranges insurance cover of the plantations which is paid for by the growers themselves, however the Responsible Entity charges an administration fee for this insurance.

During the year AFM made payments from the sinking fund on behalf of investors for plantation insurance, rates and taxes totalling \$21,186. (During the prior year, insurance premiums were paid by individual investors and the payments for rates and taxes totalled \$5,971). Interest totalling \$107 (2019: \$27) was earned by the sinking fund. As at 30 June 2020 the balance of sinking funds held on trust for growers was \$6,143 (30 June 2019: \$19,773).

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (continued)**

4. RELATED PARTIES (continued)

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. SIGNIFICANT EVENTS

During the financial year approximately 85% of the plantations were destroyed by fire. Insurance claims have been finalised. The Responsible entity is proceeding with the collection of funds to enable the rehabilitation of the fire affected plantation land to proceed. It is expected that both the rehabilitated land and the undamaged plantations will be sold.

6. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 30 June 2020 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.

7. CONTINGENT LIABILITIES

Except as described previously, the Scheme has no contingent liabilities which, either individually or as a category of commitments or contingent liabilities, are material.

8. FINANCIAL INSTRUMENTS

There are no financial assets or liabilities in the scheme.

9. ADDITIONAL INFORMATION

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

Principal registered office:

Suite 4, 7 Parraveen Street
Cremorne, NSW 2090

Principal place of business:

Suite 4, 7 Parraveen Street
Cremorne, NSW 2090

**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 13:

- (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 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended 30 June 2020.

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

.....
Hugh L Dunclue
Director
Sydney

8 October 2020

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 : gmga@graemegreen.com.au

Suite 807, 109 Pitt Street, Sydney

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

Opinion

I have audited the financial report of Australian Forestry Management 2004 Plantation Investment Scheme ("the Scheme") which comprises the balance sheet as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance (being the directors).

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Scheme as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Scheme in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Scheme meet the requirements of the Corporations Act, 2001. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information included in the financial statements, being the Directors' report. The other information comprises the information included in the special purpose financial report for the year ended 30 June 2020, but does not include the financial statements and other materials outlined in the first paragraph of the opinion statement above and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 1 of the financial statements 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 preparing the special purpose financial report, the directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Scheme's financial reporting process.

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

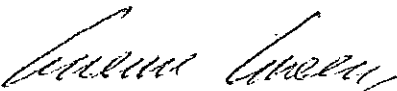
Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.


Graeme Green FCA
Registered Company Auditor
No. 15169

Dated: 8 October, 2020.