

AUSTRALIAN FORESTRY MANAGEMENT

2005 PLANTATION INVESTMENT

ARSN 113 211 313

SEMI ANNUAL REPORT

31 DECEMBER 2015

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

Australian Forestry Management 2005 Plantation Investment

DIRECTORS' REPORT

The directors of AgriWealth Capital Limited, ("the Responsible Entity") of the Australian Forestry Management 2005 Plantation Investment ("the Scheme"), present their report together with the financial report of the Scheme for the six month period ended 31 December 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 period:

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

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 overall condition of the plantations remains good, and they are performing well.

Results and distribution

	Period ended 31 December 2015	Period ended 31 December 2014
	\$	\$
Profit attributable to members	-	-
Distribution paid and payable	-	-
Distribution (dollars per interest)	-	-

Significant changes in the 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 period ended 31 December 2015.

Australian Forestry Management 2005 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 31 December 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;

Likely developments and expected results of operations

No developments are likely to take place until the standing timber of the Plantation Investment is due for harvest.

Indemnification and insurance of the responsible entity

No insurance premiums are paid out of the assets of the Scheme in regards to insurance cover for 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 period, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such 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 period 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 period are disclosed in Note 4 of the financial statements.

Interests in the scheme

The movement in interests on issue in the Scheme during the period ended 31 December 2015 is set out below:

	31 December 2015 Interests	31 December 2014 Interests
Opening balance	2,292	2,292
Interests issued	-	-
Interests redeemed	-	-
Total interests on issue	<u>2,292</u>	<u>2,292</u>

Options

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

**Australian Forestry Management
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DIRECTORS' REPORT (continued)

Carrying value of assets

	31 December 2015	31 December 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 period is disclosed in the Balance Sheet as "Total Assets" and the basis of valuation is included in Note 1 to the financial statements.

Environmental regulations

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 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 period.

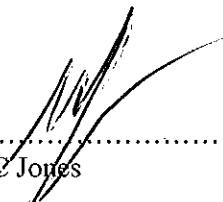
Proceedings on behalf of the Scheme


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 period.

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

14 March 2016

AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the six month period ended 31 December, 2015, 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 *10th* March, 2016.

**Australian Forestry Management
2005 Plantation Investment**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	\$	\$
Total income	-	-
Total expenses	-	-
Profit attributable to members	-	-
Finance costs		
Distribution paid and payable to members	-	-
Net Profit	-	-

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Retained earnings	Equity
	\$	\$
Opening balance at 1 July 2014	-	-
Profit/(loss) attributable to members	-	-
Balance at 30 June, 2015	-	-
Profit attributable to members	-	-
Balance at 31 December, 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
2005 Plantation Investment**

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	\$	\$
Assets	-	-
Total Assets	-	-
Liabilities	-	-
Total Liabilities	-	-
Net Assets	-	-

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

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

**Australian Forestry Management
2005 Plantation Investment**

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 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	<u>-</u>	<u>-</u>
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
2005 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Australian Forestry Management 2005 Plantation Investment (“the Scheme”) 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 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.

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 14 March 2016 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.

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 period.

**Australian Forestry Management
2005 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 period, 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* (December 2010) 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 and associated Amending Standards 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 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.

**Australian Forestry Management
2005 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) New accounting standards (continued)

- 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.

2. AUDITOR'S REMUNERATION

Auditor's remuneration of \$3,100 (2014: \$3,000) for the audit of these financial statements, the 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.

**Australian Forestry Management
2005 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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 half-year ended 31 December 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 period:

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

The following table outlines the interests of those unitholders who were also directors of the Responsible Entity in the FRI’s during the period:

	Number of interests held as at 31 December 2015	Percentage interest held as at 31 December 2015	Number of interests held as at 31 December 2014	Percentage interest held as at 31 December 2014
Wayne C Jones	33	1.43%	33	1.43%

Responsible entity’s transactions

No interests in the Scheme were issued during the period ended 31 December 2015.

As reported at Note 2, the Responsible Entity arranges for, and incurs the cost of, the half yearly and 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.

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

**Australian Forestry Management
2005 Plantation Investment**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

Directors loans (continued)

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 31 December 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.

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
2005 Plantation Investment**

DIRECTORS' DECLARATION

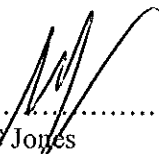
The Directors of the Responsible Entity declare that the financial statements and notes of the Scheme as set out on pages 6 to 13:

- (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 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the period ended 31 December 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 Scheme 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 Q Jones

Director
Sydney


.....
John A Leslie

Director
Sydney

14 March 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AUSTRALIAN FORESTRY MANAGEMENT 2005 PLANTATION INVESTMENT**

Report on the Half-Year Financial Report

I have reviewed the accompanying half-year financial report of Australian Forestry Management 2005 Plantation Investment, which comprises the balance sheet as at 31 December 2014, the statement of comprehensive income, and statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Australian Forestry Management 2005 Plantation Investment, ASRE 2410 requires that I comply with ethical requirements relevant to the audit of the annual financial report.

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

GRAEME GREEN FCA
CHARTERED ACCOUNTANT

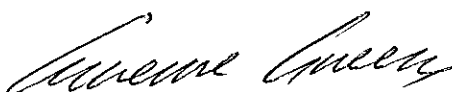
Independence

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Forestry Management 2005 Plantation Investment on 10 March, 2016, would be in the same terms if provided to the directors as at the date of this auditor's review report

Conclusion

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

- a. giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Graeme Green

Registered Company Auditor

No. 15169

Dated *14 March*, 2016