

AUSTRALIAN FORESTRY MANAGEMENT

2004 PLANTATION INVESTMENT

ARSN 108 943 193

ANNUAL FINANCIAL REPORT

30 JUNE 2021

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 2021.

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 on behalf of Growers who undertake a forestry plantation business as a common enterprise pursuant to a series of management agreements between Australian Forestry Management Pty Limited ("AFM" or "Manager"), the Investors (Growers) 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

During the previous financial year, approximately 85% of the plantations were destroyed by fire. The one remaining undamaged plantation has been sold pursuant to a tender process and settlement is imminent. The land upon which the destroyed plantations were planted will be rehabilitated before it is sold. Growers are responsible to pay for the rehabilitation costs. A number of Growers have refused to pay their share of rehabilitation costs and as a consequence rehabilitation of the land has been delayed until the Manager has sufficient funds to pay the contractor who has been engaged to carry out the work. Some Growers who have refused to pay their share of rehabilitation costs have also lodged complaints with the Australian Financial Complaints Authority ("AFCA"). The Manager does not agree that AFCA has jurisdictional authority to consider these complaints and has made an application to the Federal Court of Australia seeking a declaration to that effect.

Results and distribution

	30 June 2021	30 June 2020
	\$	\$
Profit attributable to members	-	-
Distribution paid and payable	-	-
Distribution (dollars per interest)	-	-

**Australian Forestry Management
2004 Plantation Investment**

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 Scheme that occurred during the financial year ended 30 June 2021.

Matters subsequent to the end of the financial period

Except as disclosed previously, no other matter or circumstance has arisen since 30 June 2021 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 one remaining undamaged plantation has been sold and settlement is imminent. Rehabilitation of the land upon which the destroyed plantations were planted has been delayed until all Growers have paid their share of the rehabilitation costs.

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. 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 2021 is set out below:

	30 June 2021 Interests	30 June 2020 Interests
Interests on issue	589	589
Interests issued	-	-
Interests redeemed	-	-
Total interests on issue	<u>589</u>	<u>589</u>

**Australian Forestry Management
2004 Plantation Investment**

DIRECTORS' REPORT (continued)

Options

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

Carrying value of assets

	30 June 2021	30 June 2020
	\$	\$
Carrying value of assets in the Scheme	-	-

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, AFM 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 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 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 Dinchue
Director
Sydney

28 October 2021

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

ABN 77 823 539 909

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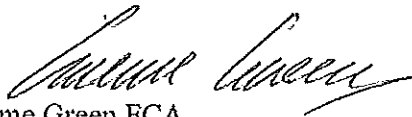
AUDITOR'S INDEPENDENCE DECLARATION

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, 2021, 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 *20* October, 2021.

**Australian Forestry Management
2004 Plantation Investment**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	30 June 2021 \$	30 June 2020 \$
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 2021**

	Retained earnings \$	Equity \$
Opening balance at 1 July 2019	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2020	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2021	-	-

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 2021**

	30 June 2021	30 June 2020
	\$	\$
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 2021**

	30 June 2021	30 June 2020
	\$	\$
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 2021

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 (who became Growers) also made an initial contribution on 30 June 2004 of \$370 per Forestry Right Interest to a sinking fund administered by Australian Forestry Management Pty Limited (“AFM” or “Manager”) on behalf of Growers 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 Growers. Any surplus in the sinking funds at the conclusion of the Scheme will be remitted to Growers. If the sinking funds contributed by Growers are insufficient to meet costs, Growers may be required to make additional contributions. However, as the project has been terminated during the current year, there is no further requirement for a sinking fund and there was no surplus for distribution.

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 28 October 2021 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 2021 (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.

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$1,900 (2020: \$1,700) 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 2021, 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 2021 (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 2021	Percentage interest held as at 30 June 2021	Number of interests held as at 30 June 2020	Percentage interest held as at 30 June 2020
Wayne C Jones	NIL	NIL	20	3.42%

Responsible entity's transactions

No interests in the Scheme were issued during the year ending 30 June 2021.

As reported at Note 2, the Responsible Entity arranges for, and incurs the cost of, the annual audits of the Scheme. The Manager arranges insurance cover of the plantations. The insurance premiums were paid for by the Responsible Entity in relation to a base level of insurance of \$3,000 per hectare. Where an investor chose to insure their plantation interest above the base level of insurance, the Responsible Entity charged an administration fee for the additional insurance.

As a consequence of the termination of the project on 15 July, 2020, the Sinking Fund was not replenished as there were no trees to insure other than the Dr Vance plantation for which cover has been effected up until the date of settlement of the sale. The Land Trustee of the project land is responsible for paying public liability insurance and council rates going forward.

**Australian Forestry Management
2004 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (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 previous financial year approximately 85% of the plantations were destroyed by fire. The one remaining undamaged plantation has been sold and settlement is imminent. Rehabilitation of the plantation land upon which the destroyed plantations were planted has been delayed until all Growers have paid for their share of rehabilitation costs.

As a result of the fires the project was terminated on 15 July 2020.

6. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 30 June 2021 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 12:

- (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 2021 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended 30 June 2021.

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

28 October 2021

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

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**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 2021, 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 2021, 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 2021, 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.

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.

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

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: 28 October, 2021.