

AUSTRALIAN FORESTRY MANAGEMENT

2005 LAND TRUST

ARSN 113 211 019

ANNUAL REPORT

30 JUNE 2012

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 year ended 30 June 2012.

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 year are:

- Wayne C Jones
- John L Thompson (resigned 03/05/12)
- Hugh L Dunchue
- John A Leslie (appointed 02/05/2012)

Review of operations

The Trust continued to hold land which has been licensed to growers in the Australian Forestry Management 2005 Plantation Investment.

Results and distribution

| | Year ended 30 June 2012 | Year ended 30 June 2011 |
|------------------------------------|----------------------------|----------------------------|
| | \$ | \$ |
| Profit attributable to unitholders | - | - |
| Distribution paid and payable | - | - |
| Distribution (dollars per unit) | - | - |

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 year under review.

Matters subsequent to the end of the financial year

Except as disclosed previously, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

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

**Australian Forestry Management
2005 Land Trust**

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 trustee

No insurance premiums are paid out of the assets of the Trust in regards to insurance cover to 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 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 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 year. The Responsible Entity is entitled to be reimbursed for expenses borne by it on behalf of the Trust.

The number of interests 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.

Interest in the trust

The movement in units on issue in the Trust during the year ended 30 June 2012 is set out below:

| | 30 June 2012 Units | 30 June 2011 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

| | 30 June 2012 \$ | 30 June 2011 \$ |
|---------------------------------------|--------------------|--------------------|
| 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 year is disclosed in the Balance Sheet as "Total Assets" and the basis of valuation is included in Note 1 to the financial statements.

**Australian Forestry Management
2005 Land Trust**

DIRECTORS' REPORT (continued)

Environmental regulations

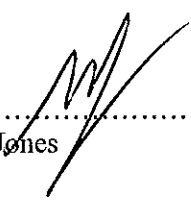
The Land Trust is subject to environmental regulation for all activities conducted on land that it owns, primarily through the Plantations and Reafforestation Act 1999, which supports the establishment of plantations on essentially cleared land, while safeguarding environmental values. The Act and associated Code are regulated by the NSW Department of Primary Industries. 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 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

21 September 2012

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

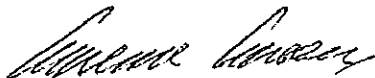
Suite 807, 109 Pitt Street, Sydney

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) in respect of the Australian Forestry Management 2005 Land Trust.

I declare that, to the best of my knowledge and belief, during the year ended 30 June, 2012, 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 20 September, 2012.

**Australian Forestry Management
2005 Land Trust**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

| | 30 June 2012 | 30 June 2011 |
|---|--------------|--------------|
| | \$ | \$ |
| Revenue | | |
| Other Income | - | - |
| Reimbursable expenses of the Responsible Entity | - | - |
| Profit attributable to unitholders | - | - |
| Finance costs | | |
| Distribution to unitholders | - | - |
| Net Profit attributable to unitholders | - | - |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

| | Retained earnings | Interests of Unitholders |
|---------------------------------------|-------------------|--------------------------|
| | \$ | \$ |
| Opening balance at 1 July 2010 | - | 1,146,000 |
| Profit/(loss) attributable to members | - | - |
| Balance at 30 June, 2011 | - | 1,146,000 |
| Profit/(loss) attributable to members | - | - |
| Balance at 30 June, 2012 | - | 1,146,000 |

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

**Australian Forestry Management
2005 Land Trust**

**BALANCE SHEET
AS AT 30 JUNE 2012**

| | Note | 30 June 2012 \$ | 30 June 2011 \$ |
|--|------|--------------------|--------------------|
| 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 liabilities attributable to unitholders) | | <u>-</u> | <u>-</u> |
| Net Assets attributable to unitholders | 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 YEAR ENDED 30 JUNE 2012**

| | Note | 30 June 2012 \$ | 30 June 2011 \$ |
|---|------|--------------------|--------------------|
| Net cash flows from operating | 8 | <u>-</u> | <u>-</u> |
| Net cash flows from investing | | <u>-</u> | <u>-</u> |
| Net cash flows from financing | | <u>-</u> | <u>-</u> |
| Net increase/(decrease) in cash held | | <u>-</u> | <u>-</u> |
| Cash at the beginning of the period | | <u>-</u> | <u>-</u> |
| Cash at the end of the period | 3 | <u>-</u> | <u>-</u> |

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 YEAR ENDED 30 JUNE 2012**

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 and investments in money market instruments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of bank overdrafts.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

1. 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 statement of comprehensive income 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 YEAR ENDED 30 JUNE 2012 (continued)**

1. 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 year.

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) Adoption of new and revised accounting standards

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

m) New accounting standards

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates. In respect of the more applicable Accounting Standards and Interpretations, a discussion of those changed requirements and their impact on the Trust is as follows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) New accounting standards (continued)

This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 has not had a material impact on the Trust

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the Trust is a for-profit private sector entity that does not have public accountability, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the adoption of Tier 2 reporting would not change any of the Trust's reporting requirements.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

The Trust does not anticipate early adoption of any of the above Australian Accounting Standards.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$2,800 (30 June 2011: \$2,600) for the audit of these financial statements, the half year financial statements and the Trust'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 Trust.

3. CASH

| | 30 June 2012 | 30 June 2011 |
|-----------------|--------------|--------------|
| | \$ | \$ |
| Cash on deposit | - | - |

Cash represents amounts held on deposit with a non-related licensed Australian bank. No interest income was earned on the deposits during the year (2011: \$nil).

4. INVESTMENT PROPERTY

| | 30 June 2012 | 30 June 2011 |
|----------------|--------------|--------------|
| | \$ | \$ |
| Land (at cost) | 1,146,000 | 1,146,000 |

The current market value of the land is estimated to be in the order of \$268,000 due to it being encumbered by Forestry Rights Interests until the plantations are harvested in 26 to 31 years from planting (2006). As the term of the Forestry Rights Interests reduces, it is expected that the market value of the land will increase. Accordingly, after the Forestry Rights Interests cease (being after harvesting) it is expected that the market value of the land will then exceed cost.

5. AMOUNTS ATTRIBUTABLE TO UNITHOLDERS

| | 30 June 2012 | 30 June 2012 | 30 June 2011 | 30 June 2011 |
|-----------------|--------------|--------------|--------------|--------------|
| | Units | \$ | Units | \$ |
| Opening balance | 2,292 | 1,146,000 | 2,292 | 1,146,000 |
| Applications | - | - | - | - |
| Closing balance | 2,292 | 1,146,000 | 2,292 | 1,146,000 |

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

6. SEGMENT INFORMATION

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

7. RELATED PARTIES

Responsible Entity

The Responsible Entity is a wholly owned subsidiary of Aspiring MIS Limited.

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 year ended 30 June 2012, 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
- John L Thompson (resigned 03/05/12)
- Hugh L Dunchue
- John A Leslie (appointed 02/05/12)

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 year or the prior 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 YEAR ENDED 30 JUNE 2012 (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 year:

| | Number of interests held as at 30 June 2012 | Percentage interest held as at 30 June 2012 | Number of interests held as at 30 June 2011 | Percentage interest held as at 30 June 2011 |
|---------------|---|---|---|---|
| Wayne C Jones | 33 | 1.43% | 33 | 1.43% |

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

| | 30 June 2012 | 30 June 2011 |
|---|--------------|--------------|
| | \$ | \$ |
| Net profit | - | - |
| Net cash provided by operating activities | <u>-</u> | <u>-</u> |

9. FINANCIAL INSTRUMENTS

Interest rate risk

All assets and liabilities are non-interest bearing.

10. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 30 June 2012 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.

**Australian Forestry Management
2005 Land Trust**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

11. COMMITMENTS

The Trust did not have any outstanding commitments as at 30 June 2012.

12. CONTINGENT LIABILITIES

The Trust has no contingent liabilities which, either individually or 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

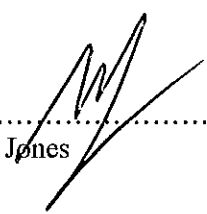
The Directors of the Responsible Entity declare that the financial statements and notes of the Trust as set out on pages 6 to 16:


- (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 30 June 2012 and of its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2012.

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

27 September 2012

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

Report on the Financial Report

I have audited the accompanying financial report of Australian Forestry Management 2005 Land Trust, which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, and cash flow statement 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 the Responsible Entity are responsible for the preparation and fair presentation of the financial report that give 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 (IFRS).

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

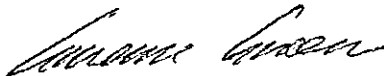
Independence

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 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 2005 Land Trust 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 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards 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 27 September, 2012